



**Auditor of State
Betty Montgomery**

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

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**Auditor of State
Betty Montgomery**

Meigs County Agricultural Society
Meigs County
42455 Woods Road
Coolville, Ohio 45723

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

May 11, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Meigs County
42455 Woods Road
Coolville, Ohio 45723

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Meigs County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared the financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. Instead of the financial statement presented for 2004 (and 2003), the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Society has elected not to reformat its statement. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reflected are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended November 30, 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2004, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Agricultural Society, Meigs County, Ohio, as of November 30, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2005, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Betty Montgomery
Auditor of State

May 11, 2005

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Admissions	\$ 143,094	\$ 136,039
Privilege Fees	23,996	24,049
Rentals	24,255	22,602
Sustaining and Entry Fees	20,810	17,390
Other Operating Receipts	8,203	8,106
Total Operating Receipts	220,358	208,186
Operating Disbursements:		
Wages and Benefits	1,387	2,579
Utilities	12,414	12,585
Professional Services	77,364	84,405
Equipment and Grounds Maintenance	52,512	56,812
Race Purse	47,493	47,058
Senior Fair	24,261	22,799
Junior Fair	12,847	12,270
Capital Outlay	3,253	61,094
Other Operating Disbursements	14,421	15,141
Total Operating Disbursements	245,952	314,743
Excess (Deficiency) of Operating Receipts Over/(Under) Operating Disbursements	(25,594)	(106,557)
Non-Operating Receipts/(Disbursements):		
State Support	33,982	36,925
County Support	7,000	6,500
Donations/Contributions	16,596	10,605
Investment Income	354	943
Debt Service		(10)
Net Non-Operating Receipts/(Disbursements)	57,932	54,963
Excess (Deficiency) of Receipts Over/(Under) Disbursements	32,338	(51,594)
Cash Balance - Beginning of Year	18,787	70,381
Cash Balance - End of Year	\$ 51,125	\$ 18,787

The notes to the financial statement are an integral part of this statement.

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**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Meigs County (the Society), as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to operate an annual agricultural fair. The Society sponsors the week-long Meigs County Fair during August. During the fair, harness races are held. Meigs County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Meigs County.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental and track and stall rental. The reporting entity does not include any other activities or entities of Meigs County, Ohio.

Notes 7 and 8, respectively, summarize the Junior Fair Board' and Junior Livestock Sale Committee's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Basis of Accounting

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approved the budget in its final form during the first six months of each fiscal year.

D. Property, Plant and Equipment

The Society's accounting basis records acquisitions of property, plant and equipment as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

G. Race Purse

The Society stake races are held during the Meigs County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and The Southern Valley Colt Circuit pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 4 for additional information.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$260,165, actual receipts of \$278,289, resulting in a variance of \$18,124. Additionally, the Society had budgeted disbursements of \$247,358, actual disbursements of \$245,952, resulting in a variance of \$1,406.

For the year ended November 30, 2003, the Society had budgeted receipts of \$279,075, actual receipts of \$263,159, resulting in a variance of (\$15,916). Additionally, the Society had budgeted disbursements of \$318,645, actual disbursements of \$314,753, resulting in a variance of \$3,892.

3. CASH

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	<u>\$ 51,125</u>	<u>\$ 18,787</u>

Deposits: The Federal Deposit Insurance Corporation insures up to \$100,000 of the Society's bank balance.

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

4. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2004 and 2003 was \$21,848 and \$24,384, respectively, as State Support.

5. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2004.

6. RISK MANAGEMENT

The Meigs County Commissioners provide general insurance coverage for all the buildings on the Meigs County Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. A private company provides general liability and vehicle insurance, with limits of \$5,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.

7. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Meigs County Fair. The Society disbursed \$12,847 for 2004 and \$12,271 for 2003 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair. Meigs County paid the Society \$500 in 2004 and 2003 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompany financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 8,438	\$ 7,402
Receipts	2,254	2,807
Disbursements	<u>(3,471)</u>	<u>(1,771)</u>
Ending Cash Balance	<u>\$ 7,221</u>	<u>\$ 8,438</u>

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

8. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Meigs County Fair auction. Monies to cover the cost of the auction are generated through a sales cost fee retained by the Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 3,347	\$ 0
Receipts	63,011	37,764
Disbursements	<u>(61,381)</u>	<u>(34,417)</u>
Ending Cash Balance	<u>\$ 4,977</u>	<u>\$ 3,347</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Agricultural Society
Meigs County
42455 Woods Road
Coolville, Ohio 45723

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Meigs County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated May 11, 2005, wherein we noted the Society prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statement and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition listed above to be material weaknesses. In a separate letter to the Society's management dated May 11, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated May 11, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management and the Board of Directors. It is not intended for anyone other than these specified parties.

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Betty Montgomery
Auditor of State

May 11, 2005

**AGRICULTURAL SOCIETY
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2004-001

Reportable Condition

The Society did not maintain sufficient records, documents or evidential matter to support the completeness of the 2004 and 2003 Junior Fair Livestock Committee's sales costs, picture and stall cost receipts, which were recorded as \$5,305 (8.4% of total Livestock receipts) and \$4,543 (12.0% of total Livestock receipts), respectively, as reflected as Note 8 in the accompanying notes to the financial statement.

Lack of sufficient supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Society maintain supporting documentation for all money received, such as event summary reports and duplicate receipts.



**Auditor of State
Betty Montgomery**

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MEIGS COUNTY AGRICULTURAL SOCIETY

MEIGS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 28, 2005**