

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016

MIKE MCCALLA, TREASURER



Dave Yost • Auditor of State

Board of Directors
Gallia County Agricultural Society
PO Box 931
Gallipolis, Ohio 45631

We have reviewed the *Independent Auditor's Report* of the Gallia County Agricultural Society, Gallia County, prepared by Julian & Grube, Inc., for the audit period December 1, 2015 through November 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Gallia County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 26, 2017

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**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Gallia County Agricultural Society
Gallia County
P.O. Box 931
Gallipolis, Ohio 45631

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Gallia County Agricultural Society, Gallia County, Ohio as of and for the fiscal year ended November 30, 2016.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Gallia County Agricultural Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Gallia County Agricultural Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the Gallia County Agricultural Society prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Gallia County Agricultural Society does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Gallia County Agricultural Society as of November 30, 2016, or changes in financial position thereof for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Gallia County Agricultural Society, Gallia County, Ohio as of November 30, 2016, and its combined cash receipts and disbursements for the fiscal year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2017, on our consideration of the Gallia County Agricultural 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gallia County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 27, 2017

Gallia County Agricultural Society
Gallia County
Statement of Receipts, Disbursements and
Change in Fund Balance (Cash Basis)
For the Year Fiscal Ended November 30, 2016

Operating Receipts	
Admissions and Season Passes	\$ 219,832
Privilege Fees	45,524
Rentals	137,039
Sales by Fair Board	5,263
Entry Fees	<u>16,469</u>
<i>Total Operating Receipts</i>	<u>424,127</u>
Operating Disbursements	
Salaries and Wages	63,072
Benefits	9,384
Administrative	7,927
Supplies and Materials	16,903
Utilities	72,567
Contractual Services	104,473
Professional Services	4,981
Property Services	69,685
Advertising Expenses	24,497
Repairs	19,547
Insurances	12,762
Rent/Lease	5,187
Junior Fair	57,557
Capital Outlay	12,360
Other Operating Disbursements	<u>26,567</u>
<i>Total Operating Disbursements</i>	<u>507,469</u>
<i>Excess (Deficiency) of Operating Receipts</i>	<u>(83,342)</u>
Non-Operating Receipts (Disbursements)	
State and Local Support	15,338
Restricted Support	72,284
Unrestricted Support	16,673
Interest on Deposit	<u>627</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>104,922</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	21,580
Cash Balance, Beginning of Year	<u>278,589</u>
<i>Cash Balance, End of Year</i>	<u><u>\$ 300,169</u></u>

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

Gallia County Agricultural Society
Gallia County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2016

Note 1 – Reporting Entity

The Gallia County Agricultural Society (the Society), Gallia County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1950 to operate an annual agricultural fair. The Society sponsors the week – long Gallia County Junior Fair during July/August. Gallia County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Gallia County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including trade shows. The reporting entity does not include any other activities or entities of Gallia County, Ohio.

The Junior Fair Board and Junior Livestock Committee’s financial activity are reported in the Society’s financial statements.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Gallia County Agricultural Society
Gallia County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2016

The Society invests in certificates of deposit.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

Income Tax Status

The Society is a not-for-profit organization, 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.

Note 3 – Deposits

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2016</u>
Demand deposits	\$272,047
Certificates of deposit	<u>28,122</u>
Total deposits	<u>\$300,169</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Society.

Note 4 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 2016.

The Gallia County Commissioners provide general insurance coverage for all the buildings on the Gallia County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000.

Gallia County Agricultural Society
Gallia County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2016

Note 5 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2016.

Note 6 – Foundation for Appalachian Ohio

During 2013, the Society established an account with the Foundation for Appalachian Ohio for the purpose of accumulating funds to be used for the relocation of the fairgrounds. Foundation for Appalachian Ohio is a regional community foundation serving Appalachian Ohio's 32 counties. The account is funded by public donations. As of November 30, 2016, the account balance was \$99,740.



Julian & Grube, Inc.
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Gallia County Agricultural Society
Gallia County
P.O. Box 931
Gallipolis, Ohio 45631

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Gallia County Agricultural Society, Gallia County, Ohio as of and for the fiscal year ended November 30, 2016, and the related notes to the financial statement, which collectively comprise the Gallia County Agricultural Society's financial statement and have issued our report thereon dated July 27, 2017, wherein we noted the Gallia County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Gallia County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Gallia County Agricultural Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Gallia County Agricultural Society's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Gallia County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Gallia County Agricultural 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Gallia County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Gallia County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 27, 2017

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2016**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2015-001	<u>Material Weakness - Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and the Board with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements and notes to the financial statements for the fiscal year ended November 30, 2015 to properly state financial statement amounts.	Yes	N/A

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Dave Yost • Auditor of State

GALLIA COUNTY AGRICULTURAL SOCIETY

GALLIA 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
NOVEMBER 9, 2017**