



**Auditor of State  
Betty Montgomery**



**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Attica Independent Agricultural Society  
Seneca County  
6579 W. U.S. Highway 224  
P.O. Box 433  
Attica, OH 44807-0433

To the Board of Directors:

We have audited the accompanying financial statement of the Attica Independent Agricultural Society, Seneca County (the Society) as of and for the year ended November 30, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Attica Independent Agricultural Society as of November 30, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 19, 2003

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$63,472
Privilege Fees	4,932
Rentals	50,313
Sustaining and Entry Fees	17,890
Other Operating Receipts	20,322
Total Operating Receipts	156,929
<b>Operating Disbursements:</b>	
Wages and Benefits	1,100
Utilities	14,133
Professional Services	48,565
Equipment and Grounds Maintenance	34,996
Race Purse	48,774
Senior Fair	16,941
Junior Fair	7,847
Capital Outlay	39,772
Other Operating Disbursements	37,211
Total Operating Disbursements	249,339
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(92,410)
<b>Non-Operating Receipts (Disbursements):</b>	
Restricted Support:	
State Support	38,627
County Support	1,000
Debt Proceeds	70,000
Donations/Contributions	45,050
Investment Income	683
Proceeds from Sale of Property	17,839
Debt Service	(72,256)
Net Non-Operating Receipts (Disbursements)	100,943
Excess of Receipts Over Disbursements	8,533
Cash Balance, Beginning of Year	46,181
<b>Cash Balance, End of Year</b>	<b>\$54,714</b>

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

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**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Attica Independent Agricultural Society, Seneca County (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1876 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Attica Fair during August. During the fair, harness races are held, culminating in the running of the Attica Independent Speed Program. Seneca County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. 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 Seneca County and pay an annual membership fee to the Society.

**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, house, track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, respectively.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**D. Restricted Support**

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

**E. 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 has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

**F. Race Purse**

Harness Racing stake races are conducted during the Attica Independent 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 North Central Ohio 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 3 for additional information.

**2. CASH**

The carrying amount of cash at November 30, 2002 follows:

	2002
Demand deposits	<u>\$54,714</u>

Up to \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC).

**3. HORSE RACING**

*State Support Portion of Purse*

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$29,488 and is included within State Support on the accompanying financial statement.

**4. DEBT**

Debt outstanding at November 30, 2002 was as follows:

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

	Principal	Interest Rate
Gillett Mortgage	\$40,000	7.25%
Operating Line of Credit	100,000	5.50%
Building Note	31,042	6%
Total	\$171,042	

The Gillett Mortgage was entered into on November 18, 1997 for \$60,000 at an interest rate of 7.25%. The mortgage is due to Kenneth Gillett and matures on Sept. 1, 2012. Proceeds of the mortgage were used to purchase the Gillette property and are collateralized by real estate.

The Operating Line of Credit was entered into on July 31, 2002 for \$100,000 at an interest rate of 5.5%. The mortgage is due to Sutton Bank and matures on July 31, 2003. Proceeds of the note were used to cover the operating expenses of the Society and are uncollateralized.

The Building Note was entered into on November 1, 2001 for \$50,000 at an interest rate of 6%. The note is due to Sutton Bank and matures on November 1, 2011. Proceeds of the note were used to construct a building on the fairgrounds, and are uncollateralized. Extra principal payments were made on this note, which will result in the note being paid off before the maturity date.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Gillett Mortgage	Operating Line of Credit	Building Note	Interest	Total
2003	\$4,000	\$100,000	\$4,991	\$10,131	\$119,122
2004	4,000		5,233	4,106	13,339
2005	4,000		5,556	3,486	13,042
2006	4,000		5,894	2,858	12,752
2007	4,000		6,253	2,209	12,462
2008 - 2012	20,000		3,115	4,448	27,563
Total	\$40,000	\$100,000	\$31,042	\$27,238	\$198,280

**5. RISK MANAGEMENT**

General liability, inland marine, and property coverage is provided by the Ohio Fair Participating Plan with limits of \$1,000,000 and \$3,000,000 aggregate for General liability; \$135,000 for inland marine coverage and \$1,156,650 blanket coverage for building and contents. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000 year round and \$50,000 during fair week. The Society's Treasurer is bonded with coverage of \$20,000.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Brownie Youth organization representatives, is responsible for the Junior Fair Division activities of the Attica Independent Fair. The Society disbursed \$7,847 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$100 by Seneca County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2002 follows:

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

Beginning Cash Balance	\$3,647
Receipts	13,142
Disbursements	<u>(16,385)</u>
Ending Cash Balance	<u><u>\$404</u></u>

**7. 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 Attica Independent Agricultural Society's auction. Monies to cover the cost of the auction are generated through a 2% commission from the sale of all animals and are 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 year ended November 30, 2002 follows:

Beginning Cash Balance	\$18,636
Receipts	125,669
Disbursements	<u>(127,636)</u>
Ending Cash Balance	<u><u>\$16,669</u></u>



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Attica Independent Agricultural Society  
Seneca County  
6579 W. U.S. Highway 224  
P.O. Box 433  
Attica, OH 44807-0433

To the Board of Directors:

We have audited the financial statement of the Attica Independent Agricultural Society, Seneca County (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated March 19, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated March 19, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance 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 the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-30574-01.

A material weakness is a 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 misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of 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 considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated March 19, 2003.

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

March 19, 2003

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2002**

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

**FINDING NUMBER 2002-30574-001**

**Reportable Condition - Accountability over Admissions**

Any event (gate admission) or fund raiser charging an admission price or fee should use pre-numbered tickets for each participant. A ticket inventory should also be used indicating beginning and ending ticket numbers. This inventory should be used as part of a daily reconciliation that would include the number of tickets issued X price for total expected revenue, compared to actual revenue and noting any variances. This reconciliation should then be signed by the preparer and given to the bookkeeper for adequate support. There is no support for admissions at the Society. This lack of record keeping could result in revenue being lost, misused, or unrecorded without detection. We recommend that all events use pre-numbered tickets for all their activities, an inventory of these tickets be maintained, and daily reconciliations be performed and reviewed for adequate support.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid:
2002-30574-001	Accountability over Admissions	No	Not corrected. Repeated as finding # 2002-30574-001.





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**ATTICA INDEPENDENT AGRICULTURAL SOCIETY**

**SENECA 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  
APRIL 15, 2003**