



**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balances - For the Year Ended November 30, 2008 and 2007.....	5
Notes to the Financial Statements .....	6
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	16

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Attica Independent Agricultural Society  
Seneca County  
6579 Route 224  
P.O. Box 433  
Attica, Ohio 44807-0433

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 an 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 adverse 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

February 26, 2009

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Attica Independent Agricultural Society  
Seneca County  
6579 Route 224  
P.O. Box 433  
Attica, Ohio 44807-0433

To the Board of Directors:

We have audited the accompanying financial statements of Attica Independent Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2008 and 2007. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements 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 these financial statements 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 statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported 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 statements referred to above for the years ended November 30, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of February 26, 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Attica Independent Agricultural Society, Seneca County, as of November 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

February 26, 2009



**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating Receipts:</b>		
Admissions	\$33,373	\$28,624
Privilege Fees	6,769	5,760
Rentals	58,036	55,568
Sustaining and Entry Fees	17,000	16,455
Other Operating Receipts	<u>28,055</u>	<u>39,704</u>
 Total Operating Receipts	 <u>143,233</u>	 <u>146,111</u>
<b>Operating Disbursements:</b>		
Wages and Benefits	1,150	1,150
Utilities	24,306	18,110
Professional Services	23,241	24,896
Equipment and Grounds Maintenance	37,475	46,170
Race Purse	36,695	38,914
Senior Fair	27,707	29,028
Junior Fair	8,271	6,816
Capital Outlay	2,366	1,348
Other Operating Disbursements	<u>30,794</u>	<u>28,510</u>
 Total Operating Disbursements	 <u>192,005</u>	 <u>194,942</u>
Deficiency of Operating Receipts Under Operating Disbursements	 <u>(48,772)</u>	 <u>(48,831)</u>
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	25,152	29,044
County Support	3,000	3,000
Debt Proceeds		25,000
Donations/Contributions	41,712	40,392
Investment Income	108	149
Debt Service	<u>(39,384)</u>	<u>(31,562)</u>
 Net Non-Operating Receipts	 <u>30,588</u>	 <u>66,023</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(18,184)	17,192
Cash Balance, Beginning of Year	<u>30,500</u>	<u>13,308</u>
<b>Cash Balance, End of Year</b>	<b><u><u>\$12,316</u></u></b>	<b><u><u>\$30,500</u></u></b>

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

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007**

**1. 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 Attica Independent Agricultural Society, Seneca County, (the Society) as a body corporate and politic. The Society is a independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1876 to operate 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 Board of Directors manages the Society. The Board is made up of sixteen directors serving staggered three-year terms. Society members elect Board members from its membership. 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 include facility rental, track and stall rental. The reporting entity does not include any other activities or entities of Seneca County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Property, Plant, and Equipment**

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

**D. 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.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**E. Race Purse**

Harness Racing stake races are held 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. They must make payment before a horse can participate in a stake race. The accompanying financial statements report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**2. DEPOSITS**

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2008 and 2007, was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$12,316</u>	<u>\$30,500</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2008, was \$18,707 and \$22,933 for the year ended November 30, 2007, as State Support.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**4. DEBT**

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Gillet Mortgage	\$16,000	7.25%
Operating Loan	64,583	5.50%
Total	\$80,583	

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 September 1, 2012. Proceeds of the mortgage were used to purchase the Gillette property and are collateralized by real estate.

The Operating Loan is a promissory note that was originally entered into on July 31, 2002, at an interest rate of 5.5%. The note is due to Sutton Bank. Proceeds of the note were used to cover operating expenses of the Society and are uncollateralized.

Independent agricultural societies are not included in Ohio Revised Code § 1711.13 and there is no authority for independent agricultural societies to have debt in the Ohio Revised Code.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Gillet Mortgage	Operating Loan	Interest	Total
2009	\$4,000	\$64,583	\$1,160	\$69,743
2010	4,000		870	4,870
2011	4,000		580	4,580
2012	4,000		291	4,291
Total	\$16,000	\$64,583	\$2,901	\$83,484

**5. RISK MANAGEMENT**

**Risk Pool Membership**

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**5. RISK MANAGEMENT – (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**5. RISK MANAGEMENT – (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$19,000. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2007	\$17,485
2008	\$16,270

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**6. 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 Attica Independent Fair. The Society disbursed \$8,271 in fiscal year 2008 directly to the Junior Fair Board and \$6,816 in fiscal year 2007 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 Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$1,775	\$1,659
Receipts	7,073	7,740
Disbursements	(7,360)	(7,624)
Ending Cash Balance	\$ 1,488	\$ 1,775

**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. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2008 and 2007, follows:

	2008	2007
Beginning Cash Balance	\$ 31,303	\$ 28,309
Receipts	153,280	147,774
Disbursements	(142,727)	(144,780)
Ending Cash Balance	\$ 41,856	\$ 31,303

**This page intentionally left blank.**





# Mary Taylor, CPA

Auditor of State

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

Attica Independent Agricultural Society  
Seneca County  
6579 Route 224  
P.O. Box 433  
Attica, Ohio 44807-0433

To the Board of Directors:

We have audited the financial statements of the Attica Independent Agricultural Society, Seneca County, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated February 26, 2009, wherein we noted the Society followed 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Society's management in a separate letter dated February 26, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the Society's management in a separate letter dated February 26, 2009.

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the Board of Directors and management. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 26, 2009

**ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

Ohio Revised Code § 1711.13 allows county agricultural societies to obtain mortgage debt or to enter into written agreements to obtain loans and credit for expenses. Ohio Revised Code § 1711.13(B) further states that the total net indebtedness of a society for non-mortgage debt shall not exceed an amount equal to twenty-five percent of its annual revenues.

The Attica Independent Agricultural Society has a mortgage with an outstanding balance of \$16,000 and one promissory note with an outstanding balance of \$64,583 as of November 30, 2008. Independent agricultural societies are not included in Ohio Revised Code § 1711.13 and there is no authority for independent agricultural societies to have debt in the Ohio Revised Code.

**Officials' Response:**

The Society is aware of this finding and is making attempts to comply.

ATTICA INDEPENDENT AGRICULTURAL SOCIETY  
SENECA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Revised Code § 1711.13, unauthorized debt	No	Not corrected. Repeated in this report as Finding Number 2008-001.



Mary Taylor, CPA  
Auditor of State

**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  
MARCH 17, 2009**