



**Auditor of State  
Betty Montgomery**



ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Albany Independent Agricultural Society  
Athens County  
P.O. Box 193  
Albany, Ohio 45710

To the Board of Directors:

We have audited the accompanying financial statement of the Albany Independent Agricultural Society, Athens County, Ohio (the Society), as of and for the years ended November 30, 2003 and 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 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 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 balances of the Albany Independent Agricultural Society, Athens County, as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2004 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.

Albany Independent Agricultural Society  
Athens County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

July 29, 2004

**ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Operating Receipts:</b>		
Admissions	\$ 22,672	\$ 22,404
Privilege Fees	2,182	2,010
Rentals	0	50
Sustaining and Entry Fees	9,303	9,768
Other Operating Receipts	2,252	1,246
Total Operating Receipts	36,409	35,478
<b>Operating Disbursements:</b>		
Wages and Benefits	20	20
Utilities	1,180	268
Professional Services	12,126	9,738
Equipment and Grounds	12,044	10,666
Senior Fair	8,494	9,193
Junior Fair	5,961	5,519
Capital Outlay	2,250	4,470
Other Operating Disbursements	5,845	4,981
Total Operating Disbursements	47,920	44,855
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(11,511)	(9,377)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	7,195	7,141
County Support	3,687	3,900
Donations/Contributions - Restricted	7,219	7,497
Donations/Contributions - Unrestricted	521	60
Net Non-Operating Receipts (Disbursements)	18,622	18,598
Excess (Deficiency) of Receipts Over (Under) Disbursements	7,111	9,221
Cash Balance, Beginning of Year	40,775	31,554
<b>Cash Balance, End of Year</b>	<b>\$ 47,886</b>	<b>\$ 40,775</b>

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

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**ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Albany Independent Agricultural Society, Athens 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 1967 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Albany Independent Fair during September. Athens 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 an appointed secretary and 15 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Alexander Local School District, Athens County, and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity relating to the annual fair. The reporting entity does not include any other activities or entities of Athens County, Ohio.

The financial activity of the Junior Fair Board is summarized in Note 5.

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

**B. Basis of Accounting**

These financial statements follow 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

All cash assets of the Society are maintained in a non-interest bearing checking account.

**D. Budgetary Process**

The Board of Directors annual prepares an operating budget, which includes estimated disbursements only. Receipts are not budgeted. The Board reviews the budget throughout the year and compares it with actual results. Budget amendments are approved as needed throughout the year.

**E. 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 statements.

**ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Support**

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

**G. 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.

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2003, the Society had budgeted disbursements of \$48,457 and actual disbursements of \$47,920, resulting in a variance of \$537.

For the year ended November 30, 2002, the Society had budgeted disbursements of \$50,985 and actual disbursements of \$44,855, resulting in a variance of \$6,130.

**3. CASH**

The carrying amount of cash at November 30 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$47,886</u>	<u>\$40,775</u>

**Deposits:** The bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

**4. RISK MANAGEMENT**

General liability, property, and vehicle coverage is provided by The Ohio Fair Participating Plan. General liability has limits of \$1,000,000 and \$5,000,000 aggregate. Property has a limit of \$154,000, and vehicle has a limit of \$1,000,000. This policy also includes crime coverage for employee dishonesty with limits of liability \$500,000. The Society's Treasurer is bonded with coverage of \$10,000.

**5. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of students from Alexander Local School District, is responsible for the Junior Fair Division activities of the Albany Independent Fair. The Society did not make any disbursements directly to the Junior Fair Board, but disbursed \$5,961 in fiscal year 2003 and \$5,519 in fiscal year 2002 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursements. The Society was reimbursed \$500 by Athens County, and \$100 by Meigs County, in both fiscal year 2003 and 2002, for its support of Junior Club work.

**ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**5. JUNIOR FAIR BOARD (Continued)**

The Junior Fair Board's financial activity for the years ended November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$380	\$16
Receipts	542	512
Disbursements	<u>(260)</u>	<u>(148)</u>
Ending Cash Balance	<u><u>\$662</u></u>	<u><u>\$380</u></u>

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**Auditor of State  
Betty Montgomery**

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

Albany Independent Agricultural Society  
Athens County  
P.O. Box 193  
Albany, Ohio 45710

To the Board of Directors:

We have audited the accompanying financial statement of the Albany Independent Agricultural Society, Athens County, Ohio (the Society), as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated July 29, 2004. 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 in a separate letter dated July 29, 2004.

**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 statements 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 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 statement. The reportable condition is described in the accompanying Schedule of Findings as item 2003-001.

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 misstatements in amounts that would be material in relation to the financial statements 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 over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions considered to be material weaknesses. However, we consider the reportable condition described above as item 2003-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated July 29, 2004.

This report is intended solely for the information and use of the audit committee, management, and the Board of Directors, 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

July 29, 2004

**ALBANY INDEPENDENT AGRICULTURAL SOCIETY  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Material Weakness**

The Albany Independent Agricultural Society maintained numerical control over the season, youth, and membership tickets, but did not maintain ticket accountability forms for the gate admission tickets sold for entrance to the fairgrounds in 2002. Admission tickets did however contain preprinted numbers which would have allowed for numerical control through the use of ticket accountability forms. The lack of ticket accountability could result in individuals gaining access to the fairgrounds without paying for the passes. In addition, this lack of documentation eliminates a significant control point, obscures the audit trail and provides the opportunity for errors and theft to occur and remain undetected by management for an extended period of time. Although the above mentioned ticket accountability forms were maintained in 2003, there was no written policy/procedure requiring these records.

We recommend the Albany Independent Agricultural Society establish and adopt a written policy stating the required records to be maintained to account for ticket sales. The written policy should require ticket accountability forms be utilized for all tickets issued as well as the documentation required on these forms. The ticket accountability forms should document the first ticket number sold, the last ticket number sold, total tickets sold, and money collected. This information should be recorded separately for each individual selling the tickets. Additionally, a separate person should compare the number of tickets sold with the money collected to help assure the completeness of cash receipts. The individual performing the verification and review of the ticket accountability forms should sign and date the forms indicating any variances noted.







**Auditor of State  
Betty Montgomery**

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**ALBANY INDEPENDENT AGRICULTURAL SOCIETY**

**ATHENS 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 4, 2004**