

Brown County Agricultural Society

Brown County

December 1, 2007 through November 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA

Auditor of State

Board of Directors
Brown County Agricultural Society
325 W. State Street
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Brown County Agricultural Society, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period December 1, 2007 through November 30, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Brown County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 23, 2009

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BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Directors
Brown County Agricultural Society
Brown County
325 W. State Street
Georgetown, Ohio 45121

We have audited the accompanying financial statements of the Brown County Agricultural Society, Brown 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 Standard*. 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 that 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. 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 the GAAP presentation requirements. The Auditor of State permits, but does not require governments 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 November 30, 2008 and 2007, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

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

The Society has not presented Management's Discussion & 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 June 30, 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.



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2009

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

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

	2008	2007
Operating Receipts:		
Admissions	\$475,888	\$474,902
Privilege Fees	72,013	72,502
Rentals	116,381	86,788
Sustaining and Entry Fees	18,997	16,461
Other Operating Receipts	14,272	24,611
Total Operating Receipts	697,551	675,264
Operating Disbursements:		
Utilities	71,048	68,915
Professional Services	141,863	152,863
Equipment and Grounds Maintenance	155,428	205,536
Senior Fair	29,814	21,915
Junior Fair	20,521	19,180
Capital Outlay	54,063	153,347
Other Operating Disbursements	164,646	148,961
Total Operating Disbursements	637,383	770,717
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	60,168	(95,453)
Non-Operating Receipts (Disbursements):		
State Support	5,647	4,793
County Support	3,300	3,300
Donations/Contributions	38,514	47,428
Investment Income	5,761	10,776
Debt Service	(9,063)	(17,848)
Net Non-Operating Receipts (Disbursements)	44,159	48,449
Excess (Deficiency) of Receipts Over (Under) Disbursements	104,327	(47,004)
Cash Balance, Beginning of Year	255,987	302,991
Cash Balance, End of Year	\$360,314	\$255,987

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

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 established the rights and privileges of the Brown County Agricultural Society, Brown County, Ohio (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 Brown County Fair during September. Brown County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Brown 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 other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including trade shows, horse shows, and tractor pulls. The reporting entity does not include any other activities or entities of Brown County, Ohio.

Notes 5 and 6, 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. 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 the Auditor of State prescribe or permits.

C. Cash Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

E. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

F. Restricted Support

Restricted support includes amounts that donors restrict for specific.

G. 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.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2008, the Society had budgeted receipts of \$874,050, actual receipts of \$750,773, resulting in a variance of negative \$123,277. Additionally, the Society had budgeted disbursements of \$1,030,975 actual disbursements of \$646,446, resulting in a variance of \$384,529.

For the year ended November 30, 2007, the Society had budgeted receipts of \$863,650, actual receipts of \$741,561, resulting in a variance of negative \$122,089. Additionally, the Society had budgeted disbursements of \$906,275, actual disbursements of \$788,565, resulting in a variance of \$117,710.

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

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

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at year end is as follows:

	2008	2007
Demand deposits	\$ 269,814	\$ 165,487
Certificates of deposit	90,500	90,500
Total deposits	\$ 360,314	\$ 255,987

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance in 2007 and \$250,000 in 2008. The remainder was insured by the pledged collateral held by the banking institutions.

4. RISK MANAGEMENT

The Brown County Commissioners provide general insurance coverage for all the buildings on the Brown 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. The Society's general manager is bonded with coverage of \$20,000.

5. 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 Brown County Fair. The Society disbursed \$19,180 in 2007 and \$20,521 in 2008 directly to the vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Brown County paid the Society \$2500 to support Junior Club work. 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 11/30/07 and 11/30/08 as follows:

	2008	2007
Beginning Cash Balance (Restated)	\$ 42,831	\$ 43,520
Receipts	22,763	25,150
Disbursements	(20,283)	(25,839)
Ending Cash Balance	\$ 45,311	\$ 42,831

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

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

6. 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 Brown County's auction. Monies to cover the cost of the auction are generated through a \$6 per item cost and are retained by the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance (Restated)	\$ 35,450	\$ 35,599
Receipts	316,487	302,538
Disbursements	<u>(320,015)</u>	<u>(302,687)</u>
Ending Cash Balance	<u>\$ 31,922</u>	<u>\$ 35,450</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Brown County Agricultural Society
Brown County
325 W. State Street
Georgetown, Ohio 45121

We have audited the financial statements of the Brown County Agricultural Society, Brown County, Ohio (the Society), as of and for the year ended November 30, 2008 and 2007, and have issued our report thereon dated June 30, 2009, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State 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.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, members of the Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2009



Mary Taylor, CPA
Auditor of State

BROWN COUNTY AGRICULTURAL SOCIETY

BROWN 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
AUGUST 6, 2009**