



Dave Yost • Auditor of State

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

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Dave Yost • Auditor of State

Barlow Independent Agricultural Society
Washington County
P.O. Box 103
Barlow, Ohio 45712

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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

June 24, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Barlow Independent Agricultural Society
Washington County
P.O. Box 103
Barlow, Ohio 45712

To the Board of Directors:

We have audited the accompanying financial statement of the Barlow Independent Agricultural Society, Washington County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. The 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.

Except as described in paragraph six, 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 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared the financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity-wide statements. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require agricultural 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 third following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended November 30, 2010 and 2009 does 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, 2010 and 2009, or its changes in financial position for the years then ended.

The Society did not provide adequate supporting documentation for the admission receipts, sustaining and entry fee receipts, and Other Non-Operating Receipts to allow us to determine the completeness of these receipts in 2010 and 2009, nor were we able to satisfy ourselves as to the completeness of those receipts by other auditing procedures. These admission receipts, sustaining and entry fee receipts, and Other Non-Operating Receipts represent ten percent, six percent and twelve percent, respectively, of receipts for the year ended November 30, 2009. These admission receipts, sustaining and entry fee receipts, and Other Non-Operating Receipts represent sixteen percent, six percent and five percent, respectively, of receipts for the year ended November 30, 2010.

Also, in our opinion, except for such adjustments, if any, that would have been necessary had sufficient competent evidential matter been available to assure completeness of the recorded admissions, sustaining and entry fees and Other Non-Operating Receipts for the years ended November 30, 2010 and 2009, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Barlow Independent Agricultural Society, Washington County, Ohio, as of November 30, 2010 and 2009, 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, 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.



Dave Yost
Auditor of State

June 24, 2011

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2010	2009
Operating Receipts:		
Admissions	\$ 26,781	\$ 20,524
Privilege Fees	4,731	6,158
Rentals	5,474	7,122
Sustaining and Entry Fees	10,556	11,142
Other Operating Receipts	83,597	102,424
 Total Operating Receipts	 131,139	 147,370
Operating Disbursements:		
Wages and Benefits	100	100
Utilities	8,447	6,115
Administrative Services	14,621	12,520
Supplies	3,298	4,373
Professional Services	16,339	23,245
Senior Fair	2,519	3,724
Junior Fair	6,866	7,974
Capital Outlay	15,578	1,327
Other Operating Disbursements	90,558	107,314
 Total Operating Disbursements	 158,326	 166,692
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (27,187)	 (19,322)
Non-Operating Receipts (Disbursements):		
Consignment Auction Receipts	15,593	15,905
State Support	6,152	6,679
County Support	3,300	3,300
Investment Income	325	424
Consignment Auction Disbursements	(14,043)	(13,996)
Debt Service		(3,535)
Other Non-Operating Receipts	8,856	22,902
Other Non-Operating Disbursements	(143)	(9,303)
 Net Non-Operating Receipts (Disbursements)	 20,040	 22,376
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (7,147)	 3,054
 Cash Balance, Beginning of Year	 45,546	 42,492
 Cash Balance, End of Year	 \$ 38,399	 \$ 45,546

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

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**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2010 AND 2009**

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 Barlow Independent Agricultural Society, Washington County (the Society), as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1871 to operate an annual agricultural fair. The Society sponsors the three-day Barlow Mechanical Association Fair during September. Washington County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twelve directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Washington 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. Other year round activities at the fairgrounds include facility rental and community events, including an annual equipment consignment sale. The reporting entity does not include any other activities or entities of Washington County, Ohio.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

The financial statement follows 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.

This statement includes 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 statement does 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.

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2010 AND 2009
(Continued)**

2. DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$38,399</u>	<u>\$45,546</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. DEBT

Debt outstanding at November 30, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment	<u>\$16,350</u>	<u>0.00%</u>

On March 30, 2010, the Society obtained a loan from CNH Capital America LLC for equipment (New Holland Compact Tractor – Model 1520, Woods Mower – Model PRD7200, and New Holland Loader – Model 110TL). The Society financed \$16,350 with an interest rate of 0.00%, and a maturity date of March 30, 2015. The Payment Schedule requires the Society to make five annual payments beginning March 29, 2011 in the amount of \$3,270. The collateral for this loan is the equipment purchased.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Equipment Loan
2011	<u>\$3,270</u>
2012	3,270
2013	3,270
2014	3,270
2015	<u>3,270</u>
Total	<u><u>\$16,350</u></u>

4. RISK MANAGEMENT

The Society provides general insurance coverage for all the buildings on the Society's fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by an insurance company. The Society's Treasurer is bonded with coverage of \$10,000.



Dave Yost • Auditor of State

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

Barlow Independent Agricultural Society
Washington County
P.O. Box 103
Barlow, Ohio 45712

To the Board of Directors:

We have audited the financial statement of the Barlow Independent Agricultural Society, Washington County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated June 24, 2011, wherein we noted the Society prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that sufficient competent evidential matter was not available to obtain the necessary assurances over the completeness of the Society's recorded admission, sustaining and entry fees, and other non-operating receipts for the years ended November 30, 2010 and 2009. Except as discussed in the preceding sentence, 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 statement, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combinations of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying Schedule of Findings to be a material weakness.

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 did note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated June 24, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 24, 2011

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness

The Auditor of State's Uniform System of Accounting for Agricultural Societies, November 2002 revision, outlines the procedures an agricultural society should take when accounting for fair admissions, sustaining and entry fees and other cash receipts.

All tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled with pre-numbered tickets to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

To account for admissions, the Society Treasurer completed ticket summary sheets in 2009 and 2010. However, these ticket summary sheets did not reconcile to the amount of ticket receipts deposited into the bank and recorded on the receipts ledger. There was \$8,479 and \$10,815 more deposited and recorded in 2009 and 2010, respectively, compared to the ticket summary sheets. In addition, individuals selling the admission tickets did not complete any type of ticket accountability sheets for the audit period. As a result, total admission revenue for 2009 and 2010 exceeded expectations by 43 percent and 42 percent, respectively. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time. It also did not allow us to gain adequate assurances over the completeness of posted receipts in the admissions line item in the financial statements.

The Society collected money for membership tickets. The membership tickets were a two-part, perforated ticket. When tickets are sold, the ticket is separated. One part is given to the payee, and the stub is kept and bundled by the seller. However, there were no other ledgers or documentation, like a ticket accountability sheet, supporting the number of tickets sold for 2009. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time. It also did not allow us to gain adequate assurances over the completeness of posted receipts in the sustaining and entry fees line item in the financial statements.

The Society also collected contest fees (i.e., horse shows, tractor pulls, etc.) throughout the year. For the tractor pulls, a notebook was kept that showed the number of entries; however, it was not accurate because there was \$260 and \$555 more deposited and recorded in 2009 and 2010, respectively. As a result, total contest fee revenue for tractor pulls for 2009 and 2010 exceeded expectations by nine percent and 37 percent, respectively. For the horse shows, the Society did not keep supporting documentation for the number of entries for the Mini Horse Show, the Fair Horse Show and the Jumper Horse Show for 2009. In 2010 the Society did not keep supporting documentation for the number of entries for the Fair Horse Show. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time. It also did not allow us to gain adequate assurances over the completeness and accuracy of posted receipts in the sustaining and entry fees line item in the financial statements.

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-001 (Continued)

Material Weakness (Continued)

The Society also collected revenue for various fundraisers like a Basket Bingo and an ATV Raffle. For the Basket Bingo, the Society did not keep supporting documentation for admissions, concessions, 50/50 raffle or the country store associated with the Basket Bingo for 2009 or 2010. In 2009, the Society held an ATV Raffle. The Society did not maintain ticket accountability documentation for the number of tickets sold for the raffle. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time. It also did not allow us to gain adequate assurances over the completeness and accuracy of posted receipts in the other non-operating receipts line item in the financial statements.

We recommend the Society's Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Society. We recommend the Society follow the procedures for ticket accountability that is outlined in the Auditor of State's Uniform System of Accounting for Agricultural Societies. Membership ticket stubs and documentation of the membership tickets sold should be maintained, as well as any supporting documentation for contest fees and fundraisers should be maintained. Duplicate receipts should be written for all money received indicating the date, payee, description of the type of revenue, revenue account number and amount.

Officials' Response: The Board will review the recommendation and conclude the course of action to best fit the Society.

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Lack of Supporting Documentation for Admissions & Sustaining & Entry Fees	No	Not Corrected; repeated in the current Schedule of Findings as 2010-001.
2008-002	Lack of Segregation of Duties	Yes	

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Dave Yost • Auditor of State

BARLOW INDEPENDENT AGRICULTURAL SOCIETY

WASHINGTON 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
JULY 14, 2011**