



Dave Yost • Auditor of State



**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statement and related notes of the Barlow Independent Agricultural Society, Washington County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the Society prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Barlow Independent Agricultural Society, Washington County, Ohio, as of November 30, 2012 and 2011, and its cash receipts and cash disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2013

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Operating Receipts:</b>		
Admissions	\$28,464	\$26,479
Privilege Fees	6,243	3,495
Rentals	7,593	8,841
Sustaining and Entry Fees	7,397	6,076
Feeder Calf Auction	103,486	125,837
Other Operating Receipts	1,113	5,392
Total Operating Receipts	154,296	176,120
<b>Operating Disbursements:</b>		
Wages and Benefits	145	100
Utilities	8,043	9,572
Administrative Services	15,536	14,692
Supplies	8,707	6,134
Professional Services	20,518	23,665
Senior Fair	3,409	1,993
Junior Fair	6,660	6,678
Feeder Calf Auction	100,381	121,965
Capital Outlay	3,404	12,306
Other Operating Disbursements	6,220	12,881
Total Operating Disbursements	173,023	209,986
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(18,727)	(33,866)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	4,988	4,736
County Support	3,300	3,300
Consignment Auction Receipts	13,777	31,014
Consignment Auction Disbursements	(11,978)	(28,023)
Debt Service	(3,270)	(3,270)
Investment Income	51	127
Other Non-Operating Receipts	4,610	14,205
Net Non-Operating Receipts (Disbursements)	11,478	22,089
Excess (Deficiency) of Receipts Over (Under) Disbursements	(7,249)	(11,777)
Cash Balance, Beginning of Year	26,622	38,399
<b>Cash Balance, End of Year</b>	<b>\$19,373</b>	<b>\$26,622</b>

*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, 2012 AND 2011**

**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 including facility rental and community events and fundraisers, 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**

This 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 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.

**AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2012 AND 2011  
(Continued)**

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2012 and 2011 was as follows:

	2012	2011
Demand deposits	\$19,373	\$26,622

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

**3. DEBT**

Debt outstanding at November 30, 2012 was as follows:

	Principal	Interest Rate
Equipment - Tractor & Mower	\$9,810	0.00%

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
2013	\$3,270
2014	3,270
2015	3,270
Total	\$9,810

**4. RISK MANAGEMENT**

The Society provide general insurance coverage for all the buildings on the Society's fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 45713

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Barlow Independent Agricultural Society, Washington County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statement and have issued our report thereon dated September 19, 2013, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statement, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 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 statement is 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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2013

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**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 for 2012 only. However, per review of the unsold 2012 tickets, we determined that the ticket summary sheets were inaccurate. Therefore, we manually counted all 2011 and 2012 sold ticket stubs for the fair gate receipts. However, we were not able to reconcile the supporting documentation to the amount of ticket receipts deposited into the bank and recorded on the receipts ledger. There was \$4,320 and \$3,775 more deposited and recorded in 2011 and 2012, respectively, compared to the supporting documentation. 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 2011 and 2012 exceeded expectations by 21 percent and 16 percent, respectively. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

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.

**Officials' Response:**

The Officials did not respond.

BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2012 AND 2011

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>
2010-001	Lack of Supporting Documentation for Admissions	No	Not Corrected; Repeated as Finding 2012-001.



# Dave Yost • Auditor of State

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY**

**NOBLE 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  
OCTOBER 3, 2013**