



Mary Taylor, CPA
Auditor of State

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

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Mary Taylor, CPA Auditor of State

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

To the Board:

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 a February 2, 2005 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 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.

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Mary Taylor, CPA
Auditor of State

August 15, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Brown County Agricultural Society
Brown County
325 W. State Street Suite 1
Georgetown, Ohio 45121

To the Board:

We have audited the accompanying financial statements of Brown County Agricultural Society, Brown County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005. 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2006. 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 new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, 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 year ended November 30, 2006 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, 2006, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Brown County Agricultural Society, Brown County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2006. 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 August 15, 2007, 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.

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Mary Taylor, CPA
Auditor of State

August 15, 2007

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$429,337	\$410,551
Privilege Fees	71,836	62,759
Rentals	100,023	96,938
Sustaining and Entry Fees	16,849	17,076
Other Operating Receipts	22,482	16,401
Total Operating Receipts	640,527	603,725
Operating Disbursements:		
Utilities	58,915	63,148
Professional Services	145,595	125,483
Equipment and Grounds Maintenance	179,787	124,013
Senior Fair	25,862	19,183
Junior Fair	19,383	19,409
Capital Outlay	127,788	64,276
Other Operating Disbursements	145,478	138,602
Total Operating Disbursements	702,808	554,114
Deficiency of Operating Receipts under Operating Disbursements	(62,281)	49,611
Non-Operating Receipts (Disbursements):		
State Support	6,450	9,274
County Support	3,300	3,300
Donations/Contributions	37,850	20,151
Investment Income	4,656	1,067
Debt Service	(13,848)	(6,397)
Net Non-Operating Receipts (Disbursements)	38,408	27,395
Excess (Deficiency) of Receipts Over (under) Disbursements	(23,873)	77,006
Cash Balance, Beginning of Year	326,864	249,858
Cash Balance, End of Year	\$302,991	\$326,864

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

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**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 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 7 and 8, 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.

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.

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 uses.

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, 2006, the Society had budgeted receipts of \$829,150, actual receipts of \$692,783, resulting in a variance of \$136,367. Additionally, the Society had budgeted disbursements of \$791,350 actual disbursements of \$716,656, resulting in a variance of \$74,694.

For the year ended November 30, 2005, the Society had budgeted receipts of \$774,150, actual receipts of \$637,517, resulting in a variance of \$136,633. Additionally, the Society had budgeted disbursements of \$752,550, actual disbursements of \$560,511, resulting in a variance of \$192,039.

3. CASH AND INVESTMENTS

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

	2006	2005
Demand deposits	\$207,491	\$231,364
Certificates of deposit	95,500	95,500
Total deposits	\$ 302,991	\$ 326,864

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

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT

Debt outstanding at November 30, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Capital Improvement Note (Stalls)	\$25,664	4.75%

The \$25,664 Capital Improvement Note bears an interest rate of 4.75% and is due to the Fifth Third Bank. The note was entered into on August 23, 2002 with an original maturity in 2013. Due to increased principal payments made, the new maturity will be November 1, 2011. Proceeds of the note were used to place stalls in the new horse barn.

Amortization of the above debt is scheduled as follows:

Year Ending November 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5,205	1,192	\$6,397
2008	5,425	972	6,397
2009	5,683	714	6,397
2010	5,953	444	6,397
2011	3,398	161	3,559
Total	<u>\$25,664</u>	<u>\$3,483</u>	<u>\$29,147</u>

5. 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.

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 Brown County Fair. The Society disbursed \$19,409 in 2005 and \$19,383 in 2006 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 11/30/05 and 11/30/06 as follows:

**BROWN COUNTY AGRICULTURAL SOCIETY
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

6. JUNIOR FAIR BOARD (Continued)

	2006	2005
Beginning Cash Balance(Restated)	\$ 44,339	\$ 43,423
Receipts	38,028	20,463
Disbursements	<u>(38,847)</u>	<u>(19,547)</u>
Ending Cash Balance	<u>\$ 43,520</u>	<u>\$ 44,339</u>

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 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. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance(Restated)	\$ 19,858	\$ 13,205
Receipts	281,688	284,442
Disbursements	<u>(265,947)</u>	<u>(277,789)</u>
Ending Cash Balance	<u>\$ 35,599</u>	<u>\$ 19,858</u>



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*

Brown County Agricultural Society
Brown County
325 W. State Street, Suite 1
Georgetown, Ohio 45121

To the Board of Directors:

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, 2006 and 2005, and have issued our report thereon dated August 15, 2007, wherein we noted the Society follows 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated August 15, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Brown County Agricultural Society
Brown County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, Board of Directors, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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Mary Taylor, CPA
Auditor of State

August 15, 2007



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 6, 2007**