



Mary Taylor, CPA  
Auditor of State



**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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# Mary Taylor, CPA

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 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

April 17, 2007

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# Mary Taylor, CPA

## 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, 2006 and 2005. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on the 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 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2006 and 2005. 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 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 statement. 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 statement referred to above for the years ended November 30, 2006 and 2005 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, 2006 and 2005 for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balance of the Barlow Independent Agricultural Society, Washington 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 years ended November 30, 2006 and 2005. 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 April 17, 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.



**Mary Taylor, CPA**  
Auditor of State

April 17, 2007

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

	<b>2006</b>	<b>2005</b>
<b>Operating Receipts:</b>		
Admissions	\$15,258	\$20,254
Privilege Fees	5,235	6,147
Sustaining and Entry Fees	4,840	8,379
Rentals	6,602	9,616
Total Operating Receipts	31,935	44,396
<b>Operating Disbursements:</b>		
Supplies and Administrative	11,547	13,312
Utilities	3,432	3,478
Professional Services	10,156	13,906
Equipment and Grounds Maintenance	21,629	35,071
Senior Fair	3,737	6,044
Contest	1,492	1,630
Junior Fair	7,493	6,581
Capital Outlay	7,621	11,223
Other Operating Disbursements	4,111	867
Total Operating Disbursements	71,218	92,112
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(39,283)	(47,716)
<b>Non-Operating Receipts (Disbursements):</b>		
Consignment Auction Receipts	32,967	
State Support	6,451	6,740
County Support	3,700	3,800
Miscellaneous	19,099	17,127
Investment Income	331	374
Insurance Proceeds		18,069
Consignment Auction Disbursements	(30,610)	
Debt Service	(693)	(6,799)
Net Non-Operating Receipts (Disbursements)	31,245	39,311
Excess (Deficiency) of Receipts Over (Under) Disbursements	(8,038)	(8,405)
Cash Balance, Beginning of Year	30,473	38,878
<b>Cash Balance, End of Year</b>	<b>\$22,435</b>	<b>\$30,473</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, 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 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 1971 to operate an annual agricultural fair. The Society sponsors a 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 thirteen 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. Other year round activities at the fairgrounds include facility rental and community events. 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. 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 prescribes or permits.

**C. 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 statement does not include 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, 2006 AND 2005  
(Continued)**

**2. CASH**

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

	2006	2005
Demand deposits	\$ 22,435	\$ 30,473

**Deposits:** The Federal Deposit Insurance Corporation insures up to \$100,000 of the Society's bank balance.

**3. DEBT**

Debt outstanding at November 30, 2006, was as follows:

	Principal	Interest Rate
Loan	\$ 10,000	6.75%

On May 21, 2002 the Society obtained a loan from Peoples Bank for improvements to the fair grounds. The bank approved up to \$30,000 in a loan to the Society with an interest rate of 6.75%, with a maturity date of May 21, 2007. The loan was based on a draw down line of credit. The total amount of the draw down was \$22,021 as of November 2006. The collateral for this loan is real property of the Barlow Agriculture and Mechanical Association, Inc.

Amortization of the above debt is scheduled as follows:

Year Ending November 30	Loan
2007	10,318
Total	\$ 10,318

**4. RISK MANAGEMENT**

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



# 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*

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, 2006 and 2005, and have issued our report thereon dated April 17, 2007, 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 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 statement and not to opine 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 a 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 management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2006-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Society's management dated April 17, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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, 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*. In a separate letter to the Society's management dated April 17, 2007, we reported an other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Directors. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 17, 2007

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Reportable Condition**

The Board of Directors should perform procedures to monitor the financial activity of the Society.

The size of the Society's staff did not allow for an adequate segregation of duties. The Treasurer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Board of Directors monitor financial activity closely. There was no documentation of the extent to which the Directors reviewed financial information to monitor the financial activity of the Society. This could result in errors and/or irregularities occurring and remaining undetected for an extended period of time.

We recommend after the Treasurer has performed the monthly bank reconciliation, the Board of Directors review the validity of the computations and attest their agreement thereto. The Board should approve all disbursements at their monthly meetings and the minutes of the monthly Board meetings should be signed by the President and Treasurer. Also, the Board should carefully review and approve pertinent financial information, such as the cash journal, appropriations ledger, receipts ledger, etc., on a monthly basis, and make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Society.

**Officials' Response:** We did not receive a response from Officials to this finding.





**Mary Taylor, CPA**  
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  
MAY 29, 2007**