



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 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 29, 2009

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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, 2008 and 2007. 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.

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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, 2008 and 2007 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, 2008 and 2007, 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 rental receipts to allow us to determine the completeness of these receipts in 2008 and 2007, 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 rental receipts represent twenty-eight percent, seven percent, and six percent, respectively, of receipts for the year ended November 30, 2007. These admission receipts, sustaining and entry fee receipts, and rental receipts represent fourteen percent, three percent, and five percent of receipts for the year ended November 30, 2008.

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 rental receipts for the years ended November 30, 2008 and 2007, 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, 2008 and 2007, 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 May 29, 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.



**Mary Taylor, CPA**  
Auditor of State

May 29, 2009

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

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

	<b>2008</b>	<b>2007</b>
<b>Operating Receipts:</b>		
Admissions	\$27,930	\$28,232
Privilege Fees	6,980	6,939
Rentals	9,992	6,055
Sustaining and Entry Fees	5,604	7,109
Total Operating Receipts	50,506	48,335
<b>Operating Disbursements:</b>		
Wages and Benefits	100	100
Utilities	4,764	5,060
Administrative Services	14,295	15,920
Supplies	5,037	2,639
Professional Services	21,140	23,070
Senior Fair	5,941	6,970
Junior Fair	6,185	6,108
Capital Outlay	4,872	
Other Operating Disbursements	2,870	3,179
Total Operating Disbursements	65,204	63,046
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(14,698)	(14,711)
<b>Non-Operating Receipts (Disbursements):</b>		
Consignment Auction Receipts	127,552	13,324
State Support	5,381	6,348
County Support	3,700	3,700
Investment Income	466	325
Consignment Auction Disbursements	(120,590)	(12,166)
Debt Service	(3,797)	(3,531)
Other Non-Operating Receipts	15,974	30,021
Other Non-Operating Disbursements	(9,323)	(7,918)
Net Non-Operating Receipts (Disbursements)	19,363	30,103
Excess (Deficiency) of Receipts Over (Under) Disbursements	4,665	15,392
Cash Balance, Beginning of Year	37,827	22,435
<b>Cash Balance, End of Year</b>	<b>\$42,492</b>	<b>\$37,827</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, 2008 AND 2007**

**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 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 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. 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, 2008 AND 2007  
(Continued)**

**2. DEPOSITS**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$42,492</u>	<u>\$37,827</u>

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

**3. DEBT**

Debt outstanding at November 30, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Loan	\$3,500	6.75%

On May 21, 2002, the Society obtained a loan from Peoples Bank for improvements to the fairgrounds. The bank approved up to \$30,000 in a loan to the Society with an interest rate of 6.75%, and a maturity date of May 21, 2009. The loan was based on a draw down line of credit. The total amount of the draw down was \$22,021 as of November 2008. 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:	<u>Loan</u>
2009	<u>\$3,638</u>
Total	<u><u>\$3,638</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.



# 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, 2008 and 2007, and have issued our report thereon dated May 29, 2009, 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 admissions, sustaining and entry fees, and rental receipts for the years ended November 30, 2008 and 2007. 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

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We consider findings 2008-001 and 2008-002 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated May 29, 2009.

#### **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*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated May 29, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

May 29, 2009

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**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, rentals, 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.

Deposits and intermediate and final payments for campground, fairground or building rentals, and privilege fees (including ride company guaranteed contract fees) shall be receipted and deposited separately as cash receipts. Contracts associated with the rental shall indicate the receipt number assigned to account for the deposit and interim and final payments.

A multi-part pre-numbered receipt should be completed for each cash receipt. A copy of the receipt shall be given to the person or organization making the payment. The Society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., camping contract).

To account for admissions, the Society Treasurer completed ticket summary sheets in 2007 and 2008. 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 \$4,921 and \$5,627 more deposited and recorded in 2007 and 2008, 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 2007 and 2008 exceeded expectations (calculated through a manual count of ticket stubs) by 17 percent and 20 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.

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-001 (Continued)**

**Material Weakness (Continued)**

The Society collects money for membership tickets. The membership tickets are 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 are no other ledgers or documentation supporting the number of tickets sold. When tickets were manually counted by AOS to calculate a projected collection for these tickets, the amounts posted to the ledgers exceeded projected collections by 12 percent in 2007, and the projected collections exceeded the amount posted to the ledgers by 45 percent in 2008. The Society also collects contest fees (i.e. horse shows, tractor pulls, etc.) throughout the year. Per review of the receipt ledger, receipts collected for contest fees were \$1,877 and \$2,847 during 2007 and 2008, respectively. There was no documentation presented for audit to support these collections. 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.

The rental revenue line item is made up of grounds and building rentals, as well as storage rentals. A rental agreement is completed for each transaction which documents the property rented, fee charged, etc. However, the Society does not keep any kind of control or summary sheet documenting all contracts and their status. In order to gain assurances over these receipts, we obtained the file of contracts and attempted to agree names of renters per the financial report to the rental agreements. We were able to verify amounts to signed rental agreements for ninety percent of total collections in 2007 and seventy percent of total rental collections in 2008. In addition, the Society also rents out buildings on the grounds for storage of boats, campers, etc. However, there are no formal rental agreements executed for these transactions, and no other supporting documentation was presented for audit. The lack of supporting documentation could allow errors and/or irregularities to occur and remain undetected for an extended period of time. Additionally, as a result of the lack of supporting documentation, we were not able to gain adequate assurances over the completeness and accuracy of the receipts of the rental line item.

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 should be maintained. We also recommend the Society obtain signed contracts or registration forms for all rental receipts. Contracts associated with the rentals should indicate the receipt number assigned to account for the deposit and interim and final payments. Duplicate receipts should be written for all money received indicating the date, payee, description of the type of revenue, revenue account number and amount.

**BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2008-002**

**Significant Deficiency**

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. To help ensure the accuracy of the financial statements, it is 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 the findings reported above.

BARLOW INDEPENDENT AGRICULTURAL SOCIETY  
WASHINGTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2008 AND 2007

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>
2006-001	Lack of Segregation of Duties.	No	Not Corrected; repeated in the current Schedule of Findings as Finding Number 2008-002.



**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  
JULY 14, 2009**