

Brown County Agricultural Society
Brown County
Regular Audit
For the Years Ended November 30, 2014 and 2013



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Dave Yost • Auditor of State

Members of the Board
Brown County Agricultural Society
325 W. State St.
Georgetown, OH 45121

We have reviewed the *Independent Auditor's Report* of the Brown County Agricultural Society, Brown County, prepared by Millhuff-Stang, CPA, Inc., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Brown County Agricultural Society is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 4, 2015

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Brown County Agricultural Society
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For the Years Ended November 30, 2014 and 2013

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Independent Auditor's Report

Brown County Agricultural Society
325 West State Street
Georgetown, Ohio 45121

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Brown County Agricultural Society, Brown County, (the Society) as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements 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 statements are 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 opinions.

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

As described in Note 1 of the financial statements, the Society prepared these financial statements 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statements referred to above do 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, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Brown County Agricultural Society, Brown County, as of November 30, 2014 and 2013, and its cash receipts and 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(D) permit, 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 11, 2015, 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.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

September 11, 2015

Brown County Agricultural Society
*Statement of Cash Receipts, Cash Disbursements, and
Change in Fund Cash Balances*
For the Years Ended November 30, 2014 and 2013

| | 2014 | 2013 |
|---|-----------|-----------|
| Operating Receipts: | | |
| Admissions | \$540,337 | \$518,450 |
| Privilege Fees | 81,879 | 77,627 |
| Rentals | 159,281 | 140,746 |
| Sustaining and Entry Fees | 18,987 | 18,652 |
| Other Operating Receipts | 10,506 | 9,899 |
| Total Operating Receipts | 810,990 | 765,374 |
| Operating Disbursements: | | |
| Utilities | 83,687 | 81,382 |
| Professional Services | 164,711 | 159,417 |
| Equipment and Grounds Maintenance | 208,369 | 183,598 |
| Senior Fair | 22,392 | 22,664 |
| Junior Fair | 26,372 | 19,183 |
| Capital Outlay | 132,302 | 193,856 |
| Other Operating Disbursements | 161,219 | 126,645 |
| Total Operating Disbursements | 799,052 | 786,745 |
| Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements | 11,938 | (21,371) |
| Non-Operating Receipts | | |
| State Support | 5,417 | 5,542 |
| County Support | 3,300 | 3,300 |
| Donations/Contributions | 30,410 | 43,241 |
| Investment Income | 372 | 490 |
| Total Non-Operating Receipts | 39,499 | 52,573 |
| Excess of Receipts Over Disbursements | 51,437 | 31,202 |
| Fund Cash Balance, Beginning of Year | 425,797 | 394,595 |
| Fund Cash Balance, End of Year | \$477,234 | \$425,797 |

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

Brown County Agricultural Society
Notes to the Financial Statements
For the Years Ended November 30, 2014 and 2013

Note 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

This 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 5 and 6, 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 prescribes 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
Notes to the Financial Statements
For the Years Ended November 30, 2014 and 2013

Note 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 items.

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.

Note 2 - Budgetary Activity

Budgetary activity for the year ended November 30, 2014 follows:

| Budgeted Receipts | Actual Receipts | Variance |
|----------------------------|---------------------------|-------------|
| \$1,017,700 | \$850,489 | (\$167,211) |
| | | |
| Appropriation Authority | Budgetary Expenditures | Variance |
| \$1,048,475 | \$799,052 | \$249,423 |

Budgetary activity for the year ending November 30, 2013 follows:

| Budgeted Receipts | Actual Receipts | Variance |
|--------------------------|------------------------|-------------|
| \$971,200 | \$817,947 | (\$153,253) |
| | | |
| Budgeted Expenditures | Actual Expenditures | Variance |
| \$1,030,175 | \$786,745 | \$243,430 |

Note 3 – Cash and Investments

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

| | 2014 | 2013 |
|------------------------|------------------|------------------|
| Demand Deposits | \$476,706 | \$425,270 |
| Certificate of Deposit | 528 | 527 |
| Total Deposits | \$477,234 | \$425,797 |

Deposits: The Federal Depository Insurance Corporation insured up to \$250,000 of the Society's bank balance in 2013 and 2014. The remainder was insured by pledged collateral held by the banking institutions.

Brown County Agricultural Society
Notes to the Financial Statements
For the Years Ended November 30, 2014 and 2013

Note 4 - Risk Management

The Brown County Commissioners provide general insurance coverage for all the buildings on the Brown County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 per occurrence 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 manger is bonded with coverage of \$20,000.

Note 5 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scouts, Girl Scouts, and Farm Bureau Youth Organization representatives, is responsible for the Junior Fair Division activities of the Brown County Fair. The Society disbursed \$26,372 in 2014 and \$19,183 in 2013 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. 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 November 30, 2014 and 2013 are as follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------|-----------------|-----------------|
| Beginning Cash Balance | \$33,377 | \$32,046 |
| Receipts | 18,865 | 22,719 |
| Disbursements | <u>(22,090)</u> | <u>(21,388)</u> |
| Ending Cash Balance | <u>\$30,152</u> | <u>\$33,377</u> |

Note 6 – 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's activities. The Junior Livestock Sale Committee accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------|------------------|------------------|
| Beginning Cash Balance | \$21,278 | \$20,871 |
| Receipts | 334,812 | 336,092 |
| Disbursements | <u>(334,640)</u> | <u>(335,685)</u> |
| Ending Cash Balance | <u>\$21,450</u> | <u>\$21,278</u> |

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Brown County Agricultural Society
325 West State Street
Georgetown, Ohio 45121

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Brown County Agricultural Society, Brown County, (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2015, wherein we noted the Society followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

September 11, 2015



Dave Yost • Auditor of State

BROWN COUNTY 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
DECEMBER 17, 2015**