

**PUTNAM COUNTY AGRICULTURAL
AND INDUSTRIAL FAIR
JUNE 30, 2009**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
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**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
ROSTER OF BOARD MEMBERS
JUNE 30, 2009**

OFFICERS:

Ron Chaffin – President
Shields Griggs – Vice President
Bill Dyer – Secretary
Carol Vinson – Treasurer

DIRECTORS:

Joe F. Adkins
Marson McCormick
Tony Honeycutt
Scott McCanless
Regina Hooper
Cynthia Strong
Vinny Faccinto
Cathy Reel
Jim Qualls
Scott Stockton
Dennis Tennant
Ron Chaffin
Shields Griggs
Bill Dyer
Carol Vinson

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Putnam County Agricultural and Industrial Fair
Cookeville, Tennessee

I have audited the accompanying financial statements of the Putnam County Agricultural and Industrial Fair, a component unit of Putnam County, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Putnam County Agricultural and Industrial Fair's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam County Agricultural and Industrial Fair, as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* I have also issued my report dated November 6, 2009, on my consideration of the Putnam County Agricultural and Industrial Fair's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed

in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

GASB Statement No. 34 provides guidance on Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board; however, management has chosen to exclude this information.

My audit was conducted for the purpose of forming an opinion on the financial statements of Putnam County Agricultural and Industrial Fair, taken as a whole. The accompanying supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statement of Putnam County Agricultural and Industrial Fair. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 6, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets

Cash in bank	\$ 25,368.58	
Certificates of Deposit	57,649.32	
Accounts Receivable	2,900.00	
Interest Receivable	354.18	
Prepaid Expenses	<u>537.84</u>	
Total Assets		\$ 86,809.92

Liabilities

Accounts Payable	<u>6,920.31</u>	
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Net Assets

Unrestricted		<u>\$ 79,889.61</u>
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The accompanying notes are an integral part of the financial statements

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

Operating Revenues:

Fair Projects	\$ 275,580.46	
Dept. Of Agriculture	2,394.11	
Other	<u>2,494.11</u>	
Total Operating Revenues		\$ 280,468.68

Operating Expenses:

Fair Production:

Advertising & Printing	\$ 13,097.79	
Ambulance & Security	10,553.50	
Electrician	2,400.00	
Events	128,146.38	
Grounds	10,821.32	
Insurance	5,611.39	
Accounting	10,000.00	
Office & Software Package	3,601.96	
Parking & Gate	8,562.40	
Equipment Rent	14,080.14	
Repairs & Maintenance	6,740.59	
Utilities	<u>8,353.66</u>	
Total Fair Production Expenses		221,969.13

General & Administrative:

Convention	10,017.38	
Dues	345.00	
Fairgrounds	39,196.65	
Insurance	226.35	
Professional Services	4,220.00	
Office	780.56	
Taxes	156.30	
Telephone & Website	413.42	
Other	<u>1,346.14</u>	
Total General & Administrative Expenses		<u>56,701.80</u>
Total Operating Expenses		<u>278,670.93</u>

Change in Operating Net Assets	1,797.75
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Other Revenue / (Expense)

Interest Income	<u>2,216.14</u>
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Total Change in Net Assets	4,013.89
Net Assets-Beginning of Year	<u>75,875.72</u>
Net Assets-End of Year	<u>\$ 79,889.61</u>

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Cash Flows from Operating Activities:</u>		
Change Received from Operating	\$ 278,168.68	
Cash Paid for Operating	<u>(275,535.80)</u>	
Net Cash from operating activities		\$ 2,632.88
 <u>Cash Flows from Investing Activities:</u>		
Interest Received	3,119.28	
Transfer to CD	<u>(2,225.52)</u>	
Net Cash Provided by Investing Activities		<u>893.76</u>
Net Increase in Cash		3,526.64
Cash at Beginning of Year		<u>21,841.94</u>
Cash at End of Year		<u><u>\$ 25,368.58</u></u>
 <u>Reconciliation of Change in Operating Net Assets to</u>		
<u>Net Cash Flow from Operating Activities:</u>		
Change in Operating Net Assets	\$ 1,797.75	
Increase in Accounts Receivable	(2,300.00)	
Decrease in Prepaid Expenses	37.91	
Increase in Accounts Payable	<u>3,097.22</u>	
Net Cash used in Operating Activities		<u><u>\$ 2,632.88</u></u>

The accompanying notes are an integral part of the financial statements

PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 – Summary of Significant Accounting Policies:

Organization

Putnam County Agricultural & Industrial Fair was organized to promote agriculture, to conduct an annual fair in Putnam County, Tennessee and utilize the physical facilities of the fairground. All property and related facilities are owned by Putnam County and administered by the Putnam County Agricultural & Industrial Fair, Incorporated. Putnam County Agricultural & Industrial Fair, Incorporated is a component unit of Putnam County, Tennessee. The Putnam County Commission approves all nominations to the board of directors of the Putnam County Agricultural & Industrial Fair, Incorporated. The Legislative Body has the authority to reject all nominations and make nominations from the floor. Three members of the Putnam County Commission will be on the board of directors at all times. The By-Laws do not give the board of directors' permission to borrow money. In addition, all changes to the By-Laws are subject to approval by the Putnam County Commission. The organization's major source of revenue comes from the annual fair. As of and for the year ended June 30, 2009 the annual fair represented 98% of revenue.

Basis of Accounting

The financial statements of the Putnam County Agricultural & Industrial Fair, Incorporated have been prepared on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20 follows pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989. After November 30, 1989, the Putnam County Fair Board follows GASB guidelines only and does not follow any FASB guidelines issued after that date. The Putnam County Agricultural & Industrial Fair, Inc. follows GASB No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, implemented July 1, 2002.

Fixed Assets

All physical facilities of the fairground are owned by Putnam County and are not included in the financial statements of this component unit.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash is comprised of cash on hand and time and demand deposits in banks and investments with original maturities of less than ninety days.

Unearned Revenue

The amount recorded as unearned revenue represents payments from advertisers and food vendors for space in the fair not yet held. The amount will be recognized as revenue when the fair has been completed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Cash and Investments

Deposits (cash and certificated of deposit) are carried at cost which approximated market value. At June 30, 2009, deposits of Putnam County Agricultural & Industrial Fair, Incorporated consisted of the following:

Checking – Operating	\$ 24,985.28
Checking – Special Events	1,962.44
Checking – Premiums	< 3,274.14 >
Checking – Farmer for a Day	1,695.00
Certificate of Deposit	11,768.51
Certificate of Deposit	11,214.25
Certificate of Deposit	11,663.10
Certificate of Deposit	<u>23,003.46</u>
Total	<u>\$ 83,017.90</u>

At June 30, 2009, the carrying amount of the Putnam County Agricultural & Industrial Fair, Incorporated’s cash deposits was \$83,017.90. The Fair’s deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. The Fair is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated. [Acts 1992, ch. 891, sct 10].

Note 3 – Commitments

The Putnam County Agricultural & Industrial Fair, Incorporated entered into a contract with Geren Rides to provide carnival services for the annual Putnam County Fair. This contract expired in August, 2008.

Note 4 – Risk Management

The Putnam County Agricultural & Industrial Fair, Incorporated is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Putnam County Agricultural & Industrial Fair, Incorporated maintains an insurance contract with a local insurance carrier in order to cover all such claims. All insurance expenses for the past three years are related to the premiums paid to the carrier for the respective years.

Note 5-In-Kind Contributions and Donated Personal Services

No in-kind contributions or donated services for the annual Putnam County Fair are recorded in the financial statements because the amounts are deemed to be immaterial.

Note 6 – Compensated Absences

There was no compensated absence balance at June 30, 2009.

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**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***

To the Board of Directors of the
Putnam County Agricultural and Industrial Fair
Cookeville, Tennessee

I have audited the accompanying financial statements of The Putnam County Agricultural and Industrial Fair, a component unit of Putnam County, as of and for the year ended June 30, 2009, and have issued my report thereon dated November 6, 2009. I conducted my audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered The Putnam County Agricultural and Industrial Fair's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Putnam County Agricultural and Industrial Fair's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fair's internal control over financial reporting.

My 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, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fair's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fair's financial statements that is more than inconsequential will not be prevented or detected by the Fair's internal control. I consider

the deficiency, described in the accompanying schedule of findings and recommendations as item 09-1 and 09-2 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fair's internal control.

My 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 considered to be material weaknesses. However, I believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Putnam County Agricultural and Industrial Fair's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and recommendations as item 09-1 and 09-2.

Putnam County Agricultural and Industrial Fair's response to the findings identified in my audit is described in the accompanying schedule of findings and recommendations. I did not audit the Fair's response and, accordingly, I express no opinion on it.

This report is intended solely for the information of the management of The Putnam County Agricultural and Industrial Fair and the Comptroller of the Treasurer, State of Tennessee and is not intended to be used and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

November 6, 2009
Cookeville, Tennessee

Tamara L. Beckman, CPA

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2009**

Finding 09-1

A lack of segregation of duties was noted.

Recommendation

The following duties should not be performed by the same individual: receiving cash, making bank deposits, maintaining the accounting records and reconciling bank accounts.

In addition, these duties should also not be performed by the same individual: preparing purchase authorizations, approving purchase authorizations, receiving goods or services, approving payment, preparing checks, signing checks and preparing bank reconciliations.

Chairman's Response:

The Putnam County Agricultural and Industrial Fair Board acknowledges the importance of segregation of duties. Transactions are segregated to the extent possible with the personnel available.

Auditor's Note:

Due to the small size of the entity and lack of personnel, total segregation of duties is not feasible. However, it was noted that the Fair segregates the duties to the extent possible.

Finding 09-2

A lack of internal control over checking accounts was noted. It appears there are too many sponsors with checking accounts in the Fair's name and proper documentation for collections and spending is not always provided to the Board.

Recommendation

One checking account for fair operations should be maintained in the Fair's name. Two signatures should be required for every check written and proper documentation should be provided for all purchases before money is disbursed.

Chairman's Response:

We have voted to require two signatures on all checks. Officers are the only people authorized to sign checks. We will discuss the matter of having only one checking account for fair operations.