

**PUTNAM COUNTY AGRICULTURAL  
AND INDUSTRIAL FAIR  
JUNE 30, 2011**

**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, 2011**

**OFFICERS:**

Dennis Tennant-President  
Bobby Vinson-Vice President  
Scott Stockton-Treasurer  
Bill Dyer-Secretary

**DIRECTORS:**

Joe F. Adkins  
Shields Griggs  
Jim Qualls  
Cathy Reel  
Debbie McCormick  
Kim Bradford  
David Gentry  
Tony Honeycutt  
Andelene Shanks  
David Randolph

**TAMARA L. BECKMAN**  
CERTIFIED PUBLIC ACCOUNTANT

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6 SOUTH MADISON AVENUE  
COOKEVILLE, TN 38501  
Office (931) 526-5489  
Fax (931) 526-9064

## **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, 2011, 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, 2011, 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 January 3, 2012, 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.

January 3, 2012  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Assets

Cash in bank	\$ 22,574.63	
Accounts Receivable	100.00	
Due from State of Tennessee	12,053.52	
Prepaid Expenses	<u>647.93</u>	
Total Assets		\$ 35,376.08

Liabilities

Accounts Payable	<u>1,013.00</u>
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Net Assets

Unrestricted	<u>\$ 34,363.08</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, 2011**

**Operating Revenues:**

Fair Projects	\$ 277,901.88	
Dept. Of Agriculture	2,485.28	
Other	<u>1,536.02</u>	
Total Operating Revenues		\$ 281,923.18

**Operating Expenses:**

Fair Production:

Advertising & Printing	\$ 17,983.73	
Ambulance & Security	12,280.00	
Electrician	2,400.00	
Events	159,510.41	
Grounds	11,532.73	
Insurance	6,269.19	
Accounting	13,000.00	
Office & Software Package	3,332.87	
Parking & Gate	12,505.00	
Equipment Rent	12,688.00	
Repairs & Maintenance	3,717.68	
Utilities	<u>13,054.05</u>	
Total Fair Production Expenses		268,273.66

General & Administrative:

Convention	7,003.20	
Dues	345.00	
Fairgrounds	13,770.83	
Repairs & Maintenance	25,145.18	
Insurance	887.00	
Professional Services	4,125.00	
Office	390.33	
Taxes	167.29	
Telephone & Website	280.86	
Meeting	240.52	
Miscellaneous	<u>77.50</u>	
Total General & Administrative Expenses		<u>52,432.71</u>
Total Operating Expenses		<u>320,706.37</u>

Change in Operating Net Assets (38,783.19)

**Other Revenue / (Expense)**

Grant Income	12,053.52
Interest Income	<u>512.10</u>
Total Change in Net Assets	(26,217.57)
Net Assets-Beginning of Year	<u>60,580.65</u>
Net Assets-End of Year	<u>\$ 34,363.08</u>

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Cash Flows from Operating Activities:</u>		
Change Received from Operating	\$ 269,869.66	
Cash Paid for Operating	<u>(325,680.97)</u>	
Net Cash from operating activities		\$ (55,811.31)
 <u>Cash Flows from Noncapital Financing Activities</u>		
Grant Income		12,053.52
 <u>Cash Flows from Investing Activities:</u>		
Interest Received	582.75	
Transfer from CD	<u>38,242.28</u>	
Net Cash Provided by Investing Activities		<u>38,825.03</u>
Net Increase in Cash		(4,932.76)
Cash at Beginning of Year		27,507.39
Cash at End of Year		<u>\$ 22,574.63</u>
 <u>Reconciliation of Change in Operating Net Assets to</u>		
<u>Net Cash Flow from Operating Activities:</u>		
Change in Operating Net Assets	\$ (38,783.19)	
Increase in Due from State of Tennessee	(12,053.52)	
Increase in Prepaid Expenses	(78.63)	
Decrease in Accounts Payable	<u>(4,895.97)</u>	
Net Cash used in Operating Activities		<u>\$ (55,811.31)</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, 2011**

**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, 2011 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.

**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, 2011, deposits of Putnam County Agricultural & Industrial Fair, Incorporated consisted of the following:

Checking – Operating	\$ 13,198.54
Checking – Special Events	2,312.54
Checking – Premiums	<u>7,000.31</u>
Cash Deposits	22,511.39
Petty Cash	<u>63.24</u>
Total Cash	<u>\$ 22,574.63</u>

At June 30, 2011, the carrying amount of the Putnam County Agricultural & Industrial Fair, Incorporated’s cash deposits was \$22,511.39. 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 expires in August, 2011.

**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, 2011.

**Note 7 – Subsequent Events**

The board of directors has approved a change of fiscal year-end from June 30 to September 30. They are now in the process of requesting approval for this change from the Tennessee Comptrollers office.

**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 financial statements of Putnam County Agricultural and Industrial Fair as of and for the year ended June 30, 2011, and have issued my report thereon dated January 3, 2012. 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 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 opinion on the financial statements, but not for the purpose of expressing my 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 Putnam County Agricultural and Industrial Fair's internal control over financial reporting.

*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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, I identified certain deficiencies in internal control over financial reporting, described in the

accompanying schedule of findings and recommendations as items 11-1 and 11-2 that I consider to be significant deficiencies in internal control over financial reporting. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 11-1 and 11-2.

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

This report is intended for the information of the management and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

January 3, 2012  
Cookeville, Tennessee

*Tamara L. Beckman, CPA*

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR  
FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2011**

**Finding 11-1**

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.

**Management'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 11-2**

An internal budget is not prepared for the Fair Board's activities. Even though the Fair Board's budget is not a legally binding budget, one should be prepared and followed to strengthen the internal controls over expenditures.

**Recommendation**

Procedures should be implemented over expenditures to ensure the Board has prepared a budget and is not spending over its budget and thereby maximizing its profits over operations.

**Management's Response:**

I agree with the auditor's recommendation that a budget should be prepared and expenditures monitored. This topic will be addressed by the board of directors.