

**PUTNAM COUNTY AGRICULTURAL
AND INDUSTRIAL FAIR
SEPTEMBER 30, 2012**

**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
SEPTEMBER 30, 2012**

OFFICERS:

Bill Dyer -President
Cathy Reel -Vice President
Tephania Randolph -Treasurer
Patsy Farris –Secretary
Kim Bradford – Assistant Treasurer

DIRECTORS:

James Sadler
Carl Bilbrey
Dale Moss
Kay Sliger
Debbie McCormick
David Gentry
Tony Honeycutt
Andelene Shanks
David Randolph
Bobby 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 September 30, 2012, 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 September 30, 2012, 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 March 5, 2013, 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. This missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The auditor's opinion on the basic financial statements is not affected by the missing 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

March 5, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Assets

Cash in bank	\$ 61,705.39	
Accounts Receivable	350.00	
Prepaid Expenses	<u>5,162.90</u>	
Total Assets		\$ 67,218.29

Liabilities

Accounts Payable	8,364.95	
Payroll Tax Payable	<u>175.33</u>	
Total Liabilities		<u>8,540.28</u>

Net Assets

Unrestricted		<u>\$ 58,678.01</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 SEPTEMBER 30, 2012**

Operating Revenues:

Fair Projects	\$ 242,019.56	
Total Operating Revenues		\$ 242,019.56

Operating Expenses:

Fair Production:

Advertising & Printing	\$ 17,601.64	
Century Farmer	44.00	
Concessions	6,703.50	
Concessions Wages	670.00	
Events	116,000.49	
Gas	272.56	
Grounds	9,025.00	
Insurance	5,763.86	
Janitorial Expense	6,132.97	
Materials	264.00	
Accounting	10,000.00	
Office Supplies	2,180.07	
Office Wages	1,000.00	
Parking	6,000.00	
Equipment Rent & Materials	4,283.26	
Security Wages	8,780.00	
Utilities	<u>9,249.68</u>	
Total Fair Production Expenses		203,971.03

General & Administrative:

Audio Equipment	4,961.23	
Convention	9,167.33	
Dues	475.00	
Fairgrounds	4,740.71	
Insurance	887.00	
Miscellaneous	49.78	
Accounting	4,625.00	
Office	382.99	
Legal	8,000.00	
Scholarship	2,500.00	
Taxes	1,665.22	
Telephone & Website	<u>322.52</u>	
Total General & Administrative Expenses		<u>37,776.78</u>
Total Operating Expenses		<u>241,747.81</u>

Change in Operating Net Assets	271.75
Net Assets-Beginning of Year	<u>58,406.26</u>
Net Assets-End of Year	<u><u>\$ 58,678.01</u></u>

The accompanying notes are an integral part of the financial statements

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Cash Flows from Operating Activities:</u>		
Change Received from Operating	\$ 241,369.56	
Cash Paid for Employees	(21,517.76)	
Cash Paid for Operating	<u>(213,033.07)</u>	
Net Cash from operating activities		\$ 6,818.73
 <u>Cash Flows from Non-capital Financing Activities</u>		
Grant Income		-
 <u>Cash Flows from Investing Activities:</u>		
Interest Received	-	
Transfer from CD	<u>-</u>	
Net Cash Provided by Investing Activities		<u>-</u>
 Net Increase in Cash		 6,818.73
Cash at Beginning of Year		<u>54,886.66</u>
Cash at End of Year		<u>\$ 61,705.39</u>
 <u>Reconciliation of Change in Operating Net Assets to</u>		
<u>Net Cash Flow from Operating Activities:</u>		
Change in Operating Net Assets	\$ 271.75	
Increase in Accounts Receivable	(350.00)	
Decrease in Due from State of Tennessee	-	
Decrease in Prepaid Expenses	237.60	
Decrease in Unearned Revenue	(300.00)	
Increase in Accounts Payable	7,336.92	
Decrease in Payroll Tax Payable	<u>(377.54)</u>	
Net Cash used in Operating Activities		<u>\$ 6,818.73</u>

The accompanying notes are an integral part of the financial statements

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

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. Putnam County Agricultural & Industrial Fair 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. 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 September 30, 2012 the annual fair represented 98% of revenue.

Basis of Accounting

The financial statements of the Putnam County Agricultural & Industrial Fair 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 Agricultural & Industrial Fair Board follows GASB guidelines only and does not follow any FASB guidelines issued after that date. The Putnam County Agricultural & Industrial Fair 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 September 30, 2012, deposits of Putnam County Agricultural & Industrial Fair consisted of the following:

Checking – Operating	\$ 54,620.97
Checking – Special Events	18.49
Checking – Premiums	<u>7,065.93</u>
Total Cash	<u>\$ 61,705.39</u>

At September 30, 2012, the carrying amount of the Putnam County Agricultural & Industrial Fair’s cash deposits was \$61,705.39. 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 entered into a contract with Geren Rides to provide carnival services for the annual Putnam County Fair. This contract expired in August, 2012.

Note 4 – Risk Management

The Putnam County Agricultural & Industrial Fair 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 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 September 30, 2012.

Note 7 – Subsequent Events

The Board has evaluated subsequent events through April 12, 2013, the date in which the financial statements were available to be issued.

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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 financial statements of Putnam County Agricultural and Industrial Fair as of and for the year ended September 30, 2012, and have issued my report thereon dated March 5, 2013. 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

Management is responsible for establishing and maintaining effective 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 item 12-1 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 item 12-1.

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.

March 5, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2012**

Finding 12-1

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.