

**PUTNAM COUNTY AGRICULTURAL
AND INDUSTRIAL FAIR
SEPTEMBER 30, 2013**

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
TABLE OF CONTENTS
SEPTEMBER 30, 2013**

Roster of Board Members	.....	1
Independent Auditor’s Report	.....	2-4
Statement of Net Position	.....	5
Statement of Revenues, Expenses, and Changes in Fund Net Position	.....	6
Statement of Cash Flows	.....	7
Notes to the Financial Statements	.....	8-9
Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	.....	10-11
Findings & Recommendations	.....	12

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
ROSTER OF BOARD MEMBERS
SEPTEMBER 30, 2013**

OFFICERS:

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

DIRECTORS:

Jayne Sadler
Carl Bilbrey
Dale Moss
Kaye Sliger
Tony Honeycutt
Andeline Shanks
David Randolph
Sue Neal
Barbara White
Cindy Boles

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Putnam County Agricultural and Industrial Fair, a component unit of Putnam County, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Putnam County Agricultural and Industrial Fair's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Putnam County Agricultural and Industrial Fair, a component unit of Putnam County, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion be presented to supplement the basic financial statements. Such information, although not a part of the basic financials statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The auditor's opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Putnam County Agricultural and Industrial Fair's basic financial statements. The Roster of Fair's Board Members on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Roster of Fair's Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Roster of Fair's Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 17, 2014 on my consideration of 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 Putnam County Agricultural and Industrial Fair's internal control over financial reporting and compliance.

March 17, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Assets

Cash in bank	\$ 86,939.83	
Accounts Receivable	3,911.50	
Prepaid Expenses	<u>5,183.17</u>	
Total Assets		\$ 96,034.50

Liabilities

Accounts Payable	4,641.40	
Payroll Tax Payable	<u>379.86</u>	
Total Liabilities		<u>5,021.26</u>

Net Position

Unrestricted		<u>\$ 91,013.24</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 POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Operating Revenues:

Fair Projects	\$ <u>277,803.50</u>	
Total Operating Revenues		\$ 277,803.50

Operating Expenses:

Fair Production:

Advertising & Printing	\$ 23,740.76	
Ambulance	6,390.00	
Concessions	11,342.43	
Concessions Wages	661.67	
Events	109,297.18	
Gas	830.16	
Grounds	14,760.00	
Insurance	6,649.68	
Janitorial Expense	3,966.74	
Materials	469.50	
Accounting	10,000.00	
Office Supplies	1,657.25	
Office Wages	1,000.00	
Parking	7,000.00	
Equipment Rent & Materials	4,702.50	
Security Wages	10,435.00	
Sound & Lights	1,180.00	
Utilities	<u>8,658.53</u>	
Total Fair Production Expenses		222,741.40

General & Administrative:

Audio Equipment	1,234.02	
Convention	7,283.51	
Dues	335.00	
Fairgrounds	4,252.28	
Insurance	887.00	
Accounting	5,875.00	
Office	446.44	
Taxes	1,939.63	
Telephone & Website	<u>473.99</u>	
Total General & Administrative Expenses		<u>22,726.87</u>
Total Operating Expenses		<u>245,468.27</u>

Change in Operating Net Position	32,335.23
Net Position-Beginning of Year	<u>58,678.01</u>
Net Position-End of Year	<u><u>\$ 91,013.24</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, 2013**

<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$ 274,242.00	
Cash Paid to/for Employees	(23,651.77)	
Cash Paid to Suppliers for Goods and Services	<u>(225,355.79)</u>	
Net Cash from operating activities		\$ 25,234.44
 <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		25,234.44
Cash at Beginning of Year		<u>61,705.39</u>
Cash at End of Year		<u>\$ 86,939.83</u>
 <u>Reconciliation of Change in Operating Net Position to</u>		
<u>Net Cash Flow from Operating Activities:</u>		
Change in Operating Net Position	\$ 32,335.23	
Increase in Accounts Receivable	(3,561.50)	
Decrease in Due from State of Tennessee	-	
Increase in Prepaid Expenses	(20.27)	
Decrease in Unearned Revenue	-	
Decrease in Accounts Payable	(3,723.55)	
Increase in Payroll Tax Payable	<u>204.53</u>	
Net Cash used in Operating Activities		<u>\$ 25,234.44</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, 2013

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, 2013 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 of accounting and the economic resources measurement focus

Capital 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, 2013, deposits of Putnam County Agricultural & Industrial Fair consisted of the following:

Checking – Operating	\$ 79,834.41
Checking – Special Events	18.49
Checking – Premiums	<u>7,086.93</u>
Total Cash	<u>\$ 86,939.83</u>

At September 30, 2013, the carrying amount of the Putnam County Agricultural & Industrial Fair's cash deposits was \$86,939.83. 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 James Gang Amusements, LLC to provide carnival services for the annual Putnam County Fair. This contract expired in August, 2014.

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, 2013.

Note 7 – Subsequent Events

The Board has evaluated subsequent events through March 17, 2014, 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, 2013, and have issued my report thereon dated March 17, 2014. 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 13-1 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 17, 2013
Cookeville, Tennessee

Tamara L. Beckman, CPA

**PUTNAM COUNTY AGRICULTURAL AND INDUSTRIAL FAIR
FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2013**

Finding 13-1

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.