



**Auditor of State
Betty Montgomery**

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Vinton County Agricultural Society
Vinton County
P.O. Box 241
McArthur, Ohio 45651

To the Board of Directors:

We were engaged to audit the accompanying financial statement of the Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2003 and 2002. This financial statement is the responsibility of the Society's management

The Society did not maintain sufficient supporting documentation for certain disbursements amounting to \$39,146 in 2003 (39% of 2003 total disbursements) and \$34,475, in 2002 (38% of 2002 total disbursements), as reflected in the accompanying financial statements, to support they were proper Society obligations and were properly classified. Of these recorded disbursements, \$11,260 in 2003 and \$7,583 in 2002 were cash disbursements from deposited cash receipts.

The Society did not maintain sufficient records, documents or evidential matter to support the completeness of the 2003 and 2002 General Operating Fund receipts, which were recorded as \$54,658 (52% of total receipts) and \$61,790 (49% of total receipts), respectively, as reflected in the accompanying financial statements.

The Society disbursed cash from undeposited cash receipts during 2003 and 2002. The Society did not maintain sufficient records, documents or evidential matter to support this activity and did not report all of this activity on their financial statements. We identified cash receipts collected but not deposited of \$8,154 for 2003 and \$7,834 for 2002 of which \$2,811 and \$7,835, respectively, were not recorded on the accompanying financial statements. While the operating receipts and fund balances reconcile to cash assets, these receipts and fund balances would be increased had all deposits been made. Due to the insufficiency of supporting evidence, we were unable to determine if we had identified all undeposited receipts.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Since the Society did not provide sufficient evidence as described above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on this financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2004 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 grants. That report is an integral part of an engagement performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement.

This report is intended solely for the information and use of management, the Board of Directors and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

December 20, 2004

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002**

	2003	2002
Operating Receipts:		
Admissions	\$ 51,323	\$ 49,391
Privilege Fees	8,150	5,425
Rentals	6,770	10,370
Sustaining and Entry Fees	7,355	4,340
Parimutuel Wagering Commission	0	0
Other Operating Receipts	7,696	4,827
Total Operating Receipts	81,294	74,353
Operating Disbursements:		
Wages and Benefits	1,087	2,559
Utilities	7,889	8,479
Professional Services	28,227	30,941
Equipment and Grounds	10,550	7,756
Race Purse	0	0
Senior Fair	0	0
Race Purse	0	0
Senior Fair	0	0
Junior Fair	24,942	30,346
Capital Outlay	9,566	17,669
Other Operating Disbursements	17,306	16,866
Total Operating Disbursements	99,567	114,616
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(18,273)	(40,263)
Non-Operating Receipts/(Disbursements):		
State Support	7,541	8,139
County Support	2,500	2,500
Donations/Contributions - Restricted	5,270	5,705
Donations/Contributions - Unrestricted	7,709	14,638
Debt Proceeds	0	20,000
Investment Income	56	0
Debt Service	(4,606)	(5,183)
Other Non-Operating Receipts	0	0
Net Non-Operating Receipts (Disbursements)	18,470	45,799
Excess (Deficiency) of Receipts Over (Under) Disbursements	197	5,536
Cash Balance, Beginning of Year	8,466	2,930
Cash Balance, End of Year	\$ 8,663	\$ 8,466

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

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**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Vinton County Agricultural Society, Vinton County (the Society), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1971 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Vinton County Junior Fair during July. Vinton County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of an appointed secretary, and appointed treasurer, and fifteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Vinton County, and pay an annual membership fee to the Society.

Reporting Entity

The 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 and community events such as demolition derbies, motorcycle races, speed pit events, and motocross races. The reporting entity does not include any other activities or entities of Vinton County, Ohio.

The Vinton County Junior Fair does not have a separate Junior Fair Board with separate financial activity to summarize. The financial activity of the Junior Livestock Sale Committee is summarized in Note 5.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

All cash assets of the Society are maintained in a non-interest bearing checking account.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Support

Restricted Support includes amounts that are required by the donor to be set aside for specific uses.

F. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

2. CASH

The carrying amount of cash at November 30 was as follows:

	2003	2002
Demand deposits	\$8,663	\$8,466

Deposits: The bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

3. DEBT

Debt outstanding at November 30, 2003, was as follows:

	Principal	Interest Rate
Promissory Note	\$16,424	4.76%

The promissory note bears an interest rate of 4.76% and is due to The Vinton County National Bank of McArthur. The original note was entered into on March 25, 2002, at a principal of \$20,075, and the proceeds were used to replace bleachers in the livestock arena. The balance of the promissory note is payable in annual installments of \$4,607, with the final payment of the entire unpaid balance due on March 25, 2007. The debt is backed by a security interest in all monies, instruments, savings, checking and other deposit accounts of the Society that are in the Lender's custody or control, now or in the future.

Amortization of the above debt is scheduled as follows:

Year Ending November 30	Promissory Note
2004	\$4,607
2005	\$4,607
2006	\$4,607
2007	\$4,607

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 AND 2002
(Continued)**

4. RISK MANAGEMENT

The Vinton County Commissioners provide general insurance coverage for all buildings on the Vinton County Fairgrounds, pursuant to Ohio Revised Code Section 1711.24.

Risk Pool Membership

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2003 AND 2002
(Continued)**

4. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

5. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee is a committee charged with running the Junior Fair Livestock Auction. This auction is held during fair week. The Livestock Committee is made up of individuals from the Board of Directors, local businesses, and individuals involved with 4-H. The Livestock Committee makes decisions concerning the livestock auction, but has no real fiscal power. The Livestock Committee checking account is controlled by the Society, and checks are signed by the Society's Treasurer and the Committee President, who is also on the Board of Directors. Auction-related expenses, which amounted to \$1,718 for fiscal year 2003 and \$774 for fiscal year 2002, are paid directly from the Society's general checking account. Receipts from buyers and checks to sellers are accounted for in the Junior Livestock Sale Committee bank account. Monies to cover the cost of the auction are generated through and \$8 commission per animal sold. The commission is retained in the Junior Livestock Sale Committee bank account and is periodically remitted to the Society. During the audit period the Society recorded a receipt of \$1,311 in fiscal year 2003 and \$2,000 in fiscal year 2002 from the Junior Livestock Sale Committee bank account. The accompanying financial statements do not included the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$1,924	\$2,554
Receipts	111,580	102,014
Disbursements	<u>(112,046)</u>	<u>(102,644)</u>
Ending Cash Balance	<u>\$1,458</u>	<u>\$1,924</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Vinton County Agricultural Society
Vinton County
P.O. Box 241
McArthur, Ohio 45651

To the Board of Directors:

We were engaged to audit the accompanying financial statement of the Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated December 20, 2004, wherein we disclaimed an opinion due to insufficient documentation to support certain receipts and disbursements and wherein we noted the financial statements omitted certain receipts and disbursements. We conducted our engagement 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.

Compliance

As part of our engagement, we tested compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003 and 2003-005. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated December 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our engagement, we considered the Society's internal control over financial reporting to determine our procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2003-03 through 2003-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions considered to be material weaknesses. However, we consider the reportable conditions described above as items 2003-003, 2003-005 and 2003-006 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated December 20, 2004.

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 20, 2004

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2003-001

Finding for Recovery

In 2003 and 2002, the Society held demolition derby events. Event collections included gate receipts, concession sales, and entry fees. Cash payments were made to the derby winners, the announcer, the security officers, and the pizza vendors from un-deposited cash receipts. In comparing recalculated receipts to bank deposits, recalculated receipts exceeded actual deposits made by \$3,176 in 2003 and \$832.50 in 2002, totaling \$4,008.50 for the audit period.

Deposits were recalculated as follows:

- Gate receipts and concession receipts were taken from the event reports and duplicate receipts prepared by the Society's Treasurer.
- Entry fees were recalculated by counting the number of completed entry forms for the event date. Multiplying that by the entry fee (\$30 in 2003 and 2002). Then, adding in the receipts received for the consolation heats, in which drivers may pay \$10 for a second chance to race in the feature.
- The Society's Treasurer provided change and prize money, documented as "start up cash", for each event. These amounts agreed to cash withdrawals from the Society's bank account.
- Cash payouts were documented by the Society's Treasurer; however, there was no supporting documentation; refer to Finding Number 2003-003.

Recalculation of Entry Fees:

<u>Event Date</u>	<u>Number of Entries</u>	<u>Number of Consolation Heat Entries</u>	<u>Recalculated Entry Fees</u>
June 1, 2002	25	0	\$750
April 12, 2003	47	9	\$1,500
September 6, 2003	36	6	\$1,140
October 4, 2003	67	10	\$2,110

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-001 (Continued)

Finding for Recovery (Continued)

Recalculation of Bank Deposit:

<u>Event Date</u>	<u>A Gate Receipts</u>	<u>B Concession Receipts</u>	<u>C Recalculated Entry Fees</u>	<u>D Start Up Cash</u>	<u>E Cash Pay outs</u>	<u>A+B+C+D-E Recalculated Deposit</u>
June 1, 2002	\$1,390.00	\$1,273.22	\$750.00	\$2,000.00	\$1,975.00	\$3,438.22
April 12, 2003	\$2,525.00	\$2,090.00	\$1,500.00	\$2,000.00	\$2,534.00	\$5,590.00
September 6, 2003	\$1,825.00	\$1,460.00	\$1,140.00	\$3,500.00	\$2,035.00	\$5,890.00
October 4, 2003	\$2,585.00	\$1,923.75	\$2,110.00	\$3,500.00	\$2,550.00	\$7,568.75

Comparison of Recalculated Deposit to Actual Deposit:

<u>Event Date</u>	<u>Recalculated Deposit</u>	<u>Actual Deposit</u>	<u>Variance</u>
June 1, 2002	\$3,438.22	\$2,605.72	(\$832.50)
April 12, 2003	5,590.00	5,004.00	(586.00)
September 6, 2003	5,890.00	4,970.00	(920.00)
October 4, 2003	7,568.75	5,898.75	<u>(1,670.00)</u>
		Total	<u>(\$4,008.50)</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies collected but not accounted for against Deborah McNally, the Society's Treasurer, and the Ohio Fair Participating Plan, her bonding company, jointly and severally, in the amount of \$832.50, in favor of the Society's General Operating Fund. In addition, a Finding for Recovery is hereby issued for public monies collected but not accounted for against Deborah McNally, the Society's Treasurer, in the amount of \$3,176, in favor of the Society's General Operating Fund.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-002

Finding for Recovery

Minute records dated June 3, 2002 and June 1, 2001, indicated that the Society's Board of Directors approved to pay Circle of Faith, \$1,800, in 2002, and \$1,200, in 2001, to sell gate admission tickets at the fair gate entrances. The Society's annually published Fair Book stated gate admission ticket price was \$6.00 per ticket for 2002 and 2001. The Treasurer prepared daily ticket sales records, for each gate entrance, which listed the beginning and ending ticket numbers, the number of voided tickets, the total number of tickets sold, and the total amount that should have been collected.

We recalculated the total number of tickets sold, based on beginning and ending ticket numbers. We multiplied that by the price per ticket and compared the recalculated amount to the recorded fair gate admission ticket receipts. Our results show total fair gate admission ticket receipts being less than the recalculated amount by \$3,718, in 2002, and \$4,025, in 2001 for a total of \$7,743, as indicated in the following table:

Gate Admission Tickets for Fair Held in:	Number of Gate Admission Tickets Sold	Ticket Price	Recalculated Gate Admissions	Gate Admissions Received	Variance
2001	6722	\$6.00	\$40,332	\$36,307	(\$4,025)
2002	6104	\$6.00	\$36,624	\$32,906	(\$3,718)
Total	12826		\$76,956	\$69,213	(\$7,743)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies collected but not accounted for against the Circle of Faith, Deborah McNally, the Society's Treasurer, and the Ohio Fair Participating Plan, her bonding company, jointly and severally, in the amount of \$7,743, in favor of the Society's General Operating Fund.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-003

Finding for Recovery/Material Weakness

The Auditor of State's prescribed Uniform System of Accounting for Agricultural Societies, revised November 2002, states that all agricultural societies shall maintain a checking account. Cash receipts shall be deposited into the checking account and all cash disbursements shall be made by a check redeemable against the checking account. Agricultural societies shall not make payments out of un-deposited receipts. Rather, the receipts shall be deposited and disbursements shall be made by check against the bank account. A society may establish a petty cash account if the establishment is authorized by the society's board of directors. In addition, a society may establish one or more petty cash accounts to distribute premium money to exhibitors.

During 2003 and 2002, disbursements were made from un-deposited cash for various uses; such as for event security, announcer, and pizza for concession sales. In addition, cash withdrawals were made from the Society's bank accounts for cash prizes and start up money. Some cash withdrawals were made by check, with the Treasurer and Board President authorizing the expenditure, and some withdrawals were made without a check. Start up money was re-deposited after the event and there were instances where premiums for prize money were also re-deposited. As indicated in finding number 2003-001, the Society's Treasurer provided cash payout amounts that we could not verify through supporting documentation. There was no indication of the Society's Board of Directors approval for such expenditure of cash from un-deposited cash receipts or direct withdrawals of cash from the bank. In addition, there was no supporting documentation maintained for the use of the cash, such as detailed purchase receipts, invoices, etc. The unaccounted for cash expenditures amounted to \$15,981 in 2003 and \$9,029 in 2002, resulting in a total of \$25,010, as indicated in the following tables:

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-003 (Continued)

Finding for Recovery/Material Weakness (Continued)

2002 Checks issued for Cash:

Date	Amount	Check #	Less Returned Premiums	Receipt #	Less Start Up Money	Receipt #	Total Unaccounted For
4/13/2002	\$2,000.00 *	6366	\$0		\$1,000	3304	\$1,000.00
5/25/2002	500.00 *	6387	0		500	3344	0.00
5/31/2002	2,000.00 *	6388	0		1,500	3352 & 3356	500.00
6/29/2002	500.00 *	6420	0		500	3367	0.00
7/19/2002	1,000.00	Debit Memo	0		1,000	3491	0.00
7/23/2002	3,200.00 *	6463	850.00	3487	0		2,350.00
7/31/2002	410.00 *	6509	0		0		410.00
8/5/2002	500.00	Debit Memo	0		500	3502	0.00
8/31/2002	500.00 *	6531	140.00	3498	0		360.00
9/13/2002	250.00 *	6544	0		250	3513	0.00
9/30/2002	500.00	Debit Memo	0		500	3520	0.00
10/6/2002	2,000.00	Debit Memo	0		1,000	3524	1,000.00
Sub Total	<u>\$13,360.00</u>		<u>\$990.00</u>		<u>\$6,750.00</u>		<u>5,620.00</u>

2002 Demolition Derby Expenses from Undeposited Cash:

4/12/2002	\$1,250.00	\$1,250.00
6/1/2002	975.00	975.00
10/6/2002	<u>1,184.00</u>	<u>1,184.00</u>
Sub Total	<u>3,409.00</u>	<u>3,409.00</u>

Total

\$9,029.00

* = Signed by Deborah McNally, Treasurer, and A. Daniel Thompson, Board President at the time.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies illegally expended against Deborah McNally, the Society's Treasurer, and the Ohio Fair Participating Plan, her bonding company, jointly and severally, in the amount of \$9,029, in favor of the Society's General Operating Fund. In addition, a finding for recovery is hereby issued for public monies illegally expended against Deborah McNally, the Society's Treasurer, in the amount of \$15,981, in favor of the Society's General Operating Fund.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-004

Reportable Condition

The Society issued check number 6744, on August 4, 2003, from the Society's General Operating Fund in the amount of \$1,059.03, to Mason's Auto Body for the repair of Director of the Society's Board, Ernest Schrader's personal vehicle. The check was authorized by Deborah McNally, the Society's Treasurer, and George Buckley, the Society's Board President at the time, as indicated on the cancelled check. Authorization of this expenditure was documented in the minutes of the Board of Directors on August 4, 2003.

On November 23, 2004, Lawrence Wolfe, Board President in 2004, and Deborah McNally, the Society's Treasurer, stated the expenditure was made to avoid making a claim on the Society's insurance policy, which they believe would have resulted in an increase in insurance premiums. They also stated the expenditure was to repair damages resulting from a volunteer worker backing a bobcat into Mr. Schrader's personal vehicle while on fair ground property.

The Society was insured through the Public Entities Pool of Ohio during 2003. The insurance policy included coverage for Legal Liability-Third Party Claims in the amount of \$2,000,000 per occurrence with no deductible.

We recommend the Society's Board of Directors establish a policy that outlines the procedures to follow when an accident occurs on Fairground property. The policy should include items such as: who is to file accidents with the insurance company, who has authority to waive submitting claims to insurance company, who has to authority to authorize payment for accidents not turned into the Society's insurance, etc. The Society should also compare premium reductions associated with assuming a deductible. The Society might reduce its overall costs by using a policy with deductible amounts.

FINDING NUMBER 2003-005

Noncompliance Citation / Material Weakness

Ohio Rev. Code Section 149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2003-005 (Continued)

Noncompliance Citation /Material Weakness - Ohio Rev. Code Section 149.351(A) (Continued)

We noted the following public records issues during our audit:

Vouchers

- A: For 39 percent of the nonpayroll expenditure transactions tested in 2003 and 38 percent of the nonpayroll expenditure transactions tested in 2002, voucher packets did not contain supporting documentation, such as an original invoice. Upon completing our fieldwork, the Society's Treasurer requested us to review additional documentation she believed would support some of these transactions. However, the Society would not approve paying us for the time we required to review this evidence and we did not review it. Therefore, the stated percentages were based on the information made available to us during fieldwork.
- B. Twenty-one percent or \$8,265 of the expenditure transactions which did not have supporting documentation were cash withdrawals for prize money in 2003. Nineteen percent or \$8,262 of the expenditure transactions which did not have supporting documentation were cash withdrawals for prize money in 2002.

The failure to maintain supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and/or irregularities to occur and remain undetected by management for an extended period of time. In addition, lack of adequate supporting documentation could result in the Society making inappropriate disbursements for goods or services not actually received by the Society. Furthermore, failure to retain such documentation has resulted in a qualified audit opinion regarding the Society's expenditures.

We recommend the Society maintain documentation to support all expenditures. Expenditures should be supported by an approved voucher package that would include, at a minimum, an original invoice or receipt for expenditures. Prize money expenditures should be supported by a prize schedule which lists the amounts paid for each place by class. The recipient of the prize money should be required to sign for the prize. The total amount of prize money needed for the event should be authorized by the Society's Board of Directors.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-006

Material Weakness

The Society was unable to provide supporting documentation for all event receipts, such as event summary reports for the demolition derbies and speed pit events or rental contracts for grounds and building rentals. Receipts from demolition derbies and speed pit events should be supported by event reports which summarize the following: the amount of cash withdrawn from the bank to start the event; the amounts received from admissions, entry fees, and concessions; any amounts paid out in cash for prizes, announcers fees, sled rental, and other expenses; and the total amount deposited after the event. Admissions to events should be supported by ticket accountability forms. Grounds and building rental agreements should be supported by written contracts which list the vendor or individual renting the facility, the fee charged, and the date the rental fee was paid. Event summary reports and rental agreements should be kept on file with the Society's Treasurer.

The Society should write duplicate receipts when money is received and the original copy of the receipt should be provided to the individual the money was received from. The Society's Treasurer maintained the original and carbon copy of duplicate receipts. In several instances duplicate receipts were not issued in the same time frame as corresponding events and deposits. This indicates that duplicate receipts may have been written to agree to the activity recorded.

In addition, the Society should not make cash expenditures from cash money collected. The Society's records indicated in several instances that portions of cash receipts were used to make cash expenditures. However, this activity was not recorded on the Society's financial statements.

The Society was unable to provide supporting documentation for 52 percent, (\$54,658), of 2003 reported revenue and 49 percent, (\$61,790), of 2002 reported revenue.

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period of time. In addition, failure to retain such documentation has resulted in the inability to determine that all receipts collected were accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's receipts.

We recommend the Society deposit all money received. In addition, the Society should maintain supporting documentation for all money received; such as event summary reports, rental contracts and duplicate receipts. Expenditures should not be made from undeposited receipts.



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AGRICULTURAL SOCIETY

VINTON 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
FEBRUARY 9, 2006**