



Mary Taylor, CPA  
Auditor of State



**AGRICULTURAL SOCIETY  
VINTON COUNTY**

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Mary Taylor, CPA  
Auditor of State

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Society to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 8, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statement of the Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require agricultural societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended November 30, 2007 and 2006 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Agricultural Society, Vinton County, Ohio, as of November 30, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Auditor of State has billed the Society for audit services provided for prior years. As of the date of this report, the Society has total unpaid audit fees of \$7,005 for prior years.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

July 8, 2008

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Operating Receipts:</b>		
Admissions	\$46,049	\$46,710
Privilege Fees	5,700	6,720
Rentals	9,260	7,366
Sustaining and Entry Fees	9,448	9,713
Other Operating Receipts	4,850	7,426
Total Operating Receipts	75,307	77,935
<b>Operating Disbursements:</b>		
Wages and Benefits	1,556	1,233
Utilities	12,053	12,092
Professional Services	35,988	26,007
Equipment and Grounds Maintenance	8,416	8,828
Junior Fair	23,988	29,499
Capital Outlay	3,510	3,548
Other Operating Disbursements	15,095	17,938
Total Operating Disbursements	100,606	99,145
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(25,299)	(21,210)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	6,348	6,451
County Support	2,500	2,500
Donations/Contributions	13,712	27,087
Debt Service - Principal	(4,320)	(4,110)
Debt Service - Interest	(677)	(887)
Net Non-Operating Receipts (Disbursements)	17,563	31,041
Excess (Deficiency) of Receipts Over (Under) Disbursements	(7,736)	9,831
Cash Balance, Beginning of Year	12,515	2,684
<b>Cash Balance, End of Year</b>	<b>\$4,779</b>	<b>\$12,515</b>

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

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**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Vinton County, Ohio (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1971 to operate 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 Board of Directors manages the Society. The Board is made up of an appointed secretary, appointed treasurer, and fifteen directors serving staggered three-year terms. Society members elect Board Members from its membership. 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, community events, demolition derbies 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. Note 5 summarizes the Junior Livestock Sale Committee's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

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

**D. Property, Plant, and Equipment**

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Income Tax Status**

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509(a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**2. CASH**

The carrying amount of cash at November 30, 2007 and 2006 follows:

	2007	2006
Demand deposits	\$4,779	\$12,515

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. DEBT**

Debt outstanding at November 30, 2007 was as follows:

	Principal	Interest Rate
Building Project Note	\$9,300	5.00%

The building project note bears an interest rate of 5 percent and is due to the Vinton County National Bank. The note was entered into on September 11, 2004 for \$21,636 and matures September 11, 2009. Proceeds of the note were used for the Society's Fairgrounds Building Renovation Project.

Amortization of the above debt is scheduled as follows:

Year ending	Building
<u>November 30:</u>	<u>Project Note</u>
2008	\$4,997
2009	<u>4,997</u>
Total	<u><u>\$9,994</u></u>

**4. RISK MANAGEMENT**

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

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**4. RISK MANAGEMENT (Continued)**

**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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006:

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**4. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$7,000. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2006	\$6,220
2007	\$6,243

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**5. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock 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. 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 an \$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, commission of \$5,000 in 2007 and \$4,500 in 2006 was remitted to the Society's bank account.

The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 6,315	\$ 4,844
Receipts	124,061	102,568
Disbursements	<u>(122,000)</u>	<u>(101,097)</u>
Ending Cash Balance	<u>\$ 8,376</u>	<u>\$ 6,315</u>

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Directors:

We have audited the financial statement of the Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006, and have issued our report thereon dated July 8, 2008, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Society's management in a separate letter dated July 8, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated July 8, 2008.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

July 8, 2008

**AGRICULTURAL SOCIETY  
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2003-001	Finding for Recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28, for demolition derby event monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2003-002	Finding for Recovery was issued against Deborah McNally and the Circle of Faith under Ohio Rev. Code Section 117.28, for gate admission monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2003-003	Finding for Recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28 for unaccounted for cash receipts paid directly to vendors or direct withdraws of cash from the bank.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2005-001	Finding for Recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28, for demolition derby event monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2005-002	Finding for Recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28, for gate admission monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2005-003	Finding for Recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28, for concession monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2005-004	Finding for recovery was issued against Deborah McNally under Ohio Rev. Code Section 117.28 for truck pull cash payouts monies collected but not accounted for.	No	Finding not repaid. It was turned over to the Prosecuting Attorney.
2005-005	Ohio Rev. Code Section 149.351(A) non-compliance citation/material weakness was issued for destruction of records.	Yes	
2005-006	Ohio Admin. Code Section 117-2-02(A) non-compliance citation/material weakness was issued for not maintaining a receipts ledger and expense ledger.	Yes	
2005-007	Ohio Admin. Code Section 117-2-01(D) (3) and (5) non-compliance citation/material weakness was issued for not maintaining records and appropriate supporting documentation for all receipts collected.	Yes	





Mary Taylor, CPA  
Auditor of State

**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  
AUGUST 5, 2008**