



Dave Yost • Auditor of State

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY
NOVEMBER 30, 2017 AND 2016

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Society hosted Go-Kart races, derbies and autocross events throughout 2017 and 2016 for which they received admission receipts. The Society failed to maintain any manner of ticket accountability for a portion of the grandstand admission sales. For 2017 and 2016, the Society could not support \$6,966 and \$10,011, respectively, of admission receipts. In addition, in 2016, \$600 of start-up monies was lumped into admissions and we were unable to track individually. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Vinton County Agricultural Society, Vinton County as of November 30, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 the Society's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 14, 2018

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**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2017**

Operating Receipts:	
Admissions	\$ 65,830
Privilege Fees	8,875
Sales by Fair	1,598
Sales Activities	857
Utilities	775
Fees	5,047
Rentals	<u>26,285</u>
<i>Total Operating Receipts</i>	<u>109,267</u>
Operating Disbursements:	
Wages and Benefits	1,629
Administrative Costs	3,804
Supplies Purchased for Resale	1,675
Other Supplies	11,212
Utilities	17,812
Professional Services	60,544
Property Services	9,357
Advertising	6,027
Repairs	2,028
Insurance	384
Rentals	3,855
Capital Outlay	38,345
Contest Expenses	12,694
Junior Fair Expenses	8,504
Other Fair Expenses	3,812
Miscellaneous	<u>275</u>
<i>Total Operating Disbursements</i>	<u>181,957</u>
<i>(Deficiency) of Operating Receipts</i>	
<i>(Under) Operating Disbursements</i>	<u>(72,690)</u>
Non-Operating Receipts (Disbursements):	
State Support	7,317
County Local Government Funds	2,500
Restricted Support	38,200
Unrestricted Support	36,857
Asset Sales	1,750
Debt Service - Principal	(4,954)
Debt Service - Other Financing Fees	<u>(33)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>81,637</u>
<i>Excess of Receipts Over Disbursements</i>	8,947
Cash Balance, Beginning of Year	<u>74</u>
Cash Balance, End of Year	<u><u>\$ 9,021</u></u>

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

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Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 1 – Reporting Entity

The Vinton County Agricultural Society (the Society), Vinton County, is a body politic and corporate 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 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 18 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.

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, motorcross, and go-kart 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 6 summarizes the Junior Livestock Sale Committee’s financial activity.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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.

Note 3 – Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2017</u>
Demand deposits	\$9,021
Total deposits	\$9,021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Debt

Debt outstanding at November 30, 2017 was as follows:

	<u>Principal</u>	<u>Interest</u>
Equipment Note	\$4,718	5%

The note bears an interest rate of 5.0% and is due to Vinton County National Bank. The note was entered into on May 16, 2013, and matures May 16, 2018. Proceeds of the note were used for the purchase of a mower and to pay the remaining balance on the Society’s skid steer note and is collateralized by the equipment.

Amortization of the above debt, including interest, is scheduled as follows

<u>Year Ended</u>	<u>Equipment</u>
November 30,	Note
2018	\$4,954
Total:	\$4,954

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 5 – Risk Management

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Society’s share of these unpaid claims collectible in future years is approximately \$4,000.

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>2017 Contributions to PEP</u> \$ 5,639
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Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2017

Note 5 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. 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.

Note 6 – Junior Livestock Sales Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Vinton County Jr Fair auction. A commission of 3% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. 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, 2017, follows:

	2017
Beginning Cash Balance	\$9,818
Receipts	188,322
Disbursements	(189,434)
Ending Cash Balance	<u>\$8,706</u>

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Operating Receipts:	
Admissions	\$ 60,556
Privilege Fees	8,900
Sales Activities	3,098
Utilities	725
Fees	1,720
Rentals	<u>28,628</u>
<i>Total Operating Receipts</i>	<u>103,627</u>
Operating Disbursements:	
Wages and Benefits	3,635
Administrative Costs	6,963
Supplies Purchased for Resale	1,169
Other Supplies	12,523
Utilities	16,404
Professional Services	41,104
Property Services	4,972
Advertising	5,234
Repairs	9,993
Insurance	6,551
Rentals	795
Capital Outlay	42,818
Contest Expenses	13,491
Junior Fair Expenses	17,950
Other Fair Expenses	1,606
Miscellaneous	<u>780</u>
<i>Total Operating Disbursements</i>	<u>185,988</u>
<i>(Deficiency) of Operating Receipts (Under) Operating Disbursements</i>	<u>(82,361)</u>
Non-Operating Receipts (Disbursements):	
State Support	4,276
County Local Government Funds	2,500
Restricted Support	57,590
Unrestricted Support	20,297
Debt Service - Principal	(4,954)
Debt Service - Other Financing Fees	<u>(36)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>79,673</u>
<i>(Deficiency) of Receipts Over Disbursements</i>	(2,688)
Cash Balance, Beginning of Year	<u>2,762</u>
Cash Balance, End of Year	<u>\$ 74</u>

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 Statements
For the Year Ended November 30, 2016

Note 1 – Reporting Entity

The Vinton County Agricultural Society (the Society), Vinton County, is a body politic and corporate 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 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 18 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.

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, motorcross, and go-kart 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 6 summarizes the Junior Livestock Sale Committee’s financial activity.

The Society’s management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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.

Note 3 – Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	2016
Demand deposits	\$74
Total deposits	\$74

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Debt

Debt outstanding at November 30, 2016 was as follows:

	Principal	Interest
Equipment Note	\$9,212	5%

The note bears an interest rate of 5.0% and is due to Vinton County National Bank. The note was entered into on May 16, 2013, and matures May 16, 2018. Proceeds of the note were used for the purchase of a mower and to pay the remaining balance on the Society’s skid steer note and is collateralized by the equipment.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ended November 30,	Equipment Note
2017	\$4,954
2018	4,954
Total:	\$9,908

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2016

Note 5 – Risk Management

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,571</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Society’s share of these unpaid claims collectible in future years is approximately \$4,000.

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>2016 Contributions to PEP</u>
\$ 6,157

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statements
For the Year Ended November 30, 2016

Note 5 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. 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.

Note 6 – Junior Livestock Sales Committee

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Vinton County Jr Fair auction. A commission of 3% percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. 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, 2016, follows:

	2016
Beginning Cash Balance	\$10,464
Receipts	195,844
Disbursements	(196,490)
Ending Cash Balance	<u>\$9,818</u>



Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated December 14, 2018, wherein we noted the Society followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as admissions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2017-002 and 2017-003 to be material weaknesses.

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, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2017-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 14, 2018

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2017 AND 2016

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

FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days after the close of the fiscal year. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The Society filed their 2017 and 2016 financial reports on August 15, 2018 and August 26, 2018, respectively, which was after the required filing dates of January 30, 2017 and 2016.

The notes to the financial statements required the following significant revisions, which were agreed to by Society management and are reflected in the accompanying notes to the financial statements:

- Cash note was not included;
- Debt note was not included;
- Risk Management note did not include PEP; and
- Junior Livestock Committee note did not include financial activity.

The Society should file complete and accurate annual financial reports with the Auditor of State within 60 days of year end. The most recent financial statement shells and footnotes can be found at <http://www.ohioauditor.gov/references/shells/regulatory.html>.

Officials' Response: We did not receive a response from Officials to this Finding.

FINDING NUMBER 2017-002

Material Weakness

The Society should maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Society hosted Go-Kart races, derbies and autocross events throughout 2017 and 2016 for which they received admission receipts. The Society failed to maintain any manner of ticket accountability for a portion of the grandstand admission sales. For 2017 and 2016, the Society could not support \$6,966 and \$10,011, respectively, of admission receipts. In addition, in 2016, \$600 of start-up monies was lumped into admissions and we were unable to track individually.

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.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-002 (Continued)

Material Weakness (Continued)

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's admission receipts.

While the Society has adequate procedures in place to ensure receipts posted to the books have been deposited to the bank, Board of Directors should adopt policies and develop methods to provide accountability and to ensure all monies collected are paid into and reported in the financial statements.

Officials' Response: We did not receive a response from Officials to this Finding.

FINDING NUMBER 2017-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Society did not always record receipts and disbursements into accurate classifications based upon the source of the receipt or the nature of the disbursement.

During 2017 and 2016, receipts and disbursements were not always posted correctly.

In 2017, the following errors were noted:

- Start-up monies for admissions for fair week and grandstand events totaling \$16,600 were posted as advances out and ground maintenance expenses in the amounts of \$15,600 and \$1,000. Start-up monies deposited back into the account totaling \$16,600 were posted as advances in. These amounts should not have been posted to the Society's books or financial statements as receipts and expenditures since they were only bank transfers.
- Monies transferred from the Junior Livestock account into the Society's account in the amount of \$8,500 were posted as transfers in, rather than Unrestricted Support.

In 2016, the following errors were noted:

- Start-up monies for admissions for fair week and grandstand events totaling \$18,150 were posted as advances out. Start-up monies deposited back into the account totaling \$17,250 were posted as advances in, and \$1,000 were posted as transfers in. These amounts should not have been posted to the Society's books or financial statements as receipts and expenditures since they were only bank transfers.
- Due to an error with transfers and advances noted above, we proposed an adjustment to decrease miscellaneous expense by \$100.

The reclassifications noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2017 AND 2016
(Continued)

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

FINDING NUMBER 2017-003 (Continued)

Material Weakness (Continued)

The following reclassifications were not material and not made to the Society's financial statements:

- In 2017, the Society received a rental check in the amount of \$1,000 that was posted as Privilege Fees- Building Space, rather than Rental - Building.
- In 2016, the Society received an Ohio Fairs Fund check in the amount of \$1,062 that was posted to Other Unrestricted Support, rather than State Support.

The Agricultural Society did not have control procedures in place to ensure transactions are properly posted to the accounting records.

By not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Society's financial position and operations.

To help ensure accuracy and reliability in the financial reporting process, management should perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. The Treasurer should refer to Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response: We did not receive a response from Officials to this Finding.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY
P.O. BOX 241
MCARTHUR, OHIO 45651**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness/Noncompliance Ohio Revised Code Section 149.351(A) for transactions without supporting documentation.	Not corrected.	We will make sure we input both documentation to support both transactions event papers and receipts.
2015-002	Material Weakness – for not recording receipts and disbursements into accurate classifications.	Not corrected.	We will make sure to record all receipts and make sure the codes match quickbooks.



Dave Yost • Auditor of State

VINTON COUNTY 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
DECEMBER 27, 2018