



OHIO AUDITOR OF STATE
KEITH FABER



VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY
NOVEMBER 30, 2021 AND 2020

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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 as of and for the years ended November 30, 2021 and 2020 and related notes of the Vinton County Agricultural Society, Vinton County, Ohio (the Society).

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(C) 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(C), 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(C) 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, 2021 and 2020, and the respective changes in financial position thereof for the years then ended.

Basis of Additional Opinion Qualification

The Society received Admissions Receipts in the amount of \$19,895 and Rental Receipts in the amount of \$10,050 for the year ended November 30, 2021 for which there was no supporting documentation. The Society also received Rental Receipts in the amount of \$425 and Other Receipts in the amount of \$1,350 for the year ended November 30, 2020 for which there was no supporting documentation. The Society also failed to maintain supporting documentation for sixty-two percent of Contributions/Donations Receipts tested for the year ended November 30, 2021. We were unable to obtain sufficient appropriate audit evidence supporting the aforementioned amounts and percentages recorded as receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Further, the Society failed to maintain supporting documentation to support twenty-two and twenty-five percent of disbursements tested, for the years ended November 30, 2021 and 2020, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraphs, 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, Ohio, as of November 30, 2021 and 2020, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) 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 November 9, 2023, 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 9, 2023

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Vinton County Agricultural Society
Vinton County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2021

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Operating Receipts	
Admissions	\$86,593
Privilege Fees	5,330
Rentals	38,198
Other Operating Receipts	<u>4,672</u>
<i>Total Operating Receipts</i>	<u>134,793</u>
 Operating Disbursements	
Wages and Benefits	1,640
Utilities	14,792
Professional Services	91,015
Equipment and Grounds Maintenance	9,099
Property and Rent Services	9,442
Junior Fair	15,499
Capital Outlay	56,840
Other Operating Disbursements	<u>17,653</u>
<i>Total Operating Disbursements</i>	<u>215,980</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>(81,187)</u>
 Non-Operating Receipts (Disbursements)	
State Support	50,338
Local Support	2,500
Debt Proceeds	40,262
Contributions/Donations	103,471
Sale of Assets	1,750
Debt Service	<u>(36)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>198,285</u>
 <i>Excess of Receipts Over Disbursements</i>	 117,098
 Cash Balance, Beginning of Year	 <u>20,355</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$137,453</u></u>

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

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Vinton County Agricultural Society
Vinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

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 including demolition derbies, motocross, 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 this financial statement presents all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) 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 Statement
For the Fiscal Year Ended November 30, 2021

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 statement does 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 and Investments

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

	<u>2021</u>
Demand deposits	\$137,453

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2021
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 5 – Debt

Debt outstanding at November 30, 2021, was as follows:

	Principal	Interest Rate
Note Payable for Tractor	\$40,262	4.60%

The \$40,262 Tractor Note bears an interest rate of 4.6 percent and is due to the Vinton County National Bank. The note was entered into on July 14, 2021, and matures October 1, 2026. Proceeds of the note were used to purchase a tractor and are collateralized by the tractor.

Amortization of the above debt is scheduled as follows:

Fiscal Year Ending November 30:	Tractor Note
2022	\$10,000
2023	10,000
2024	10,000
2025	10,000
2026	5,612
	\$45,612

Note 6 – Junior Livestock Sale 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 Junior 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 fiscal year ended November 30, 2021, follows:

	2021
Beginning Cash Balance	\$ 738
Receipts	208,254
Disbursements	(201,106)
Ending Cash Balance	\$ 7,886

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 7 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Vinton County Agricultural Society
Vinton County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2020

Operating Receipts	
Rentals	\$14,325
Other Operating Receipts	1,350
	15,675
 Operating Disbursements	
Wages and Benefits	132
Utilities	9,454
Professional Services	8,786
Equipment and Grounds Maintenance	4,465
Property and Rent Services	1,168
Junior Fair	773
Capital Outlay	270
Other Operating Disbursements	4,019
	29,067
 <i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<i>(13,392)</i>
 Non-Operating Receipts (Disbursements)	
State Support	7,933
Local Support	3,000
Contributions/Donations	16,872
Sale of Assets	1,465
Debt Service	(122)
	29,148
 <i>Excess of Receipts Over Disbursements</i>	
	15,756
Cash Balance, Beginning of Year	4,600
	\$20,356
	\$20,356

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

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Vinton County Agricultural Society
Vinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

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 including demolition derbies, motocross, 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 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) 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 Statement
For the Fiscal Year Ended November 30, 2020

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 statement does 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 and Investments

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

	<u>2020</u>
Demand deposits	\$20,356

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2020
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Vinton County Agricultural Society
Vinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Note 5 – Junior Livestock Sale 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 Junior 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 fiscal year ended November 30, 2020, follows:

	2020
Beginning Cash Balance	\$ 1,444
Receipts	46,707
Disbursements	(47,413)
Ending Cash Balance	\$ 738

Note 6 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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**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 cash balances, receipts, and disbursements of the Vinton County Agricultural Society, Vinton County (the Society), as of and for the years ended November 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2023, wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also qualified our opinion due to lack of sufficient appropriate audit evidence supporting amounts recorded as Admission Receipts, Rental Receipts, Other Receipts and Contributions/Donations Receipts. We also qualified our opinion due to lack of sufficient appropriate audit evidence supporting disbursements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 2021-001 through 2021-004 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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

November 9, 2023

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the Society financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Society did not maintain underlying documentation and support for the following:

- In 2021 and 2020, 22% and 25%, respectively, of the transactions selected for testing had no invoice or other supporting documentation attached to the voucher package.
- In 2021 and 2020, 8% and 4%, respectively, of canceled checks selected for testing were not provided for audit.

In addition, the December 2019 and January 2021 bank statements were not provided for audit.

Failure to maintain underlying documentation for expenditures could result in a loss of accountability over the Society's finances, make it difficult to identify errors or irregularities which could go undetected, and possible result in expenditures that are not for a proper public purpose.

Also, failure to maintain such documentation for items purchased may compromise the Society's ability to ensure expenditures are authorized and allowable and may result in findings for recovery in future periods.

In addition, failure to retain such documentation has resulted in the inability to determine that all disbursements were accounted for on the Society's financial statements which has resulted in a qualified audit opinion regarding the Society's disbursements. The Society should maintain supporting documentation for all expenditures. The Board of Directors should not approve any expenditure without the appropriate documentation attached to each voucher package. Bank statements should be maintained and included with the monthly reconciliations.

FINDING NUMBER 2021-002

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 Following were noted as related to the Society's receipts:

- Restricted and Unrestricted Contributions/Donations receipts did not have the Sponsorship Commitment forms or other support for 62% of receipts selected for testing in 2021. Additionally, 23% of these Contributions/Donations receipts did not have a duplicate receipt written.
- Exhibitor Ticket Admission Receipts in the amount of \$2,750 for the year ended November 30, 2021 could not be substantiated due to lack of supporting documentation.
- Season Pass Admission Receipts in the amount of \$8,885 for the year ended November 30, 2021 could not be substantiated due to lack of supporting documentation

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2021 AND 2020
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2021-002 (Continued)

Material Weakness (Continued)

- Other Admission Receipts related to the Octoberfest and Fall Derby events in the amount of \$8,260 for year ended November 30, 2021 could not be substantiated due to lack of supporting documentation. We also noted daily ticket count sheets show a shortage of \$4,201, however ticket numbers were written down wrong on a ticket count sheet resulting in it appearing 401 more tickets were sold than were actually sold accounting for \$4,010, leaving a remaining shortage of \$191.
- Rental operating receipts in the amount of \$10,050 and \$425 for years ended November 30, 2021 and 2020, respectively, could not be substantiated due to lack of supporting documentation.
- Other Operating Receipts in the amount of \$1,350 for year ended November 30, 2020 could not be substantiated due to lack of supporting documentation.

We could not determine that the proper rates were charged or proper amounts were collected due to the lack of support.

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.

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 receipts. The Society Secretary and Treasurer should monitor receipts and ensure proper support is available and properly organized to allow for proper transparency and verification. The Society should also review Auditor of State Bulletin 2020-006 for cash collection best practices related to Agricultural Societies.

FINDING NUMBER 2021-003

Material Weakness

In our audit engagement letter, as required by AU-C § 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 § 210 paragraphs .A14 & .A16.

The Society did not always record receipts and disbursements into accurate classifications based on the source of the receipt or nature of the disbursement, and some were not recorded at all.

The following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2021:

- The Society posted Admissions receipts of \$4,552 twice overstating Admissions receipts.
- The Society did not record Loan Proceeds or related Capital Outlay in the amount of \$40,262.
- The Society recorded State Support receipts as Contributions/Donations in the amount of \$53,424.
- The Society had \$323 in disbursements not posted to the Annual Financial Report resulting in disbursements being understated \$323.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-003 (Continued)

Material Weakness (Continued)

In 2020:

- The Society reduced State Support receipts by \$2,889 when spending the grant proceeds rather than record the disbursements resulting in both State Support receipts and Equipment disbursements being understated.
- The Society recorded State Support receipts as Contributions/Donations in the amount of \$12,111.
- The Society did not record receipts of \$4,491 in the Annual Financial Report resulting in Contributions/Donations being understated.
- A check cleared the bank twice in the amount of \$1,197 but the Society did not contact the bank for correction of the error. Rather the Society recorded a fund balance adjustment in the amount of \$1,197 in order to reconcile with the bank. However, the adjustment to Quickbooks was not recorded in the Annual Financial Report resulting in the filed statements Other Disbursements being understated by the \$1,197 bank error. The Society contacted the bank in October 2023 after the error was brought to their attention as a result of the audit procedures and the bank has now corrected the error.

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

Failure to properly record items in Quickbooks and then report those items in the HINKLE filed Annual Financial Report resulted in errors reconciling what filed financial statements to the Society's underlying financial records. Errors that persist over long periods could result in potential fraud, theft, or other financial issues going undetected. and increasing the risk of loss to the Society.

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 Society 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.

FINDING NUMBER 2021-004

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-004 (Continued)

Material Weakness (Continued)

During review of the November 30, 2021 reconciliation, we noted \$4,054.78 in deposits in transit. The deposit in transit amounts included \$2,500 for a check that was deposited but then returned for non-sufficient funds, \$1,410 that was deposited but wasn't marked as cleared in the system, and two EFT deposits for \$69.89 and \$74.89 that were each recorded twice. As such, none of these items are deposits in transit and should be removed as such from the reconciliations by marking the \$2,500, \$69.89 and \$74.89 deposits in transit receipts void and marking the \$1,410 as cleared.

During review of the November 30, 2020 reconciliation, we noted the Society reconciled with the book balance in Quickbooks, however it did not reconcile with the Hinkle filing. The variance was due to receipts totaling \$4,491 not being included in the Hinkle financial statements, offset by an \$1,197 fund balance adjustment posted as a result of a check clearing the bank twice not included in the Hinkle financial statements.

Bank errors should be corrected at the time of reconciliation, completed on a monthly basis, in order to ensure that irregularities, misappropriation of assets, or potential fraud is being caught. The Society failed to contact the financial institution when the error was noted on the bank statements because timely and accurate reconciliations were not completed. Instead, the Society made an adjustment in the accounting system for the error accepting the loss of \$1,197 not actually expended by the Society. The Society contacted the bank in October 2023 after the error was brought to their attention as a result of the audit procedures and the bank has now corrected the error.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance with Ohio Rev. Code § 149.351(A) for lack of supporting documentation for disbursements	Not Corrected	We are working to correct the issue going forward.
2019-002	Material Weakness for financial statement errors	Not Corrected	We are working to correct the issue going forward.
2019-003	Material Weakness for lack of supporting documentation for receipts	Not Corrected	We are working to correct the issue going forward.

OHIO AUDITOR OF STATE KEITH FABER



VINTON COUNTY AGRICULTURAL SOCIETY

VINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov