



**Auditor of State
Betty Montgomery**

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

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**Auditor of State
Betty Montgomery**

Vinton County 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 statement due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government 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 statement in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 7, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statement of Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2005 and 2004. 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.

Except as described in paragraph six through eight, 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statement. Since the Society does not use GAAP to measure financial statement amounts, 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 year ended November 30, 2005 and 2004 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, 2005 and 2004, or its changes in financial position or cash flows for the year then ended.

The Society did not maintain sufficient supporting documentation for certain disbursements amounting to \$4,480 in 2005 (4% of 2005 total disbursements) and \$10,060, in 2004 (8% of 2004 total disbursements), as reflected in the accompanying financial statement, to support they were proper Society obligations and were properly classified. Of these recorded disbursements, \$3,000 in 2004 were cash disbursements from undeposited cash receipts.

The Society did not maintain sufficient records, documents or evidential matter to support the completeness of the 2005 and 2004 receipts, which were recorded as \$32,183 (71% of total receipts) and \$39,345 (72% of total receipts), respectively, as reflected in the accompanying financial statement.

We identified a 2004 cash receipt collected but not deposited in the amount of \$1,750 which was not recorded on the accompanying financial statement. While the operating receipts and fund balances reconcile to cash assets, these receipts and fund balances would be increased had all deposits been made. Due to the insufficiency of supporting evidence, we were unable to determine if we had identified all undeposited receipts.

Also, in our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to examine sufficient evidence supporting receipts and disbursements as discussed in paragraph six through eight, the financial statements referred to above present fairly, in all material respects, the cash balance of the Vinton County Agricultural Society, Vinton County, as of November 30, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Further, the Auditor of State has billed the Society for audit services provided for the years ended November 30, 2003 and 2002. As of the date of this report, the Society has an outstanding balance of \$2,578.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. 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 September 7, 2006, 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.



Betty Montgomery
Auditor of State

September 7, 2006

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2005 AND 2004**

	2005	2004
Operating Receipts:		
Admissions	\$ 50,025	\$ 54,261
Privilege Fees	7,250	3,670
Rentals	18,330	5,850
Sustaining and Entry Fees	7,930	9,769
Other Operating Receipts	10,701	11,045
Total Operating Receipts	94,236	84,595
Operating Disbursements:		
Wages and Benefits	1,054	1,032
Utilities	13,422	9,239
Professional Services	33,107	29,945
Equipment and Grounds	8,744	10,982
Junior Fair	26,538	31,810
Capital Outlay	3,662	27,612
Other Operating Disbursements	24,395	17,737
Total Operating Disbursements	110,922	128,357
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(16,686)	(43,762)
Non-Operating Receipts/(Disbursements):		
State Support	6,739	7,134
County Support	2,500	2,500
Donations/Contributions	8,896	27,522
Debt Proceeds	0	21,637
Investment Income	14	17
Debt Service	(4,997)	(17,493)
Net Non-Operating Receipts (Disbursements)	13,152	41,317
Excess (Deficiency) of Receipts Over (Under) Disbursements	(3,534)	(2,445)
Cash Balance, Beginning of Year	6,218	8,663
Cash Balance, End of Year	\$ 2,684	\$ 6,218

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

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**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004**

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 Vinton County Agricultural Society, Vinton County (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, demolitions 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. The financial activity of the Junior Livestock Sale Committee is summarized in Note 5.

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

B. Basis of Accounting

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

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe 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's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statement does not include these items as assets.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(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, was as follows:

	2005	2004
Demand deposits	\$2,684	\$6,218

Deposits: The Federal Deposit Insurance Corporation insures up to \$100,000 of the Society's bank balance.

3. DEBT

Debt outstanding at November 30, 2005 was as follows:

	Principal	Interest Rate
Note Payable for Building Project	\$17,730	5.00%

The \$21,636 Building Project Promissory 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 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>
2006	\$4,997
2007	4,997
2008	4,997
2009	4,997
Total	<u><u>\$19,988</u></u>

4. RISK MANAGEMENT

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

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(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

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. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. 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 value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 Society.

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

Members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)**

4. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Society's share of these unpaid claims is approximately \$19,594.

5. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale Committee is a committee charged with running the Junior Fair Livestock Auction. This auction is held during fair week. The Livestock Committee is made up of individuals from the Board of Directors, local businesses, and individuals involved with 4-H. The Livestock Committee makes decisions concerning the livestock auction, but has no real fiscal power. The Livestock Committee checking account is controlled by the Society, and checks are signed by the Society's Treasurer. Auction-related expenses, which amounted to \$900 for fiscal year 2005 and \$750 for fiscal year 2004, are paid directly from the Society's general checking account. Receipts from buyers and checks to sellers are accounted for in the Junior Livestock Sale Committee bank account. Monies to cover the cost of the auction are generated through and \$8 commission per animal sold. The commission is retained in the Junior Livestock Sale Committee bank account and is periodically remitted to the Society. During the audit period the commission was retained in the Junior Livestock Sale Committee bank account and will be transferred to the Society's bank account at a later date. The accompanying financial statements do not included the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2005 and 2004 follows:

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2005 AND 2004
(Continued)

5. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

	<u>2005</u>	<u>2004</u>
Beginning Cash Balance	\$2,677	\$1,458
Receipts	105,602	123,847
Disbursements	<u>(103,645)</u>	<u>(122,628)</u>
Ending Cash Balance	<u><u>\$4,634</u></u>	<u><u>\$2,677</u></u>

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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 the financial statement of the Vinton County Agricultural Society, Vinton County, Ohio (the Society), as of and for the years ended November 30, 2005 and 2004, and have issued our report thereon dated September 7, 2006, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also qualified our opinion due to insufficient documentation to support certain receipts and disbursements and we noted the financial statements omitted certain receipts and disbursements. 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 to determine our auditing procedures to express our opinion on the financial statement and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2005-005 through 2005-007.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses and accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2005-005 through 2005-007 to be material weaknesses. In a separate letter to the Council's management dated September 7, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-007. In a separate letter to the Society's management dated September 7, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 7, 2006

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004

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

FINDING NUMBER 2005-001

Finding for Recovery

In 2005 and 2004, the Society held demolition derby events. Event collections included gate receipts, concession sales, and driver entry fees. In 2004, cash payments were made to the derby winners, the announcer, the security officers, and the pizza vendors from un-deposited cash receipts. In comparing recalculated receipts to bank deposits, recalculated receipts exceeded actual deposits made by \$155 in 2004.

Deposits were recalculated as follows:

- Gate receipts and concession receipts were taken from the event reports and duplicate receipts prepared by the Society's Treasurer.
- Entry fees were recalculated by counting the number of completed Official Entry Blanks for the event date, multiplying that by the entry fee (\$30), and adding in the receipts received for the consolation heats, in which drivers paid \$10 for a second chance to race in the feature.
- The Society's Treasurer provided change and prize money, documented as "start up cash", for each event. These amounts agreed to cash withdrawals from the Society's bank account.
- Cash payouts were documented by the Society's Treasurer on the Event Report.

Recalculation of Entry Fees:

<u>Event Date</u>	<u>Number of Entries</u>	<u>Number of Consolation Heat Entries</u>	<u>Recalculated Entry Fees</u>
April 17, 2004	46	6	\$1,440
October 9, 2004	49	11	\$1,635
November 20, 2004	41	5	\$1,305

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

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

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

FINDING NUMBER 2005-001 (Continued)

Finding for Recovery (Continued)

Recalculation of Bank Deposit:

<u>Event Date</u>	<u>A Gate Receipts</u>	<u>B Concession Receipts</u>	<u>C Recalculated Entry Fees</u>	<u>D Start Up Cash</u>	<u>E Cash Pay outs</u>	<u>A+B+C+D-E Recalculated Deposit</u>
April 17, 2004	\$2,895.00	\$2,009.73	\$1,440.00	\$2,000.00	\$3,538.00	\$4,806.73
October 9, 2004	\$1,700.00	\$1,350.15	\$1,635.00	\$2,000.00	\$3,040.00	\$3,645.15
November 20, 2004	\$1,450.00	\$1,064.25	\$1,305.00	\$3,500.00	\$3,096.00	\$2,723.25

Comparison of Recalculated Deposit to Actual Deposit:

April 17, 2004	\$4,806.73	\$4,706.73	(\$100.00)
October 9, 2004	3,645.15	3,603.15	(42.00)
November 20, 2004	2,723.25	2,710.25	<u>(13.00)</u>
Total			<u><u>(\$155.00)</u></u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies collected but not accounted for against Deborah McNally, the former Society Treasurer, in the amount of \$155, in favor of the Society's General Operating Fund.

Officials Response:

The Society will refer this issue to the Vinton County Prosecutor.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-002

Finding for Recovery

The Auditor of State's prescribed Uniform System of Accounting for Agricultural Societies, revised November 2002, states that all tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission (season, admission, privilege, etc). The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold.

The Society's annual published Fair Premium Book stated admission tickets were \$6 per person. During the fair, the Treasurer prepared daily ticket sales records for each gate entrance, which listed the beginning and ending ticket numbers, the number of voided or torn tickets, the total number of tickets sold, and the total expected collections. However, the total amount receipted in and deposited was less than the expected collections by \$3,534 in 2004. This was determined as follows:

Number of Gate Admission Tickets Sold	Ticket Price	Recalculated Gate Admissions	Gate Admissions Receipted	Variance
6553	\$6.00	\$39,318	\$35,784	(\$3,534)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies collected but not accounted for against Deborah McNally, the former Society Treasurer, in the amount of \$3,534, in favor of the Society's General Operating Fund.

Officials Response:

The Society will refer this issue to the Vinton County Prosecutor.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-003

Finding for Recovery

During our testing of the Society's receipt records, we noted an original receipt (#9163) issued July 31, 2004, by the Society's Treasurer to one of the Society's Directors for concession fees collected, in the amount of \$1,750, which has a numerical sequence which differs from any other duplicate receipt books provided for audit. The receipt was not recorded on the Society's books, nor was it deposited to the Society's checking account.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies collected but not accounted for against Deborah McNally, the former Society Treasurer, in the amount of \$1,750, in favor of the Society's General Operating Fund.

Officials Response:

The Society will refer this issue to the Vinton County Prosecutor.

FINDING NUMBER 2005-004

Finding for Recovery

On July 27, 2004, the Society's Treasurer authorized a debit memo to withdraw \$3,000 from the Society's checking account for prizes for the truck pull. Per the Treasurer's 2004 Fair Report, truck pull cash payouts were \$1,650; however, there was no invoices or other documentation to support these cash expenditures and the remaining \$1,350 was not re-deposited into the Society's checking account.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies illegally expended against Deborah McNally, the former Society Treasurer, in the amount of \$1,350, in favor of the Society's General Operating Fund.

Officials Response:

The Society will refer this issue to the Vinton County Prosecutor.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-005

Noncompliance Citation / Material Weakness

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

We noted the following public records issues during our audit:

Vouchers:

- A: For four percent (\$4,480) of the nonpayroll expenditure transactions in 2005 and eight percent (\$10,060) of the nonpayroll expenditure transactions in 2004, vouchers did not contain supporting documentation, such as an original invoice.
- B. Thirty percent (\$3,000) of the expenditure transactions which did not have supporting documentation were cash withdrawals for prize money for the truck pull in 2004.

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

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

Officials Response:

The Society now requires all expenditures to be made by check and no payments are made unless supporting documentation has been provided and is on file.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-006

Noncompliance Citation / Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires public offices to 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. Per Ohio Admin. Code Section 117-2-02(D), accounting records that can help achieve these objectives include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

Agricultural Societies are not required to follow the budgetary statutes within ORC Chapter 5705; therefore, an appropriation ledger would not be necessary. However, the Auditor of State's Uniform System of Accounting for Agricultural Societies prescribes the use of a double-entry bookkeeping system which would demonstrate the effect of a transaction on at least two accounts – cash and either a receipt or disbursement account and requires the use of a cash journal, receipts ledger, and expense ledger. The expense ledger shall assemble and classify disbursements into separate accounts, for at a minimum, each account listed in the Uniform System of Accounting for Agricultural Society's Chart of Accounts.

In addition, Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfilled, not to exceed seven hundred fifty dollars. The report shall contain the following: 1) amount of receipts, and accounts due from each source; 2) amount of expenditures for each purpose; 3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and 4) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

During 2005, the Society maintained only a cash journal and did not maintain a receipts or expense ledger. This made it difficult for the Society to sufficiently record and report its transactions by account, resulting in numerous audit adjustments. In addition, the 2005 annual financial report was not filed with the Auditor of State.

We recommend the Society maintain a receipts ledger and expense ledger in addition to a cash journal. Also, we recommend the Society file the annual report with the Auditor of State within 60 days of the fiscal year end.

Officials Response:

Beginning in December 2005, the Society began maintaining a receipt ledger, expenditure ledger and cash book. The Society will obtain the address to submit the annual financial report to the Auditor of State.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-007

Noncompliance Citation / Material Weakness

Ohio Admin. Code Sections 117-2-01(D)(3) and (5) state, in part, 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 Society was unable to provide supporting documentation for seventy-one percent (\$32,183) of 2005 reported revenue and seventy-two percent (\$39,345) of 2004 reported revenue, with a breakdown as follows:

A: The Society reported revenue from privilege fees, which represented fees collected from vendors for concession space, building space, and ground space. Ninety-seven percent (\$3,545) of the Society's 2004 reported privilege fees were not supported by contracts and ninety-eight percent (\$7,050) of the Society's 2005 privilege fees were not supported by contracts. In addition, in both 2004 and 2005, we noted a signed contract for building space with the Ohio Department of Transportation which did not have a corresponding receipt.

B: The Society reported revenue from rentals, which represented fees collected for the rental of camp sites, the fair grounds, and buildings. Sixty-one percent (\$3,550) of the Society's 2004 reported rental receipts were not supported by contracts and thirty-five percent (\$6,355) of the Society's 2005 reported rental receipts were not supported by contracts. In addition, we noted four camping registration contracts for 2004 amounting to \$240 which did not have corresponding receipts and two contracts in 2005 amounting to \$150 which did not have corresponding receipts.

C: The Society reported revenue from sustaining and entry fees, which represented fees composed of membership and contest fees. Membership fees are collected for the sales of Agricultural Society membership tickets. Contest fees are collected from entrants in tractor pulls, demolition derbies, and other competitions. Nine percent (\$909) of the Society's 2004 reported sustaining and entry fees were not supported by entry forms or other supporting documentation and twenty-six percent (\$2,065) of the Society's 2005 reported sustaining and entry fees were not supported by entry forms or other supporting documentation.

D: The Society reported revenue from other operating receipts which represent sales activity from event concessions and pop machine receipts. The Society did not maintain beginning and ending inventory records for items purchased for resale. In addition, the Society did not maintain an approved price list of items for sale.

VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2005 AND 2004
(Continued)

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

FINDING NUMBER 2005-007
(Continued)

**Noncompliance Citation / Material Weakness - Ohio Admin. Code Sections 117-2-01(D)(3) and (5)
(Continued)**

E: The Society reported revenue from donations and contributions, which represent sponsorships for trophies and other miscellaneous receipts. Seventy percent (\$19,389) of the Society's 2004 reported donations/contributions were not supported by sponsorship forms or other supporting documentation and eighty-five percent (\$7,547) of the Society's 2005 reported donations/contributions were not supported by sponsorship forms or other supporting documentation.

In addition, as indicated in Finding 2005-003, we noted an original receipt (#9163) issued July 31, 2004 by the Society's Treasurer to one of the Society's Directors for concession fees collected in the amount of \$1,750 which has a numerical sequence which differs from any other duplicate receipt books provided for audit. This receipt indicates that additional receipt records may have existed.

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

We recommend the Society maintain records and appropriate supporting documentation for all receipts collected, which would include contracts for all privilege fees and rentals, entry forms for all events, beginning and ending inventory records and approved price lists for items purchased for resale, and completed sponsorship forms. We also recommend the Board of Directors approve donations during the monthly meetings.

Officials Response:

The Society's Finance Committee will review and implement procedures to address these issues.

**VINTON COUNTY AGRICULTURAL SOCIETY
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
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. Additionally, similar finding issued for 2004-2005 - See Finding Number 2005-001 in the accompanying Schedule of Findings.
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. Additionally, similar finding issued for 2004-2005 - See Finding Number 2005-002 in the accompanying Schedule of Findings.
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.
2003-004	Reportable condition was issued to establish a policy that outlines procedures to follow when an accident occurs on Fairground property.	No	Partially Corrected. Related issue did not exist during 2004-2005 and as of September 7, 2006, the Society was working on written procedure/policy. Recommendation was not repeated.
2003-005	Noncompliance citation/material weakness was issued for destruction of records.	No	Not Corrected Repeated in current year Schedule of Findings number 2005-005.
2003-006	A material weakness was issued for not providing supporting documentation for all event receipts.	No	Not Corrected Repeated in current year Schedule of Findings number 2005-007.



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AGRICULTURAL SOCIETY

VINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 17, 2006**