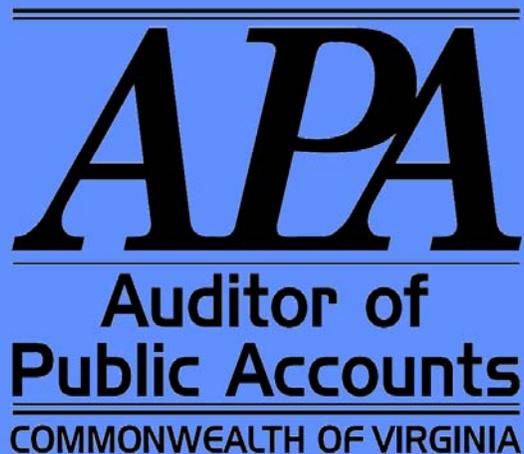


**FRONTIER CULTURE MUSEUM OF VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEARS ENDED  
JUNE 30, 2008 AND JUNE 30, 2009**



## **AUDIT SUMMARY**

Our audit of the Frontier Culture Museum of Virginia, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- one matter involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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## **AUDIT FINDING AND RECOMMENDATION**

### **Perform Fixed Asset Reconciliations**

The Frontier Culture Museum of Virginia (Museum) does not reconcile its purchases of fixed assets to the Commonwealth's statewide fixed asset system. The State Comptroller requires that agencies perform these reconciliations and certify their completion. The Museum has certified that they have performed the reconciliations to the State Comptroller. The Museum should perform the reconciliations, or not certify their completion if they have not done the work.

**MUSEUM HIGHLIGHTS**

The Frontier Culture Museum of Virginia (Museum), located in Staunton, commemorates and educates visitors about the influence of pioneer culture on the creation and development of the United States. The 220-acre site offers visitors the experience of 17<sup>th</sup>, 18<sup>th</sup>, and 19<sup>th</sup> century European and American customs. The site features period furnishings, crops, animals, foods, and costumed interpreters that help create a living illustration of life in Europe before immigration to America and the culture the immigrants built on one of America’s first frontiers.

The Museum has an affiliation with the American Frontier Culture Foundation, an independently incorporated entity that exists for the sole purpose of soliciting, receiving, investing, and managing private donations for the Museum.

**FINANCIAL HIGHLIGHTS**

General fund appropriations account for approximately 75 percent of the \$2.1 million in operating funding that the Museum received for fiscal year 2009. Special revenues constituted 25 percent of the total funding, and represent the collection of admission receipts and other revenues, including rental income from land leased to a gas station.

The following chart shows the Museum’s original and final operating budget, and actual operating expenses for all of its funds.

Analysis of Operating Budget and Actual Expenses by Fund

	2008			2009		
	Original Budget			Original Budget		
	<u>Chapter 847</u>	<u>Final Budget</u>	<u>Expenses</u>	<u>Chapter 879</u>	<u>Final Budget</u>	<u>Expenses</u>
General Fund	\$1,720,409	\$1,856,687	\$1,856,687	\$1,811,671	\$1,562,954	\$1,562,954
Special Revenue	<u>418,580</u>	<u>418,580</u>	<u>319,294</u>	<u>446,293</u>	<u>523,056</u>	<u>494,315</u>
Total	<u>\$2,138,989</u>	<u>\$2,275,267</u>	<u>\$2,175,981</u>	<u>\$2,257,964</u>	<u>\$2,086,010</u>	<u>\$2,057,269</u>

The Museum spent slightly more than \$2 million for operations in fiscal 2009. Of the operating costs, the Museum spent about 79 percent on salaries and personnel costs, and an additional 15 percent on contractual obligations and ongoing continuous charges.

The Museum received less funding in 2009 than in 2008 because of budget reductions. Most significantly, the Museum received less funding to support education interpretation personnel, and relied more heavily on the use of non-general funds for its education and interpretation services and staffing.

The Museum had four capital outlay projects in process during the audit period, two of which were near completion during 2009, and were subsequently completed. One project involved renovating a barn to use as a maintenance building, and the other project involved relocating the American Farm exhibit. The Museum spent a total of \$1,278,604 and \$493,056 to complete these projects, respectively. The significant decrease in capital expenses from fiscal 2008 to fiscal 2009 is largely due to the fact that these two projects were near completion during 2009.

The two remaining capital projects are a West African Village exhibit and the Wetland Mills project. The Museum had not yet begun construction on the West African Village during the audit period, but spent a total of \$119,681 on the Wetland Mills project through the end of fiscal 2009. The capital expenses are included in the chart below.

Analysis of Capital Project Budget and Actual Expenses

	<u>2008</u>			<u>2009</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
	<u>Chapter 847</u>			<u>Chapter 879</u>		
Capital Projects	\$ -	\$1,950,921	\$836,754	\$426,000	\$1,650,467	\$210,845



# Commonwealth of Virginia

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Walter J. Kucharski, Auditor

March 23, 2010

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Frontier Culture Museum of Virginia** for the years ended June 30, 2008 and June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Museum's internal controls, and test compliance with applicable laws and regulations.

## Audit Scope and Methodology

The Museum's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Contractual services expenses  
Payroll expenses  
Appropriations

Cash receipting and collections of accounts receivable  
Capital assets  
Information security

We performed audit tests to determine whether the Museum's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Museum's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the Museum properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Museum records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted a certain matter involving internal control and its operation that requires management's attention and corrective action. This matter is described in the section entitled "Audit Findings and Recommendations." The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Exit Conference and Report Distribution

We discussed this report with management on April 7, 2010. The Museum's response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DEM/clj



# COMMONWEALTH of VIRGINIA

*Frontier Culture Museum of Virginia*

P. O. BOX 810  
STAUNTON, VIRGINIA 24402-0810  
Telephone: (540) 332-7850  
FAX: (540) 332-9989

April 19, 2010

Mr. Walter Kucharski  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218

Dear Mr. Kucharski,

I have reviewed the audit recently conducted by the APA of the Frontier Culture Museum. I agree with the findings and will work with the Fiscal Office to address the concerns stated within the audit. I offer my thanks for your staff's work; please let me know if I may provide any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "G. John Avoli".

G. John Avoli  
Executive Director

**Frontier Culture Museum Officials**

As of June 30, 2009

John Avoli  
Executive Director

Board of Trustees

Ms. Gail Shea Nardi  
Chairperson of the Board

Mr. T. Edmund Beck, Jr.  
Dr. John B. Bunch  
Delegate Benjamin L. Cline  
Senator R. Creigh Deeds  
Mr. Michael DiGrassie  
Mr. George Dygert  
Dr. Pamela Fox  
Senator Emmett W. Hanger, Jr.  
Delegate R. Steven Landes  
Dr. Gabrielle Lanier  
Hon. John O. Marsh, Jr.  
Mr. Frank McDonough  
Ms. Gail Shea Nardi  
Hon. Frank W. Nolen  
Delegate Kenneth R. Plum  
Senator William Roscoe Reynolds  
Delegate Chris B. Saxman  
Mr. Thomas Sheets  
Hon. Beverly J. Sherwood  
Mr. William F. Sibert  
Dr. D. Cheryl Talley  
Mr. Paul P. Vames