



**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2004-2003



**Auditor of State
Betty Montgomery**

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance For the Years Ended November 30, 2004 and 2003.....	5
Notes to the Financial Statement	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Loudonville Independent Agricultural Society
Ashland County
740 Kathryn Drive
Loudonville, Ohio 44842

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Society to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

July 29, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Loudonville Independent Agricultural Society
Ashland County
740 Kathryn Drive
Loudonville, Ohio 44842

To the Board of Directors:

We have audited the accompanying financial statements of the Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements 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 statements 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 year ended November 30, 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 statements. 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 statements referred to above for the year ended November 30, 2004 do 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Loudonville Independent Agricultural Society, Ashland County, as of November 30, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 29, 2005, 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

July 29, 2005

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	2004	2003
Operating Receipts:		
Privilege Fees	\$51,260	\$45,472
Rentals	3,816	3,931
Other Operating Receipts	14,045	10,596
Total Operating Receipts	69,121	59,999
Operating Disbursements:		
Wages and Benefits	5,904	6,236
Utilities	5,304	4,307
Professional Services	17,342	19,065
Equipment and Grounds Maintenance	27,231	27,902
Senior Fair	4,564	6,527
Junior Fair	11,905	11,514
Capital Outlay	3,036	7,394
Other Operating Disbursements	17,813	17,576
Total Operating Disbursements	93,099	100,521
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(23,978)	(40,522)
Non-Operating Receipts:		
State Support	7,134	7,541
County Support	7,800	7,800
Restricted Donations/Contributions	10,200	9,275
Unrestricted Donations/Contributions	21,162	5,467
Investment Income	24	59
Net Non-Operating Receipts	46,320	30,142
Excess (Deficiency) of Receipts Over (Under) Disbursements	22,342	(10,380)
Cash Balance, Beginning of Year	12,096	22,476
Cash Balance, End of Year	\$34,438	\$12,096

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

This page intentionally left blank.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

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 Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1888 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Loudonville Street Fair during October. Ashland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 13 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Ashland County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring during the annual street fair. The reporting entity does not include any other activities or entities of Ashland County, Ohio.

The financial activity of the Loudonville Livestock Club 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 and Investments

The Society has a certificate of deposit. There are no investments.

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

E. 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 statements do not include these items as assets.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

G. 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. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$100,512, actual receipts of \$115,441, resulting in a variance of \$14,929. Additionally, the Society had budgeted disbursements of \$100,512, actual disbursements of \$93,099, resulting in a variance of \$7,413.

The Society did not adopt a budget for the year ended November 30, 2003.

3. CASH

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$28,438	\$6,096
Certificates of deposit	6,000	6,000
Total deposits	<u>\$34,438</u>	<u>\$12,096</u>

Deposits were covered by Federal Depository Insurance Corporation (FDIC).

4. RISK MANAGEMENT

General liability and vehicle coverage were provided by Rinehart-Walters-Danner and Associates with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$20,000. The Society's general manager is covered under the employee dishonesty coverage.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 30, 2004.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

5. LOUDONVILLE LIVESTOCK CLUB SALE COMMITTEE

The Loudonville Livestock Club Sale Committee (the 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 Loudonville Independent Agricultural Society's auction. Monies to cover the cost of the auction are generated through a 4% sales commission which is retained by the Committee. The accompanying financial statement does not include the Committee's activities. The Committee's financial activity for the year ended December 31, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$1,024	\$1,864
Receipts	90,919	88,087
Disbursements	<u>(90,921)</u>	<u>(88,927)</u>
Ending Cash Balance	<u><u>\$1,022</u></u>	<u><u>\$1,024</u></u>

(The Committee did not have financial activity information as of November 30, 2004 and 2003).

This page intentionally left blank.



**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**

Loudonville Independent Agricultural Society
Ashland County
740 Kathryn Drive
Loudonville, Ohio 44842

To the Board of Directors:

We have audited the financial statements of the Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated July 29, 2005, 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 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 statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated July 29, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Loudonville Independent Agricultural Society
Ashland County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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.

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

Betty Montgomery
Auditor of State

July 29, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY

ASHLAND 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
SEPTEMBER 8, 2005**