



**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2008-2007



Mary Taylor, CPA
Auditor of State

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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Mary Taylor, CPA
Auditor of State

Loudonville Independent Agricultural Society
Ashland County
165 North Water Street
PO Box 289
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 an 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 adverse 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 7, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Loudonville Independent Agricultural Society
Ashland County
165 North Water Street
PO Box 289
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, 2008 and 2007. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. 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 years ended November 30, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

As further described in Note 2, the Society restated its December 1, 2006 cash balance due to the exclusion of certain activity during 2006 and 2005.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Loudonville Independent Agricultural Society, Ashland County, Ohio, as of November 30, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 7, 2009, 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.



Mary Taylor, CPA
Auditor of State

August 7, 2009

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Privilege Fees	\$55,864	\$55,296
Rentals	6,662	4,618
Other Operating Receipts	12,047	13,812
Total Operating Receipts	74,573	73,726
Operating Disbursements:		
Wages and Benefits	7,852	6,400
Utilities	5,490	6,004
Professional Services	24,459	19,924
Equipment and Grounds Maintenance	35,017	32,800
Senior Fair	6,141	6,489
Junior Fair	11,042	10,669
Capital Outlay	3,707	3,641
Other Operating Disbursements	28,186	29,231
Total Operating Disbursements	121,894	115,158
Deficiency of Operating Receipts Under Operating Disbursements	(47,321)	(41,432)
Non-Operating Receipts:		
State Support	7,300	6,349
County Support	8,835	9,300
Restricted Donations/Contributions	21,652	21,425
Unrestricted Donations/Contributions	22,333	28,137
Investment Income	1,165	3,303
Total Non-Operating Receipts	61,285	68,514
Excess of Receipts Over Disbursements	13,964	27,082
Cash Balance, Beginning of Year (Restated)	73,243	46,161
Cash Balance, End of Year	\$87,207	\$73,243

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

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**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007**

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 a independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1888 to operate 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. Society members elect Board members from its membership. 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.

Note 5 summarize the Loudonville Livestock Club Sale Committee's financial activity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Society's deposits consist of demand deposits and certificates of deposit.

D. Property, Plant, and Equipment

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

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

F. 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.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(Continued)**

2. RESTATEMENT OF BEGINNING BALANCE

For 2006 and 2005, the Society's cash balance was understated due to the exclusion of the Kettering Scholarship activity, which the Society maintains, on the Society's books. This change had the following effect:

	Cash Balance
November 30, 2006	\$39,495
Kettering Scholarship Activity	6,666
December 1, 2006 (restated)	\$46,161

3. DEPOSITS

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2008 and 2007 was as follows:

	2008	2007
Demand deposits	\$50,616	\$35,053
Certificates of deposit	36,591	38,190
Total deposits	\$87,207	\$73,243

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. RISK MANAGEMENT

A private company provides general liability and vehicle insurance with limits of \$5,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. 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 December 31, 2008.

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 Livestock Club's auction. A commission of four percent on auction sales covers auction costs. The Committee retains this money. The accompanying financial statement does not include the Committee's activities. The Committee's financial activity for the years ended December 31, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$2,305	\$2,141
Receipts	91,113	95,538
Disbursements	(90,896)	(95,374)
Ending Cash Balance	\$2,522	\$2,305



Mary Taylor, CPA

Auditor of State

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
165 North Water Street
PO Box 289
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, 2008 and 2007, and have issued our report thereon dated August 7, 2009, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Society restated its December 1, 2006 cash balance. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

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*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated August 7, 2009.

The Society's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 7, 2009

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

Cash Reconciliation

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash balances according to the entity's records at a specific point in time.

The November 30, 2008 and 2007 cash reconciliations consisted of various errors, including the following:

- In 2008 and 2007, the Kettering Scholarship checking account and certificates of deposit were not included on the Society's books even though the Society maintains the scholarship accounts. As a result, the 2007 beginning balance was restated by \$6,665 and the 2008 and 2007 net receipt and disbursement activity were adjusted (\$2,084) and \$6,328, respectively.
- In 2008 and 2007, the Comparative Statement of Cash Receipts and Disbursements (the Society's annual report) did not have correct ending balances. As a result, the 2008 beginning balance was not correct. These errors resulted in the original November 30, 2008 and 2007 ending balances being understated by \$26,038 and \$25,773, respectively. These amounts were corrected in the financial statements.
- In 2008 and 2007, the recalculated ending book balances resulted in bank to book differences of \$153 and \$2,479, respectively. These amounts were adjusted to the financial statements other operating receipts and investment income accounts, respectively.
- In 2008 the reconciliation was performed as of November 28, 2008 rather than November 30, 2008. As a result, a \$780 check was not included in the outstanding check list and a \$1,198 receipt was not included as a deposit-in-transit. These amounts were corrected on the reconciliation.
- In 2007 two checks totaling \$250 were dated November 30, 2007; however, they were not posted to the Society's books until December 2007. These amounts were not significant and no adjustment was made.

Without complete and accurate monthly bank reconciliations, the Society's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Society should perform complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved and all reconciling matters should be appropriately documented. The Society should ensure all certificate of deposit interest is properly recorded in the Society's records, along with all activity the Society is responsible (i.e. Kettering Scholarship Fund). In addition, all checks should be posted to the records when written to avoid any errors in recording disbursements. Finally, the Society's annual report should use the correct beginning balance, and ensure the ending balance is calculated correctly based on the excess/deficiency of receipts over/under disbursements.

Officials' Response: The Society is addressing the issue.



Mary Taylor, CPA
Auditor of State

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 10, 2009**