



**Auditor of State
Betty Montgomery**

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

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**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 statement of the Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) as of and for the year ended November 30, 2002. 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.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Society as of November 30, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Loudonville Independent Agricultural Society
Ashland County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

March 14, 2003

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	2002
Operating Receipts:	
Privilege Fees	\$46,430
Rentals	3,621
Other Operating Receipts	<u>8,695</u>
Total Operating Receipts	<u>58,746</u>
Operating Disbursements:	
Wages and Benefits	6,155
Utilities	4,516
Professional Services	17,695
Equipment and Grounds Maintenance	20,732
Senior Fair	5,717
Junior Fair	11,849
Capital Outlay	600
Other Operating Disbursements	<u>15,586</u>
Total Operating Disbursements	<u>82,850</u>
(Deficiency) of Operating Receipts (Under) Operating Disbursements	<u>(24,104)</u>
Non-Operating Receipts:	
State Support	8,139
County Support	9,300
Restricted Donations/Contributions	8,740
Unrestricted Donations/Contributions	6,741
Investment Income	<u>100</u>
Net Non-Operating Receipts	<u>33,020</u>
Excess of Receipts Over Disbursements	8,916
Cash Balance, Beginning of Year	<u>13,560</u>
Cash Balance, End of Year	<u><u>\$22,476</u></u>

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 STATEMENT
NOVEMBER 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. 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 Junior Livestock Sale Committee is summarized in Note 6.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

G. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2002, the Society had budgeted receipts of \$94,962 and actual receipts of \$91,766, resulting in a variance of \$(3,196). Additionally, the Society had budgeted disbursements of \$94,962 and actual disbursements of \$82,850, resulting in a variance of \$12,112.

3. CASH

The carrying amount of cash at November 30, 2002 follows:

	<u>2002</u>
Demand deposits	\$16,476
Certificate of deposit	<u>6,000</u>
Total deposits	<u><u>\$22,476</u></u>

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

4. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2002.

5. RISK MANAGEMENT

General liability and vehicle coverage were provided by Rinehart-Walters-Danner and Associates with limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with a limit of liability of \$1,000,000. The Society's general manager is bonded with coverage of \$26,600.

The Society provides workers compensation coverage for all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through November 30, 2002.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

6. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the 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 Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended December 31, 2002 follows:

Beginning Cash Balance	\$ 1,696
Receipts	80,307
Disbursements	<u>(80,139)</u>
Ending Cash Balance	<u><u>\$ 1,864</u></u>

(The Junior Livestock Committee did not have financial activity information as of November 30, 2002).

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
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 statement of the Loudonville Independent Agricultural Society, Ashland County, Ohio, (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated March 14, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Society in a separate letter dated March 14, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated March 14, 2003.

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

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by 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

March 14, 2003



**Auditor of State
Betty Montgomery**

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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
APRIL 10, 2003**