

***LOUDONVILLE INDEPENDENT AGRICULTURAL
SOCIETY***

ASHLAND COUNTY, OHIO

AUDIT REPORT

For the Years Ended November 30, 2016 and 2015





Dave Yost • Auditor of State

Board of Directors
Loudonville Independent Agricultural Society
165 North Water Street
Loudonville, Ohio 44842

We have reviewed the *Independent Auditor's Report* of the Loudonville Independent Agricultural Society, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 1, 2014 through November 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Loudonville Independent Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 16, 2017

This page intentionally left blank.

LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY
ASHLAND COUNTY, OHIO
Audit Report
For the Years Ended November 30, 2016 and 2015

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - For the Years Ended November 30, 2016 and 2015	3
Notes to the Financial Statements	4-6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	7-8

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Loudonville Independent Agricultural Society
Ashland County
165 North Water Street
Loudonville, OH 44842

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Loudonville Independent Agricultural Society, Ashland County, (the Society) as of and for the years ended November 30, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

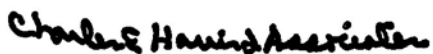
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2016 and 2015, or its changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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 as of November 30, 2016 and 2015, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 4, 2017

Loudonville Independent Agricultural Society
Ashland County
Statement of Receipts, Disbursements and
Changes in Fund Balance
For the Years Ended November 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Receipts		
Privilege Fees	\$60,048	\$60,230
Rentals	4,348	8,928
Other Operating Receipts	13,256	13,671
<i>Total Operating Receipts</i>	<u>77,652</u>	<u>82,829</u>
Operating Disbursements		
Wages and Benefits	5,857	5,913
Utilities	8,916	12,141
Professional Services	22,995	23,981
Equipment and Grounds Maintenance	21,143	19,796
Senior Fair	6,000	6,401
Junior Fair	14,293	12,938
Capital Outlay	33,772	8,447
Other Operating Disbursements	29,349	32,962
<i>Total Operating Disbursements</i>	<u>142,325</u>	<u>122,579</u>
<i>Excess (Deficiency) of Operating Receipts</i>	<u>(64,673)</u>	<u>(39,750)</u>
Non-Operating Receipts (Disbursements)		
State Support	7,338	7,310
County Support	-	3,300
Donations/Contributions	36,443	36,834
Investment Income	10	13
Debt Service	(5,031)	(5,225)
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>38,760</u>	<u>42,232</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<u>(25,913)</u>	<u>2,482</u>
Cash Balance, Beginning of Year	<u>66,775</u>	<u>64,293</u>
<i>Cash Balance, End of Year</i>	<u><u>\$40,862</u></u>	<u><u>\$66,775</u></u>

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

Loudonville Independent Agricultural Society
Ashland County
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 1 – Reporting 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 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 9 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Ashland, Holmes, Knox, Richland or Wayne County and pay an annual membership fee to the Society.

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 6 summarize the Junior Livestock Sale Committee’s financial activity. The Junior Livestock Sale Committee’s financial activity is reported in the Society’s financial statements.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Loudonville Independent Agricultural Society
Ashland County
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

Note 3 – Deposits and Investments

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30 was as follows:

	2016	2015
Demand deposits	<u>\$40,862</u>	<u>\$63,963</u>
Certificates of deposit	-	2,812
Total deposits	<u><u>\$40,862</u></u>	<u><u>\$66,775</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Risk Management

A private company provides general liability and vehicle insurance with limits of \$5,000,000 and \$1,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's general manager is covered under the employee dishonesty coverage.

Settled amounts did not exceed insurance coverage for the past three fiscal years. Coverages have not been reduced since last year.

The Society provides workers' compensation coverage on all employees through the State of Ohio workers' compensation fund. Coverage is currently in effect through June 2017.

Loudonville Independent Agricultural Society
Ashland County
Notes to the Financial Statements
For the Years Ended November 30, 2016 and 2015

Note 5 – Debt

Debt outstanding at November 30, 2016 was as follows:

	Principal	Interest Rate
Building Loan	\$50,006	5.375%
Total	\$50,006	

The Society entered into a loan with Farmers and Savings Bank on December 15, 2010 to purchase a building. The loan matures on December 15, 2030.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending	
November 30:	Building Loan
2017	\$5,098
2018	5,098
2019	5,098
2020	5,098
2021	5,098
2022-2026	25,491
2027-2030	20,817
	\$71,798

Note 6 – Loudonville Livestock Club Sale Committee

The Loudonville Livestock Club Sale 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 statements do not include the Committee's activities. The Committee's financial activity for the years ended November 30, 2016 and 2015 follows:

	2016	2015
Beginning Cash Balance	\$ 5,872	\$ 4,625
Receipts	146,795	139,097
Disbursements	(147,199)	(137,850)
Ending Cash Balance	\$ 5,468	\$ 5,872

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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
Loudonville, OH 44842

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Loudonville Independent Agricultural Society, Ashland County (the Society) as of and for the years ended November 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated April 4, 2017, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

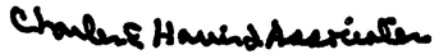
Compliance and Other Matters

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, opining 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 noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 4, 2017.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
April 4, 2017



Dave Yost • 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
JUNE 29, 2017**