



**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2010-2009**



**Dave Yost • Auditor of State**



**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

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# Dave Yost • 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.

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**Dave Yost**  
Auditor of State

September 6, 2011

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# Dave Yost • 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, 2010 and 2009. 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, 2010 and 2009 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, 2010, 2009, or its changes in financial position for the years then ended.

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, 2010 and 2009, 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 September 6, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 6, 2011

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Privilege Fees	\$58,148	\$51,251
Rentals	23,959	16,573
Other Operating Receipts	12,671	18,541
Total Operating Receipts	94,778	86,365
<b>Operating Disbursements:</b>		
Wages and Benefits	7,385	7,314
Utilities	11,949	9,532
Professional Services	24,200	25,242
Equipment and Grounds Maintenance	42,206	41,268
Senior Fair	6,625	6,211
Junior Fair	11,114	10,947
Capital Outlay	900	11,782
Other Operating Disbursements	32,242	93,231
Total Operating Disbursements	136,621	205,527
Deficiency of Operating Receipts Under Operating Disbursements	(41,843)	(119,162)
<b>Non-Operating Receipts:</b>		
State Support	6,152	6,560
County Support	3,300	3,300
Donations/Contributions	32,239	93,368
Investment Income	207	1,933
Total Non-Operating Receipts	41,898	105,161
Excess (Deficiency) of Receipts Over (Under) Disbursements	55	(14,001)
Cash Balance, Beginning of Year	73,206	87,207
<b>Cash Balance, End of Year</b>	<b>\$73,261</b>	<b>\$73,206</b>

*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, 2010 AND 2009**

**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 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.

**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 this financial statement presents 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.

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**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.

**2. DEPOSITS**

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30, 2010 and 2009 was as follows:

	2010	2009
Demand deposits	\$67,108	\$63,189
Certificates of deposit	6,153	10,017
Total deposits	\$73,261	\$73,206

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

**3. 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.

The Society provides workers' compensation coverage on all employees through the State of Ohio workers' compensation fund. Coverage is currently in effect through December 2010.

**4. SUBSEQUENT EVENTS**

On December 14, 2010, the Society made a motion to accept the Bank Loan of \$61,600 to purchase the Hans Building.

**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 statements do not include the Committee's activities. The Committee's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 6,256	\$ 2,522
Receipts	95,925	88,303
Disbursements	(98,816)	(84,569)
Ending Cash Balance	\$ 3,365	\$ 6,256



# Dave Yost • 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, 2010 and 2009, and have issued our report thereon dated September 6, 2011, wherein we noted the Society followed accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated September 6, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 6, 2011

**LOUDONVILLE INDEPENDENT AGRICULTURAL SOCIETY  
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Cash Reconciliation – The November 30, 2008 and 2007 cash reconciliations consisted of various errors.	Yes	Finding No Longer Valid.

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# 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  
SEPTEMBER 22, 2011