



**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

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Mary Taylor, CPA

Auditor of State

Lucas County Agricultural Society
Lucas County
1406 Key Street
Maumee, Ohio 43537-2416

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 government 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 26, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lucas County Agricultural Society
Lucas County
1406 Key Street
Maumee, Ohio 43537-2416

To the Board of Directors:

We have audited the accompanying financial statements of Lucas County Agricultural Society, Lucas County, (the Society) as of and for the years ended November 30, 2006 and 2005. 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 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 years ended November 30, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lucas County Agricultural Society, Lucas County, as of November 30, 2006 and 2005, 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 26, 2007, 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

September 26, 2007

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$220,050	\$237,610
Privilege Fees	38,485	43,227
Rentals	71,859	71,277
Sustaining and Entry Fees	31,210	36,874
Parimutuel Wagering Commission	5,726	5,918
Other Operating Receipts	33,783	28,059
Total Operating Receipts	401,113	422,965
Operating Disbursements:		
Wages and Benefits	79,451	49,416
Utilities	20,058	34,179
Professional Services	177,724	155,365
Equipment and Grounds Maintenance	88,747	79,884
Race Purse	52,901	60,454
Senior Fair	42,851	87,821
Junior Fair	11,049	10,562
Capital Outlay	28,185	14,012
Other Operating Disbursements	55,249	73,090
Total Operating Disbursements	556,215	564,783
Deficiency of Operating Receipts Under Operating Disbursements	(155,102)	(141,818)
Non-Operating Receipts (Disbursements):		
State Support	29,155	25,270
County Support	83,400	86,252
Debt Proceeds	25,000	
Donations/Contributions	8,900	13,670
Investment Income	79	142
Debt Service	(1,522)	
Net Non-Operating Receipts	145,012	125,334
Deficiency of Receipts Under Disbursements	(10,090)	(16,484)
Cash Balance, Beginning of Year	23,043	39,527
Cash Balance, End of Year	\$12,953	\$23,043

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

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 Lucas County Agricultural Society, Lucas County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1858 to operate an annual agricultural fair. The Society sponsors the week-long County Fair during July. During the fair, harness races are held. Lucas County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Lucas County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week which takes place at Raceway Park. Other year round activities at the fairgrounds include grounds rental, building rental, and winter storage of vehicles, boats, and trailers. The reporting entity does not include any other activities or entities of Lucas County, Ohio.

Note 7 summarizes the Junior Livestock Sale Committee's financial activity.

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's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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.

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. 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.

F. Race Purse

Super stake races are held during the Lucas County Fair at Raceway Park. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and Northwestern Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

G. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

2. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	2006	2005
Demand deposits	\$12,953	\$23,043

The Federal Depository Insurance Corporation (FDIC) insures up to \$100,000 of the Society's bank balance. The bank balance was covered by FDIC.

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2006 and 2005 was \$25,309 and \$25,192 respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2006	2005
Total Amount Bet (Handle)	\$ 26,785	\$ 27,817
Less: Payoff to Bettors	(21,059)	(21,899)
Parimutuel Wagering Commission	5,726	5,918
Tote Service Set Up Fee	(571)	(452)
Tote Service Commission	(2,001)	(2,080)
Local Tax	(250)	(250)
State Tax	(972)	(987)
Society Portion	\$ 1,932	\$ 2,149

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT

Debt outstanding at November 30, 2006, was as follows:

Line of Credit	Principal	Interest Rate
	\$24,687	Prime + 1.99%

A \$25,000 line of credit bears an interest rate of prime + 1.99 percent and is due to Fifth Third Bank. The line of credit was entered into on June 28, 2006. Proceeds of the line of credit were used for operational expenses and are collateralized by the full faith and credit of David Pruss, the Board President. There is no amortization schedule for the line of credit, the Society is currently paying \$250 per month on this line of credit and is current through the date of this report in its payments.

5. OPERATING LEASE

The Society has entered into a lease for the period October 20, 2006, through October 19, 2011, with Wells Fargo Financial Leasing, Inc. to lease a copy machine.

The following is a schedule of the future minimum payments required under the operating leases as of November 30, 2006:

Year ending November 30:	Copier Lease
2007	\$3,351
2008	3,351
2009	3,351
2010	3,351
2011	3,351
Total	\$16,755

6. RISK MANAGEMENT

The Lucas County Commissioners provide general insurance coverage for all the buildings on the Lucas County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded with coverage of \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

7. 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 Lucas County's auction. A commission of 6 percent of total sale price for Grand & Reserve Champions; 5 percent of total price for Beef Feeders, Dairy Beef, Swine, Sheep, and Goats; \$12 per head for Steers; and \$6 per pen for Market Rabbits and Poultry covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 4,236	\$ 7,280
Receipts	93,309	89,941
Disbursements	(87,700)	(92,985)
Ending Cash Balance	\$ 9,845	\$ 4,236

8. SUBSEQUENT EVENTS

On July 9, 2007, the Society received a \$40,000 loan from Fair Board, Ltd. The Society agreed to pay \$20,000 upon conclusion of the Lucas County Fair in July 2007 and \$20,000 with interest of \$2,000 upon the conclusion of the Rib Off in the Fall of 2007. If note is not paid in full by October 31, 2007, it shall become due and payable and default interest of 12% per annum shall be applicable. The Society paid the first \$20,000 payment in August 2007.



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*

Lucas County Agricultural Society
Lucas County
1406 Key Street
Maumee, Ohio 43537-2416

To the Board of Directors:

We have audited the financial statements of the Lucas County Agricultural Society (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated September 26, 2007, 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 September 26, 2007, 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*.

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Lucas County Agricultural Society
Lucas 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 the audit committee, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 26, 2007

**LUCAS COUNTY AGRICULTURAL SOCIETY
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Society did not accurately reconcile cash at year end.	No	Partially corrected and fully corrected after current audit period, will make a management letter comment.
2004-002	Society's 2003 annual report numbers were inaccurate compared with actual numbers from accounting system.	No	Partially corrected, will make a management letter comment.



Mary Taylor, CPA
Auditor of State

LUCAS COUNTY AGRICULTURAL SOCIETY

LUCAS 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
NOVEMBER 8, 2007**