



**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**LUCAS COUNTY AGRICULTURAL SOCIETY  
FULTON 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 an 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 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

November 17, 2009

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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, 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.

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

The Auditor of State has billed the Society for audit services provided for fiscal years ending November 30, 2006 and 2005. As of the date of this report, the Society has an outstanding balance of \$2,338. AICPA Code of Professional Conduct considers unpaid audit fees related to periods more than one year prior to the current period under audit to impair the independence of the Auditor of State.

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 November 17, 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

November 17, 2009

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

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

	<b>2008</b>	<b>2007</b>
<b>Operating Receipts:</b>		
Admissions	\$164,563	\$178,618
Privilege Fees	39,637	35,730
Rentals	74,972	70,275
Sustaining and Entry Fees	34,300	29,150
Other Operating Receipts	26,060	21,504
Total Operating Receipts	339,532	335,277
<b>Operating Disbursements:</b>		
Wages and Benefits	49,196	68,126
Utilities	17,857	27,917
Professional Services	153,287	125,196
Equipment and Grounds Maintenance	66,092	80,298
Race Purse	54,005	51,695
Senior Fair	10,748	8,266
Junior Fair	14,134	12,427
Capital Outlay	12,198	41,182
Other Operating Disbursements	79,373	75,938
Total Operating Disbursements	456,890	491,045
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(117,358)	(155,768)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	26,148	29,044
County Support	48,900	82,600
Debt Proceeds	25,000	40,000
Donations/Contributions	13,290	33,826
Miscellaneous	891	1,345
Debt Service	(12,997)	(23,048)
Net Non-Operating Receipts (Disbursements)	101,232	163,767
Excess (Deficiency) of Receipts Over (Under) Disbursements	(16,126)	7,999
Cash Balance, Beginning of Year	20,952	12,953
<b>Cash Balance, End of Year</b>	<b>\$4,826</b>	<b>\$20,952</b>

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

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**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS 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 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 Lucas 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 nineteen 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 Northwest Ohio Rib-Off, M.S. Bike to Bay, 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. 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. 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.

**D. 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.

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. 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 Northwest 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 statements 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.

**F. 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.

**G. 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.

**2. DEPOSITS**

The carrying amount of cash at November 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$4,826</u>	<u>\$20,952</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

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

**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, 2008 and 2007 was \$26,148 and \$29,044, 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. No monies were received in 2008 and 2007. This was rectified and payment was received on June 15, 2009 for both years and will be reflected in the 2009 financials.

	2008	2007
Total Amount Bet (Handle)	\$ 29,726	\$ 25,919
Less: Payoff to Bettors	(23,354)	(20,347)
Parimutuel Wagering Commission	6,372	5,572
Tote Service Set Up Fee	(483)	(433)
Tote Service Commission	(2,236)	(1,936)
Local Tax	(250)	(250)
State Tax	(1,092)	(964)
Society Portion	\$ 2,311	\$ 1,989

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

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

**4. DEBT**

Debt outstanding at November 30, 2008 was as follows:

	Principal	Interest Rate
Line of Credit	\$22,961	24.99%
Fair Board, Ltd.	35,000	12.00%
Total	\$57,961	

The \$25,000 line of credit bears an interest rate of 24.99% and is due to Fifth Third Bank. The line of credit is collateralized by the full faith and credit of David Pruss, the Board President.

On July 9, 2007, the Society received a \$40,000 loan from Fair Board, Ltd. The Society paid \$20,000 payment in August 2007 and an additional payment of \$10,000 in December 2007. On August 11, 2008 the Society received an additional \$25,000 loan from Fair Board, Ltd. Loans are due and payable at a default interest of 12% per annum.

**5. OPERATING LEASE**

The Society has a lease 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, 2008

Year ending November 30:	Copier Lease
2009	3,351
2010	3,351
2011	3,351
Total	\$10,053

**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 secretary 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 STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(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 and 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 statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$ 13,201	\$ 9,845
Receipts	100,775	105,773
Disbursements	<u>(101,273)</u>	<u>(102,417)</u>
Ending Cash Balance	<u>\$ 12,703</u>	<u>\$ 13,201</u>

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# 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, Lucas County, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated November 17, 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 has unpaid audit fees for services rendered through November 30, 2006. 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Society's management in a separate letter dated November 17, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

November 17, 2009



**Mary Taylor, CPA**  
Auditor of State

**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  
DECEMBER 22, 2009**