



**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2003-2004**



**Auditor of State  
Betty Montgomery**



**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

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**Auditor of State  
Betty Montgomery**

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.

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**Betty Montgomery**  
Auditor of State

February 15, 2006

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## Auditor of State Betty Montgomery

### 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 the Lucas County Agricultural Society, Lucas County, (the Society) as of and for the years ended November 30, 2004 and 2003. 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. 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 year ended November 30, 2004, 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, 2004, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Lucas County Agricultural Society, Lucas County, as of November 30, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. 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 February 15, 2006, 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.



**Betty Montgomery**  
Auditor of State

February 15, 2006



**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>Operating Receipts:</b>		
Admissions	\$243,856	\$212,597
Privilege Fees	44,506	46,521
Rentals	65,449	74,764
Sustaining and Entry Fees	16,720	16,825
Parimutuel Wagering Commission	5,333	7,009
Other Operating Receipts	76,825	66,500
 Total Operating Receipts	 452,689	 424,216
<b>Operating Disbursements:</b>		
Wages and Benefits	70,218	48,915
Utilities	15,976	31,078
Professional Services	168,027	147,579
Equipment and Grounds Maintenance	61,457	87,512
Race Purse	96,989	64,459
Senior Fair	40,490	35,427
Junior Fair	11,087	12,298
Capital Outlay	10,261	151
Other Operating Disbursements	107,331	71,796
 Total Operating Disbursements	 581,836	 499,215
 Excess of Operating Disbursements Over Operating Receipts	 (129,147)	 (74,999)
<b>Non-Operating Receipts :</b>		
State Support	33,683	36,925
County Support	82,900	30,900
Donations/Contributions	5,640	15,159
Investment Income	17	64
 Net Non-Operating Receipts	 122,240	 83,048
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (6,907)	 8,049
 Cash Balance, Beginning of Year	 46,434	 38,385
 <b>Cash Balance, End of Year</b>	 <b>\$39,527</b>	 <b>\$46,434</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 STATEMENT  
NOVEMBER 30, 2004 AND 2003**

**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 6 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, 2004 AND 2003  
(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 reports 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, 2004 AND 2003  
(Continued)**

**2. CASH**

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$39,527	\$46,434

The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The bank balance was covered by Federal Depository Insurance Corporation (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, 2004 and 2003, was \$32,716 and \$29,904 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.

	2004	2003
Total Amount Bet (Handle)	\$ 24,869	\$ 32,890
Less: Payoff to Bettors	(19,536)	(25,881)
Parimutuel Wagering Commission	5,333	7,009
Tote Service Set Up Fee	(400)	(524)
Tote Service Commission	(2,261)	(2,513)
Local Tax	(250)	(250)
State Tax	(915)	(1,115)
Society Portion	\$ 1,507	\$ 2,607

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**4. OPERATING LEASE**

The Society has entered into a lease for the period February 3, 2004, through February 2, 2009, with Imagistics Company to lease a copy machine. Payments made totaled \$1,400 for fiscal year 2004.

The following is a schedule of the future minimum payments required under the operating leases as of November 30, 2004:

Fiscal Year Ending November 30:	Copier Lease
2005	\$ 1,680
2006	1,680
2007	1,680
2008	1,680
2009	280
Total minimum lease payments	\$ 7,000

**5. 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. Coverage is currently in effect through August 2006.

**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 Lucas County's auction. A commission of 4 percent per head on auction sales 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, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$ 5,722	\$ 5,077
Receipts	88,446	90,242
Disbursements	(86,888)	(89,597)
Ending Cash Balance	\$ 7,280	\$ 5,722



**Auditor of State  
Betty Montgomery**

**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, 2004 and 2003, and have issued our report thereon dated February 15, 2006, 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Society's management dated February 15, 2006, we reported other matters involving internal control over financial reporting which 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*. In a separate letter to the Society's management dated February 15, 2006, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 15, 2006



**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-001**

**Reportable Condition**

**Reconciliations**

The Society did not properly prepare monthly bank reconciliations for all the months during fiscal years 2004 and 2003.

This resulted in difficulties encountered by the Society's management during the fiscal year and at year end when they attempted to get an accurate book balance and summarize all financial activity of the Society.

We recommend the Society's Board monitor the monthly financial statements more closely to assure that monthly cash reconciliations are performed and correctly represent the Society's bank and book balances.

**FINDING NUMBER 2004-002**

**Reportable Condition**

**Annual Financial Report**

The Society submitted the fiscal year 2003 Annual Report to the Ohio Department of Agricultural. This report was approved by the Board on December 16, 2003 and notarized on December 29, 2003, stating the report is a true and accurate statement of the financial condition of the Society.

The fiscal year 2003 Annual Report was not a true and accurate statement of the financial condition of the Society for fiscal year 2003. The numbers contained in the Annual Report were the same if not very similar to the numbers that were contained in the fiscal year 2002 Annual Report.

This resulted in an inaccurate report being submitted to the Ohio Department of Agricultural for fiscal year 2003.

We recommend the Society's Board establish procedures to review the Annual Report before approving its release to the Ohio Department of Agricultural to assure the numbers in the report are taken from the accounting system and do represent the true and actual financial position of the Society.

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LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2004 AND 2003

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>
2002-001	Society did not accurately reconcile cash at year end.	No	Not Corrected, modified and re-issued as Finding number 2004-001





**Auditor of State  
Betty Montgomery**

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**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  
MARCH 7, 2006**