



Dave Yost • Auditor of State



LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Lucas County Agricultural Society, Lucas County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011.

### ***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; 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 opinion.

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

As described in Note 1B 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position thereof for the year 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 balance of Lucas County Agricultural Society, Lucas County, Ohio as of November 30, 2012 and 2011, 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 permits, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2013, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 23, 2013

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Operating Receipts:</b>		
Admissions	\$106,724	\$105,565
Privilege Fees	42,576	31,489
Rentals	80,994	95,669
Other Operating Receipts	33,625	66,742
Total Operating Receipts	263,919	299,465
<b>Operating Disbursements:</b>		
Wages and Benefits	31,174	41,826
Utilities	23,369	62,790
Professional Services	40,351	60,077
Equipment and Grounds Maintenance	66,038	81,863
Senior Fair	10,332	13,087
Junior Fair	12,021	12,473
Capital Outlay	274	3,604
Other Operating Disbursements	121,522	66,154
Total Operating Disbursements	305,081	341,874
Excess of Operating Disbursements Over Operating Receipts	(41,162)	(42,409)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	5,665	3,941
County Support	63,300	33,400
Debt Proceeds		50,000
Donations/Contributions	11,992	17,391
Debt Service	(18,378)	(27,104)
Net Non-Operating Receipts	62,579	77,628
Excess of Receipts Over Disbursements	21,417	35,219
Cash Balance, Beginning of Year	49,043	13,824
<b>Cash Balance, End of Year</b>	<b>\$70,460</b>	<b>\$49,043</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, 2012 AND 2011**

**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, Ohio (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. 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. Other year round activities at the fairgrounds include facility rental, community events such as The Northwestern Ohio Rib-Off, MS Bike to the Bay, American Cancer Society-Relay for Life, Clean Your Streams and ground rental for events. The reporting entity does not include any other activities or entities of Lucas County, Ohio.

Note 5 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, 2012 AND 2011  
(Continued)**

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

**E. 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 AND INVESTMENTS**

The carrying amount of deposits at November 30, 2012 and 2011 was as follows:

	2012	2011
Demand deposits	\$70,460	\$49,043

Deposits are insured by the Federal Depository Insurance Corporation.

**3. DEBT**

Debt outstanding at November 30, 2012 was as follows:

	Principal	Interest Rate
St. Paul's United Methodist Promissory Note	\$50,000	5.00%

The \$50,000 Promissory Note bears an interest rate of 5 percent and is due to St. Paul's United Methodist. The note was entered into on June 21, 2011 and matures July 1, 2016. Proceeds of the note were used for general operations of the Society.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Promissory Note
2013	\$2,500
2014	2,500
2015	2,500
2016	52,500
Total	\$60,000

**4. 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 Business 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 2013.

**LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2012 AND 2011  
(Continued)**

**5. 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 statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$ 19,584	\$ 13,931
Receipts	101,798	99,325
Disbursements	<u>(96,212)</u>	<u>(93,672)</u>
Ending Cash Balance	<u>\$ 25,170</u>	<u>\$ 19,584</u>

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 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 Lucas County Agricultural Society, Lucas County, Ohio (the Society), as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated August 23, 2013 wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 opinion 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 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*.

***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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 23, 2013

LUCAS COUNTY AGRICULTURAL SOCIETY  
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2012 AND 2011

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>
2010-001	Material weakness due to errors in the annual financial report.	Yes	

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# Dave Yost • 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  
SEPTEMBER 10, 2013**