



**Auditor of State  
Betty Montgomery**



HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Hardin County Agricultural Society  
Hardin County  
P.O. Box 371  
14134 Fairground Road  
Kenton, Ohio 43326

To the Board of Directors:

We have audited the accompanying financial statement of the Hardin County Agricultural Society (the "Society") as of and for the year ended November 30, 2002. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of the Society as of November 30, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Hardin County Agricultural Society  
Hardin County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

May 29, 2003

**HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<u>Operating</u>	<u>State and Local</u>	<u>Totals</u>
<b>Cash Receipts:</b>			
Taxes	\$807		\$807
Admissions	187,076		187,076
Privilege Fees	70,721		70,721
Sales by Fairboard	4,593		4,593
Racing	76,577		76,577
Sales Activities	1,347		1,347
Utilities	784		784
Fees	21,306		21,306
Rental	38,177		38,177
State Support		38,627	38,627
Local Support		33,300	33,300
Restricted	34,327		34,327
Unrestricted	15,976		15,976
	<hr/>		<hr/>
Total Cash Receipts	451,691	71,927	523,618
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Wages and Salaries	58,456		58,456
Benefits	5,870		5,870
Administrative Expenses	8,951		8,951
Race Supplies	1,115		1,115
Supplies	25,351	2,971	28,322
Utilities	37,119		37,119
Racing Expenses	82,599	30,488	113,087
Services	70,282		70,282
Property Expenses	23,967	2,527	26,494
Advertising	15,066		15,066
Repairs	18,062	30,000	48,062
Insurance	17,396		17,396
Rent/Lease Expense	17,391		17,391
Capital Outlay	26,965		26,965
Senior Fair Expenses	18,897	800	19,697
Contests	6,525		6,525
Junior Fair Expenses	18,530	5,141	23,671
Other Fair Expenses	8,510		8,510
Miscellaneous Expenses	17,893		17,893
	<hr/>		<hr/>
Total Cash Disbursements	478,945	71,927	550,872
	<hr/>		<hr/>
Total Receipts (Under) Disbursements	(27,254)		(27,254)
	<hr/>		<hr/>
<b>Other Financing Receipts and Disbursements:</b>			
Debt Proceeds	10,000		10,000
Investment Income	1,234		1,234
Sale of Personal Property	7,900		7,900
Debt Service	(10,389)		(10,389)
	<hr/>		<hr/>
Total Other Financing Receipt and Disbursements:	8,745		8,745
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(18,509)		(18,509)
	<hr/>		<hr/>
Fund Cash Balances, December 1	60,998		60,998
	<hr/>		<hr/>
<b>Fund Cash Balances, November 30</b>	<u>\$42,489</u>	<u>\$0</u>	<u>\$42,489</u>

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

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**HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hardin County Agricultural Society (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Hardin County Fair during September. During the fair, harness races are held. Hardin County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 18 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Hardin 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, other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as auctions. The reporting entity does not include any other activities or entities of Hardin County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8, respectively.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Budgetary Process**

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget, at the fund, function, level, in its final form during the first six months of each fiscal year. The fund, function, level, is their legal level. The Board reviews the budget throughout the year and compares it with actual results.

**HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

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

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**F. Restricted Support**

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

**G. Income Tax Status**

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

**H. Race Purse**

Stake races are conducted during the Hardin County Fair. 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 the Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

**Ohio Fairs Fund**

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 4 for additional information.

**I. Parimutuel 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 determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel 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 Parimutuel Wagering Commission. See Note 4 for additional information.

**HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

**2. BUDGETARY ACTIVITY**

For the year ended November 30, 2002, the Society had budgeted receipts of \$534,650, actual receipts of \$542,752, resulting in a variance of \$8,102. Additionally, the Society had budgeted disbursements of \$534,650, actual disbursements of \$561,261, resulting in a variance of \$26,611.

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the year ended November 30, 2002.

**3. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2002 follows:

	2002
Demand deposits	\$7,918
Money Market	16,963
Certificates of deposit	17,608
Total deposits and investments	\$42,489

**Deposits:** \$40,010 of the balance was covered by the Federal Depository Insurance Corporation (FDIC) and \$2,479 was covered by the National Credit Union Share Insurance Fund (NCUSIF).

**4. HORSE RACING**

**A. State Support Portion of Purse**

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$30,488 and is included within State Support on the accompanying financial statement.

**B. Parimutuel Wagering**

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and are reflected in Service Disbursements, and the amount remaining is the Society's net portion.

Total Amount Bet (Handle)	\$ 22,423
Less: Payoff to Bettors	(17,854)
Parimutuel Wagering Commission	4,569
Tote Service Set Up Fee	(600)
Tote Service Commission	(2,203)
State Tax	(591)
Society Portion	\$ 1,175

**HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)**

**5. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2001

**6. RISK MANAGEMENT**

The Hardin County Commissioners provide general insurance coverage for all the buildings on the Hardin County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and automobile coverage is provided by the Ohio Fair Participating Plan with limits of \$3,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer is bonded with coverage of \$110,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2001.

**7. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, Art, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Hardin County Fair. The Society disbursed \$5,141 to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Hardin County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2002 follows:

Beginning Cash Balance	\$ 3,606
Receipts	6,954
Disbursements	<u>(5,756)</u>
Ending Cash Balance	<u><u>\$ 4,804</u></u>

**8. JUNIOR FAIR LIVESTOCK 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 Hardin County's auction. Monies to cover the cost of the auction are generated through deductions and are retained by the Junior Livestock Committee. A deduction of one dollar per head for market steers is made for the Ohio Beef Marketing program, a deduction of .0045 of the sale value of market hogs is made for the Ohio Pork Producers promotions, a deduction of .0050 of the sale value of market lambs is made for the Ohio Sheep check-off program and a deduction of 50 cents per animal going through the sale is made to cover the cost of ear tags. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2002 follows:

HARDIN COUNTY AGRICULTURAL SOCIETY  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2002  
(Continued)

8. JUNIOR FAIR LIVESTOCK COMMITTEE (Continued)

Beginning Cash Balance	\$ 1,655
Receipts	268,095
Disbursements	<u>(268,137)</u>
Ending Cash Balance	<u>\$ 1,613</u>

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Hardin County Agricultural Society  
Hardin County  
P.O. Box 371  
14134 Fairground Road  
Kenton, Ohio 43326

To the Board of Directors:

We have audited the financial statement of the Hardin County Agricultural Society (the "Society") as of and for the year ended November 30, 2002, and have issued our report thereon dated May 29, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated May 29, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated May 29, 2003.

Hardin County Agricultural Society  
Hardin County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

May 29, 2003





**Auditor of State  
Betty Montgomery**

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**AGRICULTURAL SOCIETY**

**HARDIN 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  
JUNE 17, 2003**