



**Auditor of State  
Betty Montgomery**



**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Darke County Agricultural Society  
Darke County  
P.O. Box 605  
800 Sweitzer St.  
Greenville, OH 45331

To the Board of Directors:

We have audited the accompanying financial statement of the Darke 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 cash balance 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 February 25, 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.

Darke County Agricultural Society  
Darke County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the management, 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

February 25, 2003

**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<b>2002</b>
<b>Operating Receipts:</b>	
Admissions	\$531,562
Privilege Fees	303,887
Rentals	283,311
Sustaining and Entry Fees	62,192
Parimutuel Wagering Commission	30,219
Fees	81,400
Other Operating Receipts	21,049
 Total Operating Receipts	 1,313,620
<b>Operating Disbursements:</b>	
Wages and Benefits	202,431
Utilities	151,332
Professional Services	191,678
Equipment and Grounds Maintenance	248,575
Race Purse	142,265
Senior Fair	138,474
Junior Fair	35,225
Capital Outlay	165,124
Other Operating Disbursements	149,197
 Total Operating Disbursements	 1,424,301
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(110,681)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	38,627
Debt Proceeds	130,000
Donations/Contributions	68,561
Investment Income	898
Sale of Assets	12,348
Debt Service	(137,665)
 Net Non-Operating Receipts (Disbursements)	 112,769
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,088
Cash Balance, Beginning of Year	25,319
<b>Cash Balance, End of Year</b>	<b>\$27,407</b>

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

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**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Darke County Agricultural Society, Darke County, (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 an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded on November 24, 1852, to direct the operation of an annual agricultural fair. The Society sponsors the week-long Darke County Fair during August. During the fair, harness races are held, culminating in the running of the Speed Races. Darke 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 12 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Darke 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 and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including horse shows and trade shows. The reporting entity does not include any other activities or entities of Darke County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 8 and Note 9, 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. 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.

**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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

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

**E. Restricted Support**

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

**F. 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.

**G. Race Purses**

Stake races are conducted during the Darke 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 Purses to winning horses.

**1. Sustaining and Entry Fees**

Horse owners and the Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into races. These payments must be made before a horse can participate in a race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

**2. Ohio Fairs Fund**

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

**H. 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 3 for additional information.

**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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

**2. CASH AND INVESTMENTS**

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

	2002
Demand deposits	\$23,829
Certificates of deposit	3,578
Total deposits	27,407

Deposits were covered by Federal Depository Insurance Corporation (FDIC).

**3. HORSE RACING**

**A. State Support Portion of Purse**

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2002 was \$25,488 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 these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Parimutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2002
Total Amount Bet (Handle)	\$ 169,974
Less: Payoff to Bettors	135,408
Parimutuel Wagering Commission	34,566
Tote Service Set Up Fee	0
Tote Service Commission	(15,109)
State Tax	(4,347)
Society Portion	\$ 15,110

**4. DEBT**

During the year ended November 30, 2002, the Society obtained and received \$130,000 on a line of credit loan for operating funds. As of November 30, 2002, the Society had a \$20,000 outstanding payable balance on the line of credit. The line of credit is from Old National Bank and has an interest rate of 3.95%.

**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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

**5. RETIREMENT SYSTEM**

All Society 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.

**6. RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Darke County Commissioners provide general insurance coverage for all the buildings on the Darke County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. The Society has obtained general liability coverage provided by Great American Assurance Company with limits of \$7,305,000 and vehicle coverage from Cincinnati Insurance Company with a \$1,000,000 aggregate. The Cincinnati Insurance Company policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded for \$3,400 by Cincinnati Insurance Company.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2003.

**7. CONTINGENT LIABILITIES**

The Society is a defendant in one lawsuit. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Society's financial condition.

**8. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Darke County Fair. The Society disbursed \$35,225 for the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$4,640 by the State 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	\$ 272
Receipts	6,134
Disbursements	<u>(6,308)</u>
Ending Cash Balance	<u><u>\$ 98</u></u>

**DARKE COUNTY AGRICULTURAL SOCIETY  
DARKE COUNTY**

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

**9. 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 Darke County's auction. 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:

Beginning Cash Balance	\$0
Receipts	328,284
Disbursements	<u>(325,562)</u>
Ending Cash Balance	<u><u>\$2,722</u></u>

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**Auditor of State  
Betty Montgomery**

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

Darke County Agricultural Society  
Darke County  
P.O. Box 605  
800 Sweitzer Street  
Greenville, OH 45331

To the Board of Directors:

We have audited the financial statement of the Darke County Agricultural Society (the Society) as of and for the year ended November 30, 2002, and have issued our report thereon dated February 25, 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 February 25, 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 February 25, 2003.

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Darke County Agricultural Society  
Darke 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 management and Board of Directors, 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

February 25, 2003





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**DARKE COUNTY AGRICULTURAL SOCIETY**

**DARKE 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 27, 2003**