



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

DARKE COUNTY AGRICULTURAL SOCIETY
DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Darke County Agricultural Society
800 Sweitzer Street
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of Darke County Agricultural Society, Darke County, prepared by BHM CPA Group, Inc., for the audit period December 1, 2020 through November 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Darke County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2023

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DARKE COUNTY AGRICULTURAL SOCIETY
DARKE COUNTY
For the Fiscal Years Ended November 30, 2022 and 2021
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INDEPENDENT AUDITOR'S REPORT

Darke County Agricultural Society
Darke County
800 Sweitzer Street
Greenville, Ohio 45331

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Darke County Agricultural Society, Darke County, Ohio (the Society), which comprises the cash balances, receipts and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Society, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Society on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 8 to the 2022 financial statement and Note 9 to the 2021 financial statement, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
July 31, 2023

Darke County Agricultural Society
Darke County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2022

Operating Receipts	
Admissions	\$1,194,334
Privilege Fees	443,968
Rentals	444,044
Sustaining and Entry Fees	78,030
Pari-mutuel Wagering Commission	8,357
Other Operating Receipts	<u>137,707</u>
<i>Total Operating Receipts</i>	<u>2,306,440</u>
Operating Disbursements	
Wages and Benefits	196,419
Utilities	204,485
Professional Services	497,677
Equipment and Grounds Maintenance	140,387
Property and Rent Services	507,895
Race Purse	274,647
Senior Fair	98,789
Junior Fair	74,201
Capital Outlay	26,291
Other Operating Disbursements	<u>1,109,123</u>
<i>Total Operating Disbursements</i>	<u>3,129,914</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(823,474)</u>
Non-Operating Receipts (Disbursements)	
State Support	12,084
Local Support	3,200
Donations/Contributions	1,179,215
Investment Income	3,288
Debt Service	<u>(126,446)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>1,071,341</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	247,867
Cash Balance, Beginning of Year	<u>1,137,073</u>
<i>Cash Balance, End of Year</i>	<u><u>\$1,384,940</u></u>

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

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Darke County (the Society), Darke County, is a body politic and corporate 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 in 1853 to operate an annual agricultural fair. The Society sponsors the week - long Great Darke County Fair during August. During the fair, harness races are held, culminating in the running of the Darke County Speed Department. Darke County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 11 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Darke County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including tractor show, animal shows, food truck rallies and car shows. The reporting entity does not include any other activities or entities of Darke County, Ohio. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statement.

Note 7 summarizes the Junior Fair Board's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

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.

Race Purse

Darke County Fair Harness Racing stake races are held 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 Purse to winning horses.

Sustaining and Entry Fees Horse owners and Darke County Harness Horsemen 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 4 for additional information.

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 4 for additional information.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

NOTE 3 - DEPOSITS

The Society maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2022
Demand Deposits	\$1,384,940
Total deposits	\$1,384,940

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$6,434.00 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 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 the Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society’s net portion.

	2022
Total Amount Bet (Handle)	\$ 89,023
Less: Payoff to Bettors	70,677
Parimutuel Wagering Commission	18,346
Tote Service Set Up Fee	(1,500)
Tote Service Commission	(7,103)
State Tax	(22,697)
Society Portion	\$ (12,954)

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

NOTE 5 - RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Darke County Commissioners provide general insurance coverage for all the buildings on the Darke County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$250,000 and \$250,000. 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.

NOTE 6 - SOCIAL SECURITY

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2022.

NOTE 7 - JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scouts, Girl Scouts, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Darke County Fair. The Society disbursed \$0 directly to the Junior Fair Board and \$39,241 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Darke County paid the Society \$4,202 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2022, follow:

	2022
Beginning Cash Balance	\$ 34,353
Receipts	25,467
Disbursements	(12,734)
Ending Cash Balance	\$ 47,086

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

NOTE 8 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2022 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Darke County Agricultural Society
Darke County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2021

Operating Receipts	
Admissions	\$901,582
Privilege Fees	313,210
Rentals	372,795
Sustaining and Entry Fees	32,150
Pari-mutuel Wagering Commission	6,995
Other Operating Receipts	<u>181,979</u>
<i>Total Operating Receipts</i>	<u>1,808,711</u>
Operating Disbursements	
Wages and Benefits	141,166
Utilities	261,158
Professional Services	413,023
Equipment and Grounds Maintenance	433,846
Property and Rent Services	341,011
Race Purse	251,675
Senior Fair	88,406
Junior Fair	56,328
Capital Outlay	4,620
Other Operating Disbursements	<u>1,121,692</u>
<i>Total Operating Disbursements</i>	<u>3,112,925</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(1,304,214)</u>
Non-Operating Receipts (Disbursements)	
State Support	59,664
Local Support	3,200
Donations/Contributions	1,672,141
Debt Proceeds	100,000
Investment Income	607
Debt Service	<u>(2,381)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>1,833,231</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	529,017
Cash Balance, Beginning of Year	<u>608,056</u>
<i>Cash Balance, End of Year</i>	<u><u>\$1,137,073</u></u>

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

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Darke County (the Society), Darke County, is a body politic and corporate 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 in 1853 to operate an annual agricultural fair. The Society sponsors the week - long Great Darke County Fair during August. During the fair, harness races are held, culminating in the running of the Darke County Speed Department. Darke County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 11 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Darke County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. Other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including tractor show, animal shows, food truck rallies and car shows. The reporting entity does not include any other activities or entities of Darke County, Ohio. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statement.

Note 8 summarizes the Junior Fair Board's financial activity.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

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.

Race Purse

Darke County Fair Harness Racing stake races are held 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 Purse to winning horses.

Sustaining and Entry Fees Horse owners and Darke County Harness Horsemen 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 4 for additional information.

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 4 for additional information.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

NOTE 3 - DEPOSITS

The Society maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

	2021
Demand Deposits	\$886,600
Certificates of deposit	250,473
Total deposits	\$1,137,073

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2021, in the amount of \$8,357.74 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 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 the Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society’s net portion.

	2021
Total Amount Bet (Handle)	\$ 73,695
Less: Payoff to Bettors	58,472
Parimutuel Wagering Commission	15,223
Tote Service Set Up Fee	(1,125)
Tote Service Commission	(7,103)
State Tax	(2,260)
Society Portion	\$ 4,735

NOTE 5 - RISK MANAGEMENT

Workers’ Compensation coverage is provided by the State of Ohio. The Society pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

The Darke County Commissioners provide general insurance coverage for all the buildings on the Darke County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$250,000 and \$250,000. 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.

NOTE 6 - SOCIAL SECURITY

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2021.

NOTE 7 – DEBT

Debt outstanding at November 30, 2021, was as follows:

	Principal	Interest Rate
Line of Credit	\$100,000	3.25%
Total	\$100,000	

During 2021, the Society drew down \$100,000 on an existing line of credit with Park National Bank. The line of credit is payable at any time and bears an interest rate of 3.25% per annum. No amortization schedule was created for the line of credit.

Darke County Agricultural Society
Darke County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

NOTE 8 - JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scouts, Girl Scouts, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Darke County Fair. The Society disbursed \$0 directly to the Junior Fair Board and \$18,559 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Darke County paid the Society \$6,371 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board’s financial activity for the fiscal year ended November 30, 2021, follow:

	2021
Beginning Cash Balance	\$ 24,509
Receipts	21,928
Disbursements	(12,084)
Ending Cash Balance	\$ 34,353

NOTE 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society. The impact on the Society’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Darke County Agricultural Society
Darke County
800 Sweitzer Street
Greenville, Ohio 45331

To the Board of Directors:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements as of and for the years ended November 30, 2022 and 2021 and the related notes to the financial statements of the Darke County Agricultural Society, Darke County, (the Society) and have issued our report thereon dated July 31, 2023 wherein we noted the Society followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Society.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
July 31, 2023

**Darke County Agricultural Society
Darke County
Schedule of Findings
November 30, 2022 and 2021**

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

FINDING NUMBER 2022-001

Material Weakness – Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Society, this could also include reviewing the fiscal year-end QuickBooks detailed reports to ensure activity is reported in the correct line items.

Certain adjustments were made to the financial statements and note disclosures to properly state amounts for the fiscal years ended November 30, 2022 and 2021. The audited financial statements and note disclosures have been adjusted for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Society’s activity.

We recommend the Society design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Society should consider having an outside third-party, or board member with financial experience, perform a second review of the financial report prior to filing in the Hinkle System. Further, the Society should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements. Additionally, we recommend the Society incorporate the adjustments from this audit into its future unaudited financial statements submitted via the Hinkle System.

Officials’ Response: We did not receive a response from officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



DARKE COUNTY AGRICULTURAL SOCIETY

DARKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/16/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov