



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

HARDIN COUNTY AGRICULTURAL SOCIETY
HARDIN 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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Board of Directors
Hardin County Agricultural Society
PO Box 317
Kenton, OH 43326

We have reviewed the *Independent Auditor's Report* of the Hardin County Agricultural Society, Hardin 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. The Hardin County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 28, 2023

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

Hardin County Agricultural Society
Hardin County
P.O. Box 317
Kenton, Ohio 43326

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 Hardin County Agricultural Society, Hardin 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 9 to the financial statements, 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, Inc.
Piketon, Ohio
July 31, 2023

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

Operating Receipts	
Taxes	\$80
Admissions	275,576
Privilege Fees	106,244
Rentals	59,707
Sustaining and Entry Fees	27,323
Pari-mutuel Wagering Commission	296
Other Operating Receipts	20,047
<i>Total Operating Receipts</i>	489,273
Operating Disbursements	
Wages and Benefits	63,747
Utilities	57,601
Professional Services	120,099
Equipment and Grounds Maintenance	72,928
Property and Rent Services	90,283
Race Purse	94,199
Senior Fair	14,142
Junior Fair	52,917
Capital Outlay	41,120
Other Operating Disbursements	35,714
<i>Total Operating Disbursements</i>	642,750
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	(153,477)
Non-Operating Receipts (Disbursements)	
State Support	12,085
Local Support	13,200
Donations/Contributions	209,538
Investment Income	296
Sale of Assets	9,163
<i>Net Non-Operating Receipts (Disbursements)</i>	244,282
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	90,805
Cash Balance, Beginning of Year	631,011
<i>Cash Balance, End of Year</i>	\$721,816

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

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

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Hardin County (the Society), Hardin 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 a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week - long Hardin County Fair during the month of September. During the fair, harness races are held. Hardin County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hardin County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including crafts shows and auctions. The reporting entity does not include any other activities or entities of Hardin County, Ohio.

Notes 6 and 7, respectively, summarize 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.

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.

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. The Society maintains all money in deposit accounts.

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

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) (vi). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

Stake races are held 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 Ohio Cold Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 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.

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	\$594,508
Certificates of deposit	17,611
Other time deposits (savings and NOW accounts)	109,697
Total deposits	\$721,816

Deposits

At November 30, 2022, \$276,921 was insured by the Federal Deposit Insurance Corporation (FDIC).

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

Investments

The Federal Reserve holds the Society's U.S. Treasury Notes in book-entry form by, in the name of the Society's financial institution. The financial institution maintains records identifying the Society as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 \$800 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)	\$ 7,941
Less: Payoff to Bettors	(253)
Parimutuel Wagering Commission	422
Tote Service Set Up Fee	(1,000)
Tote Service Commission	169
State Tax	(196)
Society Portion	\$ (605)

NOTE 5 - RISK MANAGEMENT

The Society provides Workers' Compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2023.

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property

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

- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2021</u>	
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

The Hardin County Commissioners provide general insurance coverage for all the buildings on the Hardin County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$2,000,000. The Society’s treasurer is bonded with coverage of \$100,000.

NOTE 6 - JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, and High School Art organization representatives, is responsible for the Junior Fair Division activities of the Hardin County Fair. 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:

		<u>2022</u>
Beginning Cash Balance	\$	6,245
Receipts		7,628
Disbursements		<u>(8,262)</u>
Ending Cash Balance	\$	<u>5,611</u>

NOTE 7 - 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 the market or through the Hardin County Fair’s auction. A deduction of one dollar per head for Market Steers and Dairy Steers was made for the Federal Beef Checkoff Program, a deduction of .0040 of the sale value of market hogs was made for the Ohio Pork Producers promotions, a deduction of .007 per pound of market lambs was made for the American Lamb check-off program, a deduction of .005 per pound of market lambs was made for the Ohio Sheep & Wool Program and a deduction of two dollars per animal going through the sale was made to cover the cost of ear tags during 2022. 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 fiscal year ended November 30, 2022 follows:

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

	2022
Beginning Cash Balance	\$ 145,506
Receipts	501,427
Disbursements	(574,051)
Ending Cash Balance	\$ 72,882

NOTE 8 – CONSIGNMENT SALE

The Society sponsors an annual farm machinery consignment sale. The society collects the proceeds of the sale, withholds commission from the sale based on amounts approved by the Board of Directors and disburses an amount equal to the sale price less the Society's commission to seller. The activity of the consignment sale is accounted for in a separate account maintained by the Society specifically for that purpose. The Society earned \$17,000 during 2022 from the sale and that money was transferred to the General Saving's Account Capital Improvement Fund on 5/18/2022. The consignment Sale account activity for the year ended November 30, 2022, follows:

	2022
Beginning Cash Balance	\$ 5,170
Receipts	388,500
Disbursements	(388,393)
Ending Cash Balance	\$ 5,277

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. During 2022, the Society received COVID-19 funding. 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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Hardin County Agricultural Society
Hardin County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2021

Operating Receipts	
Taxes	\$662
Admissions	\$259,991
Privilege Fees	78,381
Rentals	48,828
Sustaining and Entry Fees	32,109
Pari-mutuel Wagering Commission	473
Other Operating Receipts	42,913
	42,913
<i>Total Operating Receipts</i>	<i>463,357</i>
	463,357
Operating Disbursements	
Wages and Benefits	69,980
Utilities	46,040
Professional Services	74,044
Equipment and Grounds Maintenance	67,918
Property and Rent Services	64,882
Race Purse	98,164
Senior Fair	4,336
Junior Fair	33,682
Capital Outlay	10,268
Other Operating Disbursements	74,862
	74,862
<i>Total Operating Disbursements</i>	<i>544,176</i>
	544,176
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<i>(80,819)</i>
	(80,819)
Non-Operating Receipts (Disbursements)	
State Support	59,664
Local Support	13,300
Donations/Contributions	197,694
Investment Income	350
Sale of Assets	34
	34
<i>Net Non-Operating Receipts (Disbursements)</i>	<i>271,042</i>
	271,042
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	<i>190,223</i>
	190,223
Cash Balance, Beginning of Year	440,788
	440,788
<i>Cash Balance, End of Year</i>	<i>\$631,011</i>
	\$631,011

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

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

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Hardin County (the Society), Hardin 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 a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate 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 Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hardin County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and other year-round activities at the fairgrounds including facility rental, track and stall rental, and community events including crafts shows and auctions. The reporting entity does not include any other activities or entities of Hardin County, Ohio.

Notes 6 and 7, respectively, summarize 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.

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.

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. The Society maintains all money in deposit accounts.

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

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) (vi). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

Stake races are held 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 Ohio Cold Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 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.

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	\$452,714
Certificates of deposit	17,611
Other time deposits (savings and NOW accounts)	160,686
Total deposits	\$631,011

Deposits

At November 30, 2021, \$275,560 was insured by the Federal Deposit Insurance Corporation (FDIC).

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

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 \$890 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)	\$ 8,987
Less: Payoff to Bettors	(7,804)
Parimutuel Wagering Commission	1,183
Tote Service Set Up Fee	(400)
Tote Service Commission	473
State Tax	(283)
Society Portion	\$ 973

NOTE 5 - RISK MANAGEMENT

The Society provides Workers' Compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2022.

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2021</u>	
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

The Hardin County Commissioners provide general insurance coverage for all the buildings on the Hardin County Fairgrounds pursuant to Ohio Revised Code Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$2,000,000. The Society's treasurer is bonded with coverage of \$100,000.

NOTE 6 - JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, FCCLA, and High School Art organization representatives, is responsible for the Junior Fair Division activities of the Hardin County Fair. 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:

	<u>2021</u>
Beginning Cash Balance	\$ 2,918
Receipts	8,847
Disbursements	<u>(5,520)</u>
Ending Cash Balance	<u>\$ 6,245</u>

NOTE 7 - 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 the market or through the Hardin County's auction. A deduction of one dollar per head for Market Steers and Dairy Steers was made for the Federal Beef Checkoff Program, a deduction of .0040 of the sale value of market hogs was made for the Ohio Pork Producers promotions, a deduction of .007 per pound of market lambs was made for the American Lamb check-off program, a deduction of .005 per pound of market lambs was made for the Ohio Sheep & Wool Program and a deduction of two dollars per animal going through the sale was made to cover the cost of ear tags during 2021. 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 fiscal year ended November 30, 2021 follows:

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

	2021
Beginning Cash Balance	\$ 63,996
Receipts	461,369
Disbursements	(379,859)
Ending Cash Balance	\$ 145,506

NOTE 8 – CONSIGNMENT SALE

The Society sponsors an annual farm machinery consignment sale. The society collects the proceeds of the sale, withholds commission from the sale based on amounts approved by the Board of Directors and disburses an amount equal to the sale price less the Society's commission to seller. The activity of the consignment sale is accounted for in a separate account maintained by the Society specifically for that purpose. The Society earned \$25,000 during 2021 from the sale and that money was transferred to the General Saving's Account Capital Improvement Fund on 7/9/2021. The consignment Sale account activity for the year ended November 30, 2021, follows:

	2021
Beginning Cash Balance	\$ 9,571
Receipts	445,146
Disbursements	(449,547)
Ending Cash Balance	\$ 5,170

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. During 2021, the Society received COVID-19 funding. 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**

Hardin County Agricultural Society
Hardin County
P.O. Box 317
Kenton, Ohio 43326

To the Board of Directors:

We have audited, in accordance the 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 Hardin County Agricultural Society, Hardin 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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

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

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

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



HARDIN COUNTY AGRICULTURAL SOCIETY

HARDIN 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 10/10/2023

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