



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

HARTFORD INDEPENDENT AGRICULTURAL SOCIETY
LICKING 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
Hartford Independent Agricultural Society
14028 Fairground Road
P O Box 317
Croton, Ohio 43013

We have reviewed the *Independent Auditor's Report* of Hartford Independent Agricultural Society, Licking 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. Hartford Independent 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

May 25, 2023

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

Hartford Independent Agricultural Society
Licking County
14028 Fairground Road
P.O. Box 317
Croton, Ohio 43013

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 Hartford Independent Agricultural Society, Licking 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 thereof for the year 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 11 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 May 1, 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
May 1, 2023

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

Operating Receipts	
Taxes	\$360
Admissions	\$487,449
Privilege Fees	215,478
Rentals	366,189
Sustaining and Entry Fees	25,740
Pari-mutuel Wagering Commission	391
Other Operating Receipts	<u>110,219</u>
<i>Total Operating Receipts</i>	<u>1,205,826</u>
Operating Disbursements	
Wages and Benefits	144,551
Utilities	96,820
Professional Services	144,612
Equipment and Grounds Maintenance	55,868
Property and Rent Services	209,461
Race Purse	96,740
Senior Fair	12,737
Junior Fair	96,343
Capital Outlay	96,894
Other Operating Disbursements	<u>141,791</u>
<i>Total Operating Disbursements</i>	<u>1,095,817</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>110,009</u>
Non-Operating Receipts (Disbursements)	
State Support	12,182
Local Support	56,704
Donations/Contributions	366,471
Investment Income	1,600
Debt Service	<u>(66,796)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>370,161</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	480,170
Cash Balance, Beginning of Year	<u>1,048,276</u>
<i>Cash Balance, End of Year</i>	<u><u>\$1,528,446</u></u>

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

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

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Hartford Independent (the Society), Licking 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 1858 to operate an annual agricultural fair. The Society sponsors the week - long Hartford Independent Fair during August. During the fair, harness races are held, culminating in the running of the Ohio Harness Horseman's Association. Licking County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Licking County, Knox County (Hilliar, Centerburg, Milford & Miller Townships), Delaware County (Berkshire, Harlem, Porter & Trenton Township) 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. This reporting entity does not include any other activities or entities of Licking County, Ohio.

Notes 9 & 10, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's financial activity is reported in the Society's financial statement. The Junior Livestock Sale Committee's financial activity is not 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.

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 did not have any investments for the fiscal year ended November 30, 2022.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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

Hartford Independent Fair stake races are held during the Hartford Independent Fair. The Society pays all Sustaining and Entry Fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees - Horse owners and the Ohio Fair Racing Conference pay fees to the Society to qualify horses for entry into stake races. They must make payments 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	\$1,037,938
Certificates of deposit	493,694
Total deposits	\$1,531,632

Deposits are insured by the Federal Deposit Insurance Corporation.

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

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 \$7,883 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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)	\$ 12,977
Less: Payoff to Bettors	(10,383)
Parimutuel Wagering Commission	2,594
Tote Service Set Up Fee	(700)
Tote Service Commission	(1,172)
State Tax	(330)
Society Portion	\$ 392

NOTE 5 - RISK MANAGEMENT

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Risk Pool Membership

The (local entity) 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 (local entity'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

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

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

	<u>2021(latest available information)</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

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 - DEBT

The Society had no debt outstanding at November 30, 2022. The previous mortgage with First Federal Savings and Loan was paid in full on June 22, 2022, it carried an outstanding balance of \$60,000

NOTE 8 - RELATED PARTY TRANSACTIONS

Darl Evans, Director, is a Sheriff for Licking County. The Society paid a Cruiser/Admin fee to the Licking County Sheriff's Special Event Fund in the amount of \$630 for the 7-day Fair.

Richard Fisher, Director, is associated with D&D Agri Hauling Inc. The Society hired D&D Agri Hauling Inc. to haul gravel, limestone, and other stones for the fair in the amount of \$6,857.

Bill Jacks, Director, is the owner of BJ's Electrical Service. The Society hired him to perform electrical services for an amount of \$12,284.

Dan Small, Director, who is associated with Utica Feed & Hardware, was hired by the Society to perform ground maintenance for an amount of \$625.

Ed Hoskinson, Director, is associated with Hoskinson Co. Inc. The Society hired Hoskinson Co. Inc to haul gravel, limestone and other stones for the fair in the amount of \$656. The Society also purchased a used John Deere Gator from Director Hoskinson for \$5,000.00.

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

NOTE 9 - 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 Hartford Independent Fair. The Junior Fair board activity is accounted for within the account records of the Society and are reflected in the accompanying financial statement. The Society subsidizes the Junior Fair Division to the extent necessary each year.

NOTE 10 - 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 Hartford Independent Junior Livestock auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2022 follows:

	<u>2022</u>
Beginning Cash Balance	\$ 35,974
Receipts	1,490,691
Disbursements	<u>(1,477,055)</u>
Ending Cash Balance	<u>\$ 49,610</u>

NOTE 11 – 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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Hartford Independent Agricultural Society
Licking County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Year Ended November 30, 2021

Operating Receipts	
Taxes	\$261
Admissions	\$399,595
Privilege Fees	156,928
Rentals	256,471
Sustaining and Entry Fees	23,545
Pari-mutuel Wagering Commission	169
Other Operating Receipts	<u>53,004</u>
<i>Total Operating Receipts</i>	<u>889,973</u>
Operating Disbursements	
Wages and Benefits	141,133
Utilities	100,494
Professional Services	125,403
Equipment and Grounds Maintenance	41,376
Property and Rent Services	189,418
Race Purse	90,200
Senior Fair	16,138
Junior Fair	67,707
Capital Outlay	119,576
Other Operating Disbursements	<u>85,100</u>
<i>Total Operating Disbursements</i>	<u>976,545</u>
<i>Excess (Deficiency) of Operating Receipts</i>	
<i>Over (Under) Operating Disbursements</i>	<u>(86,572)</u>
Non-Operating Receipts (Disbursements)	
State Support	9,715
Local Support	48,027
Donations/Contributions	343,094
Investment Income	3,488
Debt Service	<u>(5,176)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>399,148</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	312,576
Cash Balance, Beginning of Year	<u>735,700</u>
<i>Cash Balance, End of Year</i>	<u><u>\$1,048,276</u></u>

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

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

NOTE 1 - REPORTING ENTITY

The Agricultural Society of Hartford Independent (the Society), Licking 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 1858 to operate an annual agricultural fair. The Society sponsors the week - long Hartford Independent Fair during August. During the fair, harness races are held, culminating in the running of the Ohio Harness Horseman's Association. Licking County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 27 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Licking County, Knox County (Hilliard, Centerburg, Milford & Miller Townships), Delaware County (Berkshire, Harlem, Porter & Trenton Township) 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. This reporting entity does not include any other activities or entities of Licking County, Ohio.

Notes 9 & 10, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's financial activity is reported in the Society's financial statement. The Junior Livestock Sale Committee's financial activity is not 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.

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 did not have any investments for the fiscal year ended November 30, 2021.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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

Hartford Independent Fair stake races are held during the Hartford Independent Fair. The Society pays all Sustaining and Entry Fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees - Horse owners and the Ohio Fair Racing Conference pay fees to the Society to qualify horses for entry into stake races. They must make payments 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	\$619,941
Certificates of deposit	429,635
Total deposits	\$1,049,576

Deposits are insured by the Federal Deposit Insurance Corporation.

Hartford Independent Agricultural Society
Licking 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 \$9,715 as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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)	\$ 7,317
Less: Payoff to Bettors	(5,861)
Parimutuel Wagering Commission	1,456
Tote Service Set Up Fee	(600)
Tote Service Commission	(506)
State Tax	(181)
Society Portion	\$ 169

NOTE 5 - RISK MANAGEMENT

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Risk Pool Membership

The (local entity) 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 (local entity'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

Hartford Independent Agricultural Society
Licking 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

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: \$60,000 Mortgage First Federal Savings and Loan.

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable for Hondros Beef Barn	\$60,000	1.00%
Total	\$60,000	

The \$60,000 Hondros Beef Barn Note bears an interest rate of 1 % percent over average Certificate of Deposit current rates, payable to First Federal that varies with the Society's Certificate of Deposit Rates. The note was entered into on August 2, 2017, and matures at an undetermined time, as long as the Society has Certificate of Deposits at First Federal Savings & Loan. Proceeds of the note were used to build a barn and are collateralized by the Society's Certificate of Deposits. Since the note matures at an undetermined time, there is no future amortization schedule.

NOTE 8 - RELATED PARTY TRANSACTIONS

Darl Evans, Director, is a Sheriff for Licking County. The Society paid a Cruiser/Admin fee to the Licking County Sheriff's Special Event Fund in the amount of \$630 for the 7-day 2021 Fair.

Richard Fisher, Director, is associated with D&D Agri Hauling Inc. The Society hired D&D Agri Hauling Inc. to haul gravel, limestone, and other stones for the fair in the amount of \$9,832.

Bill Jacks, Director, is the owner of BJ's Electrical Service. The Society hired him to perform upgrades to the Hay Barn for an amount of \$14,946.

Dan Small, Director, who is associated with Utica Feed & Hardware, was hired by the Society to perform ground maintenance for an amount of \$122.

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

NOTE 9 - 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 Hartford Independent Fair. The Junior Fair board activity is accounted for within the account records of the Society and are reflected in the accompanying financial statement. The Society subsidizes the Junior Fair Division to the extent necessary each year.

NOTE 10 - 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 Hartford Independent Junior Livestock auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the fiscal year ended November 30, 2021 follows:

	2021
Beginning Cash Balance	\$ 29,319
Receipts	1,393,499
Disbursements	(1,386,844)
Ending Cash Balance	\$ 35,974

NOTE 11 – 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**

Hartford Independent Agricultural Society
Licking County
14028 Fairground Road
P.O. Box 317
Croton, Ohio 43013

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 Hartford Independent Agricultural Society, Licking County, (the Society) and have issued our report thereon dated May 1, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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
May 1, 2023

**Hartford Independent Agricultural Society
Licking County
Schedule of Prior Audit Findings
November 30, 2022 and 2021**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2020-001	Admission Receipts – Material Weakness	Yes	
2020-002	Financial Statement Presentation – Material Weakness	Yes	
2020-003	Control Design and Segregation of Duties – Material Weakness/Noncompliance	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



HARTFORD INDEPENDENT AGRICULTURAL SOCIETY

LICKING 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 6/6/2023

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