

OHIO EXPOSITIONS COMMISSION  
(A Component Unit of the State of Ohio)

Basic Financial Statements  
For the years ended June 30, 2008 and 2007  
and Independent Auditors' Report Thereon





# Mary Taylor, CPA

Auditor of State

Ohio Expositions Commission  
717 E. 17th Avenue  
Columbus, Ohio 43211

We have reviewed the *Independent Auditors' Report* of the Ohio Expositions Commission, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period July 1, 2007 through June 30, 2008. 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 Ohio Expositions Commission is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 2, 2009

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INDEPENDENT AUDITORS' REPORT

Ohio Expositions Commission and  
Mary Taylor, CPA, Auditor of State  
Columbus, Ohio

We have audited the accompanying basic financial statements of the Ohio Expositions Commission (the Commission), a component unit of the State of Ohio, as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued our report dated January 26, 2009 on our consideration of the Commission'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on Pages 2 through 6 is not a required part of the basic financial statement but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Schneider Downs, Co. Inc.*

Columbus, Ohio  
January 26, 2009

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OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

The discussions and analysis of the Ohio Expositions Commission (the Commission) financial performance provides an overall review of the financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the independent auditors' report, notes to the basic financial statements, and the basic financial statements to enhance their understanding of the Commission's financial performance.

Using this Financial Report

This annual report consists of three parts, Management's Discussion and Analysis (MD&A), the basic financial statements and notes to the basic financial statements. The basic financial statements include statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows. Since the Commission only uses one fund for its operations, the entity-wide and the fund presentations information is the same.

Financial Highlights

Key financial highlights for 2008 are as follows:

- Total net assets increased \$54,094 which represents less than a one percent increase from 2007.
- Total assets decreased \$192,230 which represents less than a one percent decrease from 2007. This was due mainly to a decrease in current assets of \$527,118, partially offset by a net increase in capital assets of \$334,888. The majority of the decrease in current assets was due to the Commission receiving certain payments for the harness race after June 30, 2008 when in the prior year all payments were received prior to year end, which led to a decrease in restricted cash of \$191,016. In addition, cash and cash equivalents decreased \$217,770, which was mainly due to operating losses. The net increase in capital assets was mainly attributable to pavilions totaling \$940,597 donated to the Commission from the Quarter Horse Congress and other fixed asset additions of \$2,062,751 primarily consisting of the Bricker roof renovation and additional electrical and lighting, which was partially offset by \$2,730,659 of depreciation expense and disposal of fixed assets with a carrying value of \$272,689.
- Overall liabilities decreased \$246,324, with the largest part of this decrease caused by a \$164,019 decrease in worker's compensation liability. The liabilities for wages payable increased by \$91,027, this was offset by a decrease in compensated absences of \$93,671. There was also a decrease of \$191,016 in the liability due to others which was partially offset by an increase in accounts payable of \$79,057.
- Ohio State Fair revenues increased by \$408,348 in fiscal year 2008 (2007 Ohio State Fair) mainly due to entertainment revenue being up from the 2006 fair (fiscal year 2007), as well as an increase in sponsorship revenues.
- Operating expenses increased \$915,787 during the year mainly due to increases in purchased services, utilities, depreciation, and maintenance and repairs. This increase was partially offset by a decrease in the workers' compensation accrual which affected payroll expense.
- State capital contributions decreased \$2,710,691. The large decrease is due to a decrease in capital additions from the prior year, in which a building with a value of \$2,862,972 was transferred to the

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FOR THE YEAR ENDED JUNE 30, 2008

Commission. In the current year the Ohio Quarter Horse Congress donated two riding pavilions to the commission totaling \$940,597.

Statement of Net Assets

This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Commission's net assets at June 30, 2008 and 2007:

Table 1  
Net Assets

	<u>2008</u>	<u>2007</u>
Assets:		
Current assets	\$ 1,539,791	\$ 2,066,909
Capital assets, net	<u>47,446,887</u>	<u>47,111,999</u>
Total Assets	\$ <u>48,986,678</u>	\$ <u>49,178,908</u>
Liabilities:		
Current liabilities	\$ 3,333,027	\$ 3,315,003
Non-current liabilities	<u>1,816,034</u>	<u>2,080,382</u>
Total Liabilities	\$ <u>5,149,061</u>	\$ <u>5,395,385</u>
Net Assets:		
Invested in capital assets	\$ 47,446,887	\$ 47,111,999
Unrestricted net assets	<u>(3,609,270)</u>	<u>(3,328,476)</u>
Total Net Assets	\$ <u>43,837,617</u>	\$ <u>43,783,523</u>

- Current assets decreased 26% due to a decrease in receivables, harness racing fees, and an increase in operating expenses. Non-current assets increased less than one percent due to an increase in capital assets. The net increase in capital assets was mainly attributable to pavilions totaling \$940,597 donated to the Commission from the Ohio Quarter Horse Congress and other fixed asset additions of \$2,062,751 primarily consisting of the Bricker roof renovation and additional electrical and lighting, which was partially offset by \$2,730,659 of depreciation expense and disposal of fixed assets with a remaining carrying value of \$272,689.

Overall liabilities decreased \$246,324, with the largest part of this decrease caused by a \$164,019 decrease in worker's compensation liability. The liabilities for wages payable increased by \$91,027 due to a slight increase in employees, this was offset by a decrease in compensated absences of \$116,726 due to an increase in accrued



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

hours used by employees. There was also a decrease of \$191,016 in the liability due to others which was partially offset by an increase in accounts payable of \$79,057 which is related to an increase in utilities expense. The amount due to others represents monies held for Scioto Downs for harness racing. This event had fewer entries than in the prior year.

The overall effect of the above changes in assets and liabilities resulted in a \$54,094 increase in the Commission's net assets

Table 2 shows a summary of the Statements of Revenues, Expenses and Changes in Net Assets for the years ended 2008 and 2007.

Table 2  
Revenues, Expenses and Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Fair sources	\$ 6,983,775	\$ 6,575,427
Non-fair sources	<u>5,105,423</u>	<u>5,256,562</u>
Total	12,089,198	11,831,989
Operating Expenses:		
Payroll and fringe benefits	5,533,218	5,566,950
Purchased services	2,669,908	2,351,703
Depreciation	2,730,659	2,564,402
Other operating expenses	2,111,158	2,149,507
Utilities	1,855,201	1,620,015
Maintenance and repair	<u>1,057,355</u>	<u>789,135</u>
Total Operating Expenses	<u>15,957,499</u>	<u>15,041,712</u>
Operating Loss	(3,868,301)	(3,209,723)
Non-operating revenues - State assistance	413,619	396,330
Loss on disposal of fixed assets	(272,689)	(642)
Other Sources - State capital contributions	<u>3,781,465</u>	<u>5,551,559</u>
Change in Net Assets	54,094	2,737,524
Net Assets - Beginning of Fiscal Year	<u>43,783,523</u>	<u>41,045,999</u>
Net Assets - End of Fiscal Year	\$ <u><u>43,837,617</u></u>	\$ <u><u>43,783,523</u></u>

Total operating revenues increased \$257,209 from 2007 to 2008, due to an increase in fair revenues of \$408,348 which was partially offset by a decrease in non-fair revenues of \$151,139. The increase in fair revenues was mainly due to an increase in entertainment and sponsorship revenue for the 2007 Ohio State Fair. The decrease in non-fair revenues was attributable to a decrease in non-fair events 2008 versus 2007.

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FOR THE YEAR ENDED JUNE 30, 2008

Operating expenses increased \$915,787 during the year due to five main functions. The increase in purchased services of \$318,175 was due to paying more for featured entertainment at the 2007 Ohio State Fair. The increase in utilities of \$235,186 is due to an increase in both gas and electricity rates from 2007. The increases in supplies and materials (included in other operating expenses) and maintenance and repairs of \$40,429 and \$268,220, respectively as a result of the aging grounds and need for emergency maintenance on capital assets. The increase in depreciation of \$166,257 is due to the Martin Janis Center transferred to the Commission in the prior year as well as prior year projects in progress placed in service during 2008. These increases were partially offset by a decrease in payroll expense of \$164,019 relating to a decrease in the workers' compensation accrual.

The operating loss for the year increased mainly due to the above mentioned items resulting in an increase in operating loss of \$658,578.

State capital contributions decreased from \$5,551,559 to \$2,840,868 during the year, which is mainly due to a building transferred to the Commission for \$2,862,972 in 2007. The prior year transfer of the building is offset by the completion of capital projects, which are paid out of the Capital Fund 026. The Commission makes a request for these capital expenditures every two years through the capital budgeting process of the State of Ohio. The projects are then prioritized, bid out, and completed according to the State guidelines as provided by the Department of Administrative Services and the Office of Budget and Management.

During 2008, the Commission also received other capital contributions from the Ohio Quarter Horse Congress of \$940,597 relating to two riding pavilions for the annual event. No such contributions were received in the prior year.

Management Operational Analysis

At June 30, 2008 the Ohio Expositions Commission had total assets of \$48,986,678 and total net assets of \$43,837,617. The largest portion of the Commission's assets is comprised of the capital assets that make up this large, multi-event facility. The mission of the agency is "to professionally operate and maintain for public benefit a year-round, service-oriented event facility and produce the annual Ohio State Fair."

The Ohio Expositions Commission has taken concerted steps to maintain financial stability on a long-term basis. The Commission's strategy is to continue to analyze pricing strategies, improve market penetration and improve the quality of management and administration, as well as the physical facilities. This effort is intended to increase both participants and guests at the Ohio State Fair as well as non-fair clients and their visitors.

The annual Ohio State Fair must meet all developmental, social, and political expectations while being supported by a reasonable pricing system. The primary fiscal and programmatic challenge of the Ohio State Fair lies in achieving public expectations, such as providing extensive support to the Junior Fair, while not negatively impacting the annual operating budget of the Ohio Expositions Commission.

Many fair visitors believe that prices for entry, admission and midway rides should be nominal. Accordingly, the Commission, in conjunction with the Governor's Office and the Ohio General Assembly, makes a concerted effort to keep fair prices affordable. In fact, the Ohio State Fair is currently not designed to break even in and of itself. Ohio State Fair revenue is dependent upon paid attendance, which is related to admission and midway prices, and fair revenue is also dependent upon the weather. The Ohio Expositions Commission relies on a strong

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

non-fair operation to financially buffer these Ohio State Fair revenue factors and support the total annual operation of the Commission.

The Commission continues to face marketplace challenges for the entertainment dollar. The number of entertainment options available to consumers continues to grow, increasing competition for the consumer's disposable income and available time. The Commission also continues to face challenges in the area of securing entertainment for the Ohio State Fair. With increased local competition for big-name entertainment, from other government supported agencies (Columbus Zoo and Schottenstein Center) and private venues (Nationwide Arena and Lifestyles Community Pavilion), it is increasingly difficult to fill the Celeste Center with entertainment for a 12-day fair.

The Commission continues to face increasing challenges on non-fair events as well. The event facility business has become extremely competitive, especially in the Columbus area. In just the past seven years, Columbus has constructed a modern convention center and there are two ultra-modern arenas competing for events presently held at the Ohio Expo Center, as well as any new events. Because the Commission is financially dependent on these non-fair events, we must address the facility's image if we are to remain competitive in this marketplace. Our facility is old and in need of repair, so it is imperative that we also act to improve the appearance of the Ohio Expo Center and the impression it makes on our guests and potential contractors. The facelift to improve and modernize all of our facilities continued with the capital improvements project to replace the roof on the Bricker multi-purpose building as well as the electrical upgrade project completed during the fiscal year. The Commission had received funding for a new multi-purpose building in the 2007-2008 Capital Biennial Budget, this funding has been re-appropriated to Building Renovations and Improvements. This re-appropriation will enable the Commission to address various building updates.

Contacting the Ohio Expositions Commission

The financial report is designed to provide the citizens, taxpayers, and customers of the Ohio Expositions Commission with a general overview of the Commission's finances and to show the Commission's accountability for the monies it receives. If you have any questions about this report or need additional information, contact Doug Smalley, the Commission's Finance Director, 717 E. 17<sup>th</sup> Avenue, Columbus, Ohio 43211, (614) 644-4025 or email to [d.smalley@expo.state.oh.us](mailto:d.smalley@expo.state.oh.us).

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

STATEMENTS OF NET ASSETS  
JUNE 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 654,826	\$ 872,596
Restricted cash and cash equivalents (Note 3)	221,250	412,266
Accounts receivable	120,567	230,989
Intergovernmental receivable	171,408	218,162
Prepaid fair expenses	268,032	229,188
Other prepaid expenses	103,708	103,708
Total current assets	1,539,791	2,066,909
Non-current assets:		
Capital assets, net of accumulated depreciation (Note 4)	47,446,887	47,111,999
Total non-current assets	47,446,887	47,111,999
Total assets	48,986,678	49,178,908
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	516,521	437,464
Accrued liabilities	422,736	342,648
Deferred income	2,013,532	1,970,295
Due to others (Note 3)	221,250	412,266
Workers' compensation liability	158,988	152,330
Total current liabilities	3,333,027	3,315,003
Non-current liabilities:		
Compensated absences (Note 7)	535,307	628,978
Workers' compensation liability	1,280,727	1,451,404
Total non-current liabilities	1,816,034	2,080,382
Total liabilities	5,149,061	5,395,385
<b>NET ASSETS</b>		
Invested in capital assets	47,446,887	47,111,999
Unrestricted	(3,609,270)	(3,328,476)
Total net assets	\$ 43,837,617	\$ 43,783,523

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION  
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Fair sources	\$ 6,983,775	\$ 6,575,427
Non-fair sources	5,105,423	5,256,562
Total	<u>12,089,198</u>	<u>11,831,989</u>
Operating expenses:		
Payroll and fringe benefits	5,533,218	5,566,950
Depreciation	2,730,659	2,564,402
Purchased services	2,669,908	2,351,703
Utilities	1,855,201	1,620,015
Maintenance and repair	1,057,355	789,135
Premiums	701,629	735,273
Printing and advertising	491,863	461,494
Supplies and materials	350,485	310,056
Meals	211,668	235,650
Rentals	139,074	157,101
Motor vehicle	120,206	111,465
Communication and postage	35,995	107,488
Refunds	28,822	1,812
Contracted commissions	20,058	9,233
Travel	11,358	19,935
Total operating expenses	<u>15,957,499</u>	<u>15,041,712</u>
Operating loss	<u>(3,868,301)</u>	<u>(3,209,723)</u>
Nonoperating revenues - state assistance	413,619	396,330
Loss on disposal of capital assets	(272,689)	(642)
Loss before capital contributions	<u>(3,727,371)</u>	<u>(2,814,035)</u>
State capital contributions	2,840,868	5,551,559
Ohio Quarter Horse Congress capital contributions	940,597	-
Change in net assets	54,094	2,737,524
Net assets - beginning of fiscal year	43,783,523	41,045,999
Net assets - end of fiscal year	<u>\$ 43,837,617</u>	<u>\$ 43,783,523</u>

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION  
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STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from fair sources	\$ 6,758,807	\$ 6,539,184
Cash received from non-fair sources	5,315,571	5,119,975
Cash received from other sources	168,478	242,874
Cash received for harness racing funds	221,250	412,266
Cash payments for harness racing funds	(412,266)	(408,922)
Cash payments for payroll and personal services	(8,290,247)	(7,875,749)
Cash payments for utilities and maintenance	(2,333,685)	(2,290,634)
Cash payments for other services and charges	<u>(2,250,313)</u>	<u>(2,311,905)</u>
Net cash used in operating activities	<u>(822,405)</u>	<u>(572,911)</u>
Cash flows from noncapital financing activities:		
State operating assistance received	413,619	396,330
Net cash provided by noncapital financing activities	<u>413,619</u>	<u>396,330</u>
Cash flows from capital and related financing activities:		
State capital assistance received	3,781,465	2,688,587
Acquisition and construction of equipment	(3,781,465)	(2,561,863)
Payments on capital leases	-	(96,626)
Net cash provided by capital and related financing activities	<u>-</u>	<u>30,098</u>
Net decrease in cash and cash equivalents	(408,786)	(146,483)
Cash and cash equivalents, beginning of year	<u>1,284,862</u>	<u>1,431,345</u>
Cash and cash equivalents, end of year	<u>876,076</u>	<u>1,284,862</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	(3,868,301)	(3,209,723)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	2,730,659	2,564,402
Operating expense capital funds	443,229	-
(Increase)/decrease in assets:		
Accounts receivable	157,176	(117,183)
Prepaid fair expenses	(38,844)	(20,599)
Other prepaid expenses	-	(27,419)
Increase/(decrease) in liabilities:		
Accounts payable	79,057	(57,991)
Accrued liabilities	(13,583)	51,566
Deferred income	43,237	161,694
Due to others	(191,016)	3,344
Workers' compensation liability	<u>(164,019)</u>	<u>78,998</u>
Total adjustments	<u>3,045,896</u>	<u>2,636,812</u>
Net cash used in operating activities	<u>\$ (822,405)</u>	<u>\$ (572,911)</u>

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES

During 2008, Ohio Exposition Commission received pavilions donated to them from the Ohio Quarter Horse Congress at a cost of \$940,597.

During 2007, Ohio Exposition Commission received a building transferred to them from the Ohio Department of Aging at a cost of \$2,862,972

During 2007, capital asset additions of \$218,162 were financed with accounts payable.

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - ORGANIZATION AND REPORTING ENTITY

Organization - The Ohio Expositions Commission (the Commission), a component unit of the State of Ohio, is a state-governed body of the State of Ohio (the State). The Commission was created in 1961, pursuant to Sections 991.01 to 991.07 of the Ohio Revised Code (the Code) for the purpose of producing an annual agricultural exposition or fair and to maintain and manage the state-owned Exposition Center facilities for the purpose of conducting expositions, fairs and exhibits.

The Commission is governed by a 13-member Board of Commissioners. Nine of the members are appointed by the Governor of Ohio with the advice and consent of the Ohio Senate. The Director of Development, Director of Agriculture, and the chairs of the Ohio House and Senate Agriculture Committees fill the remaining positions on the Commission.

The Commission is not subject to federal or state income taxes under Section 501(c) (3) of the Internal Revenue Code and, accordingly, no provision for income taxes is required.

Reporting Entity - The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. This statement requires that financial statements of the reporting entity include all of the organizations, activities, functions and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the reporting entity. The Commission does not have financial accountability over any entities.

The financial statements of the Commission are included within the State's "Reporting Entity," as the State can impose its will on the Commission, and there is a financial benefit or financial burden relationship between the State and the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Non-exchange transactions, in which the Commission receives value without directly giving equal value in return, include State appropriations. On an accrual basis, State appropriations are recognized in the period in which all eligibility requirements are met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Commission follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The Treasurer of the State of Ohio (Treasurer) acts as the custodian of the funds for the State. Cash and cash equivalents of the Commission are pooled and invested by the Treasurer. Account integrity is maintained through a series of checks and balances with the Auditor, Treasurer and the Office of Budget and Management.

The cash and cash equivalents with the Treasurer have the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

Allowance for Doubtful Accounts - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. There was no allowance for doubtful accounts deemed necessary as of June 30, 2008 and 2007.

Capital and Building Improvement Assistance - The State provides financial assistance for the acquisition of property and equipment. This assistance is recorded as capital contributions as the Commission incurs the cost of the project.

Assistance for the acquisition of property and equipment is credited to capital contributions as the related qualified expenditures are incurred. Depreciation on fixed assets resulting from capital assistance is allocated to net assets using the straight-line method over the same lives as described for the related property and equipment as noted below.

Capital Assets - Capital assets include property and equipment, which are stated at historical cost or estimated historical cost and include expenditures of \$500 or more, which substantially increase the useful lives of existing assets. Routine maintenance and repairs are expensed as incurred.

Property and equipment consisting of certain improvements owned by the Ohio Department of Transportation (ODOT) other than buildings (including roads, curbs and gutters, and sidewalks) have not been capitalized by the Commission and are not recorded as assets on the Commission's books.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Description</u>	<u>Years</u>
Buildings and improvements	20 - 45
Land improvements	20
Equipment and vehicles	3 - 10
Furniture and fixtures	5 - 15

Assets acquired with capital grants are included in capital assets, and depreciation on those assets is included in the statement of revenues, expenses and changes in net assets.



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(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Fair Expenses - The Ohio State Fair's (Fair) prepaid expenses are recorded for cash disbursed prior to services being performed. These items include cash disbursed for the Fair in the fiscal year prior to the Fair taking place.

Deferred Income - Deferred income is recorded for cash received prior to services being performed. These items include deposits on rental contracts and cash received for the Fair in the fiscal year prior to the Fair taking place.

Compensated Absences - The Commission accounts for compensated absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. Vacation, compensatory time and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered, and it is probable that the Commission will compensate the employees for the benefits through paid time off or some other means, such as a termination or retirement payment.

Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met a minimum service time requirement is accrued to the extent it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave benefits are accrued as a liability using the vesting method. The liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the statement of net assets date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such cash payments. Included in the compensated absences liability is an amount accrued for salary-related payments directly and incrementally associated with the payment of compensated absences upon termination.

Net Assets are displayed in two components as follows:

- Invested in Capital Assets - This consists of capital assets, net of accumulated depreciation, that are attributable to the acquisition, construction or improvement of those assets.
- Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Classification of Revenues - The Commission has classified its revenues as either operating or non-operating. Operating revenues include activities that have the characteristics of exchange transactions, including fair revenues and nonfair revenues. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as State assistance.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Uncertainties of Financial Results - The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Commission's annual financial results are dependent upon the success of that year's Fair. The financial results of the Fair are uncertain and vary depending on uncertainties such as weather conditions. In addition, the Commission is dependent upon the State for funding significant capital acquisitions and for operating assistance.

NOTE 3 - CASH AND CASH EQUIVALENTS

The deposit of the Commission monies is governed by the provisions of the Code. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. All investing transactions are conducted by the Treasurer of State. The statutes permit the Treasurer of State to invest the Commission's monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAROhio), and obligations of the United States government or certain agencies thereof.

Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by specific government securities. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments maintained in the Commission's name. During 2008 and 2007, the Commission complied with the provisions of these statutes.

Deposits - The majority of the Commission's cash is in the State Rotary Fund, which is commingled state funds invested by the Treasurer of State. At June 30, 2008 and 2007, the carrying amount and bank balance of the Commission's deposits with the Treasurer of State was approximately \$651,000 and \$868,000, respectively. In addition, the Commission had approximately \$4,000 of cash on hand at June 30, 2008 and 2007.

Restricted Cash - At June 30, 2008, approximately \$221,000 was collected from harness racing participants registering for the 2008 Fair; and at June 30, 2007, approximately \$412,000 was collected from harness racing participants registering for the 2007 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event.

Credit Risk - All risk disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are expected to be found in the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>July 01, 2007</u>	<u>Additions and</u> <u>Transfers In</u>	<u>Deletions and</u> <u>Transfers Out</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets Not Being Depreciated:				
Land	\$ 2,930,999	-	-	\$ 2,930,999
Construction in progress	<u>2,031,374</u>	\$ <u>2,397,638</u>	\$ <u>4,429,012</u> *	<u>-</u>
 Total Capital Assets Not Being Depreciated	 <u>4,962,373</u>	 <u>2,397,638</u>	 <u>4,429,012</u>	 <u>2,930,999</u>
Capital Assets Being Depreciated:				
Land improvements	10,192,711	1,479,805	243,221	11,429,295
Buildings and improvements	65,986,918	3,366,432	-	69,353,350
Equipment, furniture and fixtures	2,460,325	250,684	8,466	2,702,543
Vehicles	<u>44,404</u>	<u>-</u>	<u>-</u>	<u>44,404</u>
 Total Capital Assets Being Depreciated	 <u>78,684,358</u>	 <u>5,096,921</u>	 <u>251,687</u>	 <u>83,529,592</u>
Less Accumulated Depreciation:				
Land improvements	2,465,581	523,063	243,221	2,745,423
Buildings and improvements	32,158,714	2,096,979	-	34,255,693
Equipment, furniture and fixtures	1,866,033	110,617	8,466	1,968,184
Vehicles	<u>44,404</u>	<u>-</u>	<u>-</u>	<u>44,404</u>
 Total Accumulated Depreciation	 <u>36,534,732</u>	 <u>2,730,659</u>	 <u>251,687</u>	 <u>39,013,704</u>
 Total Capital Assets Being Depreciated, Net	 <u>42,149,626</u>	 <u>2,366,262</u>	 <u>-</u>	 <u>44,515,888</u>
 Total Capital Assets, Net	 <u>\$ 47,111,999</u>	 <u>\$ 4,763,900</u>	 <u>\$ 4,429,012</u>	 <u>\$ 47,446,887</u>

\* Includes approximately \$273,000 of costs written off due to the abandonment of a building project.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended was as follows:

	Balance July 1, 2006	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2007
Capital Assets Not Being Depreciated:				
Land	\$ 2,930,999	-	-	\$ 2,930,999
Construction in progress	68,434	\$ 1,962,940	-	2,031,374
 Total Capital Assets Not Being Depreciated	 2,999,433	 1,962,940	 -	 4,962,373
Capital Assets Being Depreciated:				
Transfer of Martin Janis Center	-	2,862,972	-	2,862,972
Land improvements	9,600,016	515,771	-	10,115,787
Buildings and improvements	63,200,870	-	-	63,200,870
Equipment, furniture and fixtures	2,392,354	83,152	\$ 15,181	2,460,325
Vehicles	44,404	-	-	44,404
 Total Capital Assets Being Depreciated	 75,237,644	 3,461,895	 15,181	 78,684,358
Less Accumulated Depreciation:				
Land improvements	1,992,013	473,568	-	2,465,581
Buildings and improvements	30,278,285	1,880,429	-	32,158,714
Equipment, furniture and fixtures	1,670,503	210,069	14,539	1,866,033
Vehicles	44,068	336	-	44,404
 Total Accumulated Depreciation	 33,984,869	 2,564,402	 14,539	 36,534,732
 Total Capital Assets Being Depreciated, Net	 41,252,775	 897,493	 642	 42,149,626
 Total Capital Assets, Net	 \$ 44,252,208	 \$ 2,860,433	 \$ 642	 \$ 47,111,999

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 4 - CAPITAL ASSETS (Continued)

Construction in progress at June 30, 2007 consisted of the electric and lighting upgrade project, and the facility improvement plan. The construction was funded by the State of Ohio and recorded as capital contributions on the Commission's financial statements. These projects were completed during 2008. There were not any open projects at June 30, 2008. During 2008, construction in progress of approximately \$273,000 was written off due to the abandonment of a building project. Future funding relating to this project has been re-appropriated and will be used for capital improvements to existing facilities.

Included in Additions and Transfers In for Fiscal Year 2008 are two pavilions, Buckeye Riding Pavilion and Rhodes Riding Pavilion, which were donated to the Commission on October 21, 2007 from the Ohio Quarter Horse Congress. The donations were recorded at costs of \$700,711 and \$239,886, respectively, and are included as capital contributions on the Commission's financial statements. The pavilions are leased to the Ohio Quarter Horse Congress through a long-term lease agreement commencing in October 2007 and expiring in September 2015. The expiration of the lease coincides with the expiration of the Ohio Quarter Horse Congress event contract. The Ohio Quarter Horse Congress paid consideration of \$1 per lease at the commencement and is responsible for maintenance, taxes, utilities and various other operating expenses through the term of the lease.

Included in Additions and Transfers In for Fiscal Year 2007 is a building, the Martin Janis Center, that was transferred to the Commission on July 1, 2006 from the Ohio Department of Aging. The transfer was recorded at a cost of \$2,862,972 and was included as capital contributions on the Commission's financial statements. In connection with this transfer, a lease with the City of Columbus (the City) was assigned to the Commission. The lease commenced in December 1998 and expires in November 2013. The City paid consideration of \$1 at the commencement of the lease and is responsible for maintenance, taxes, utilities and various other operating expenses through the term of the lease.

NOTE 5 - LEASED PROPERTY

In May 1998, the Commission entered into an operating lease with the Crew Soccer Stadium Limited Liability Company (the Crew) for a period of 25 years. The Commission leased land, which has a cost and carrying value of approximately \$111,000, on which the Crew designed and constructed a stadium. The Commission is entitled to an annual rent payment of \$56,000 through the year ending March 31, 2009. Thereafter, rent shall be adjusted by the Consumer Price Index adjustment, effective on April 1, 2009 and every fifth anniversary thereafter during the lease term. The Commission will retain thirty percent of all parking revenue collected for the Crew-sponsored events at the stadium.

The Commission also has operating leases with McDonald's and the Days Inn. The McDonald's' lease commenced in May 1996 and is for a period of twenty years. The Commission is currently entitled to an annual rent payment of approximately \$33,000. This lease has scheduled increases relating to the Consumer Price Index every 5 years with the next increase scheduled for 2011. The Days Inn lease commenced in December 1986 and is for a period of thirty years. The Commission is entitled to 4.00% of the gross room rent, which amounted to \$40,000 and \$39,000 for the years ended June 30, 2008 and 2007, respectively.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Commission contributes to the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns authority to establish and amend benefit provisions to the OPERS Board of Trustees. OPERS issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215 or by calling 614-222-5601.

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 9.5%, 9.0% and 8.5% and the employer contribution rate for state employers is 13.77%, 13.70% and 13.31% of covered payroll, for the years ended June 30, 2008, 2007 and 2006, respectively. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Commission's contributions to OPERS for the years ended June 30, 2008, 2007 and 2006 were \$583,000, \$552,000, and \$544,000, respectively, equal to the required contributions for each year.

Other Post-Employment Benefits - OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The number of active contributing participants at December 31, 2007 was 374,979.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS.

The assumptions and calculations below were based on OPERS's latest Actuarial Review performed as of December 31, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets not to exceed a 12% corridor.

The investment assumption rate for 2006 was 6.50%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Healthcare costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years, (9 and beyond) healthcare costs were assumed to increase at 4% (the projected wage inflation rate).

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2006 is \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

The OPERS 2006 employer contribution rate to fund health care for the year was 6.00%. Health care costs were assumed to increase 4.00% annually.

The actuarially determined and statutorily required contribution requirements from the Commission to OPERS for postemployment benefits for the years ended June 30, 2008 and 2007 were \$212,000 and \$183,000 respectively. The amounts are included in the Commission contribution totals in note 6(b).

NOTE 7 - COMPENSATED ABSENCES

Commission employees can earn vacation, sick and personal leave (compensatory time) at various rates as specified by Ohio law. Employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first five years of employment, up to a maximum of 9.2 hours every two weeks after 25 years of employment. Employees may accrue a maximum of three years vacation leave credit. At termination or separation from service, vested employees are paid at their full rate of pay for 100% of unused vacation and personal leave. Non-overtime exempt employees may also be paid 100% of any unused compensatory time.

Sick leave for all employees is accumulated at a rate of 3.1 hours every two weeks. Sick leave benefits vest after five years of credited service for AFSCME (American Federation of State, County and Municipal Employees) and after one year of continuous service for other employees. Sick leave is paid at 100% of the employee's pay rate when used for the first 40 hours of the benefit year, at 70% of the employee's pay rate when used for 40.1 through 80 hours of the benefit year, and again at 100% of the employee's pay rate when used for any amount in excess of 80 hours of the benefit year. Annually, up to 80 hours of sick leave that was accrued in the current year and remains unused in December may be cashed out at varying rates.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 7 - COMPENSATED ABSENCES (Continued)

Changes in compensated absences for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Beginning balance	\$ 716,093	\$ 606,033
Additions	483,705	610,571
Deductions	<u>(600,431)</u>	<u>(500,511)</u>
Ending balance	<u>\$ 599,367</u>	<u>\$ 716,093</u>
Amount due within one year (included in accrued liabilities on the statement of net assets)	<u>\$ 64,060</u>	<u>\$ 87,115</u>

NOTE 8 - CONTINGENCIES

From time to time, the Commission has been named in various public liability and property damage claims and suits arising in the ordinary course of business. At June 30, 2008 there are no outstanding claims.

NOTE 9 - RELATED PARTY TRANSACTIONS

During fiscal years 2008 and 2007, the Commission had, and expects to have in the future, transactions with other state agencies. The Commission recognized approximately \$139,000 and \$133,000 in rental fee revenues from other agencies of the State during fiscal years 2008 and 2007, respectively. State agencies are charged essentially the same rental fees as those charged to third parties.

In addition, the Commission paid other State agencies for processing of payroll, general ledger, and fixed asset ledger. The Commission expensed approximately \$270,000 and \$199,000 during fiscal years 2008 and 2007, respectively, for these services at rates comparable to those charged to other agencies of the State for these services.

The Commission maintains special agreements with the following three separate agencies of the State in which these State agencies rent certain buildings and space on the Commission grounds in exchange for services provided:

The Ohio Department of Transportation provides maintenance and renovation work on the roadways, curbs and parking lots of the Commission grounds.

The State Highway Patrol operates a full-time post on the Commission's property and provides law enforcement on this property. In addition, the State Highway Patrol provides traffic control and law enforcement during the Fair. Both of these services are required by State law.



OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 9 - RELATED PARTY TRANSACTIONS (Continued)

The Ohio Department of Natural Resources (ODNR) leases and maintains a large and extensive exhibit at the Fair. In addition, ODNR maintains a Civilian Conservation Corps district office on the Commission's grounds.

The basic financial statements do not give effect to these activities in as much as there is no reliable basis for determining their financial impact.

NOTE 10 - STATE FAIR RESERVE

The Ohio Legislature passed a House Bill (Am. Sub. H.B. No. 283, Section 49) which established a State Fair Reserve of \$700,000. The reserve may be used if admission revenues for the Ohio State Fair are less than ninety percent of the projected admission revenues for the 2008 or 2007 Ohio State Fairs. The Commission must declare a state of fiscal exigency and request a release of funds by the Director of Budget and Management. The Director of Budget and Management then must approve the release of funds, and may make changes or stipulations before release of the funds. The outstanding balance of available funds was approximately \$125,000 at June 30, 2008 and 2007.

NOTE 11 - RISK MANAGEMENT

The State retains the risk associated with claims arising from vehicle liability, property loss and tort liability. The State also maintains a public employee's blanket bond through a private carrier. However, the Commission is responsible for the replacement of equipment that may be lost or damaged as a result of the operations of the Commission. In addition, employees of the Commission have the option of participating in the Ohio Med Health Plan, a self-insured health benefit plan of the State. The Commission pays a premium each month to the State based on the number of employees opting for plan participation and the types of coverage selected by its employees. At the end of the year, the State allocates the incurred but not reported (IBNR) health benefits claim liability (actuarial determined) or refund to its departments based upon the department's percent of total monthly premiums. The IBNR claim refund was included in other prepaid expenses at June 30, 2008 and 2007 and approximated \$104,000 for both years. Additional disclosures are expected to be found in the State's CAFR.

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

All other risk disclosures are expected to be found in the State's CAFR for the fiscal year ended June 30, 2008.

OHIO EXPOSITIONS COMMISSION  
(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 12 - WORKERS' COMPENSATION

The Commission participates in a plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with any of certain state agencies and state universities. The Ohio Bureau of Workers' Compensation (Bureau) calculates the estimated amount of cash needed in the subsequent fiscal year to pay the claims for these workers and sets rates to collect this estimated amount from these participating state agencies and universities in that subsequent one-year period. As these already-injured workers' claims will be paid out over a period of time, the Bureau also actuarially calculates estimated amounts that will be paid in future periods.

Changes in workers' compensation liabilities for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Beginning balance	\$ 1,603,734	\$ 1,524,736
(Deductions) additions, net	<u>(164,109)</u>	<u>78,998</u>
Ending balance	<u>1,439,715</u>	<u>1,603,734</u>
Amount due within one year	\$ <u>158,988</u>	\$ <u>152,330</u>

Additions and deductions are shown net, since it is impracticable for the Commission to determine these amounts separately.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Ohio Expositions Commission and  
Mary Taylor, CPA, Auditor of State  
Columbus, Ohio

We have audited the accompanying financial statements of The Ohio Expositions Commission (the Commission) as of and for the year ended June 30, 2008, and have issued our report thereon dated January 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commission and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs + Co P.C.

Columbus, Ohio  
January 26, 2009

OHIO EXPOSITIONS COMMISSION  
(A Component Unit of the State of Ohio)

Agreed-Upon Procedures

July 30, 2008 through August 10, 2008



INSIGHT ■ INNOVATION ■ EXPERIENCE

Ohio Expositions Commission and  
Mary Taylor, CPA, Ohio Auditor of State  
Columbus, Ohio

We have performed the procedures enumerated below, which were agreed to by the management of the Ohio Expositions Commission (the Commission) and the Ohio Auditor of State to fulfill Ohio Revised Code Section 991.06 requirements, solely to assist you in evaluating whether the cash collection, fair ticketing and vendor contracting controls and procedures were in place and functioning properly for the duration of the 2008 Ohio State Fair, an event sponsored by the Commission, from July 30, 2008 through August 10, 2008. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and our findings are as follows:

1) Reconciled daily receipts to deposits made. For each day of the fair, we performed the following procedures:

a) Ascertained the arithmetic accuracy of the daily Ticket Sales Report for both day and night shifts to within \$1.

With respect to procedure 1.a., no exceptions were noted.

b) Ascertained the arithmetic accuracy of the daily Ohio State Fair Cashiers Office - Celeste Center Reports to within \$1 and agreed daily amounts to Ticketmaster transaction summary stubs.

With respect to procedure 1.b., no exceptions were noted.

c) Ascertained the arithmetic accuracy of the daily Ohio State Fair Amusements of America Reports to within \$1.

With respect to procedure 1.c., no exceptions were noted.

d) Ascertained the arithmetic accuracy of the daily 2008 Ohio State Fair Sky Glider Daily Recap Reports to within \$1 and agreed the cash deposited to the Key Bank deposit ticket.

With respect to procedure 1.d., SD&Co. noted that the Sky Glider Daily Recap Report no longer exists as the Commission purchased the Sky Glider in April 2007. The arithmetic accuracy of the internal Sky Glider Report was ascertained and no exceptions were noted.

e) Ascertained the arithmetic accuracy of 10 vendors each day from the daily Balance Due Worksheet to within \$1 and agreed amounts to the daily Vendor Percentage Reconciliation Sheet.

With respect to procedure 1.e., no exceptions were noted.

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- f) Recalculated all computations used in the State Fair 2008 Revenue Receipts Reports.

With respect to procedure 1.f., no exceptions were noted.

- g) Traced ticket sales by cashier from the Ticket Sales Report to the actual Ohio State Fair Seller's reports and total sales to "z" tapes, which are the tapes generated from the cash registers.

With respect to procedure 1.g., 8 instances of discrepancies between the Ohio State Fair Seller's Reports and associated "z" tapes were noted throughout the Fair. The discrepancies were as follows: No z-tape on July 30<sup>th</sup> and August 1<sup>st</sup>; \$4 on August 3<sup>rd</sup> and August 4<sup>th</sup>; \$16 and \$8 on August 5<sup>th</sup>; \$12 on August 6<sup>th</sup>; \$6 on August 7<sup>th</sup> and \$4 on August 8<sup>th</sup>.

- h) Agreed the total cash collected from the State Fair 2008 Revenue Receipts Reports to the validated Key Bank deposit ticket.

With respect procedure 1.h., no exceptions were noted.

- i) Scanned the validated daily Revenue Cash Receipt Reports from the State Treasurer for any bank adjustments.

With respect to procedure 1.i., no exceptions were noted.

- 2) Determined that tickets used in gate receipts were sequentially accounted for.

- a) We obtained the beginning ticket inventory listings provided to us by the Commission, and noted the tickets on hand were sequentially ordered.

With respect to procedure 2.a., no exceptions were noted.

- b) We selected ten sets of residual tickets on the day after the Fair ended from all types of tickets available and agreed the quantity remaining to the Commission's ending ticket inventory.

With respect to procedure 2.b., there was a difference of 300 wristbands noted during the recount of the Midway wrist bands for August 4, 2008.

- 3) Verified the frontage measurement for vendors with contracts based on frontage. We participated in the measurement of all vendor booth frontages and verified that our measurements were in agreement with the measurements provided by the Commission and Amusements of America.

With respect to procedure 3., no exceptions were noted.

- 4) Determined that the Commission, through resolutions in the minutes, approved the expenditures on contracts for the 2008 Ohio State Fair.

With respect to procedure 4., formal approval for 2008 fair contract expenditures was not noted in the Commission's meeting minutes.

- 5) Determined that total payments made against contracts of \$992,189 (per the 2008 Ohio State Fair Attraction and Entertainment Contract Payments Schedule) agreed with the amount in the contracts. We read the attraction and entertainment contracts and noted that the amounts paid by the Commission per the above-mentioned attraction and entertainment contract payments schedule were in agreement with the contracts approved by the Commission.



With respect to procedure 5., determined that \$991,363 of payments made against contracts agreed with the amount in the contracts. A contract for \$886 could not be located.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on cash collection, fair ticketing and vendor contracting controls and procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above, and is not intended to be and should not be used by anyone other than those specified parties.

*Schneider Downs Co. P.A.*

Columbus, Ohio  
January 26, 2009





Mary Taylor, CPA  
Auditor of State

**OHIO EXPOSITIONS COMMISSION**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 12, 2009**