

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Financial Statements

June 30, 2001 and 2000

(With Independent Auditors' Report Thereon)



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Ohio Expositions Commission

We have reviewed the Independent Auditor's Report of the Ohio Expositions Commission, Franklin County, prepared by KPMG LLP for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

January 11, 2002

This Page is Intentionally Left Blank.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Table of Contents

	Page
Independent Auditors' Report	1
Balance Sheets, June 30, 2001 and 2000	2
Statements of Revenues and Expenses and Increase in Accumulated Deficit, Years ended June 30, 2001 and 2000	3
Statements of Changes in Equity, Years ended June 30, 2001 and 2000	4
Statements of Cash Flows, Years ended June 30, 2001 and 2000	5
Notes to Financial Statements	6

This Page is Intentionally Left Blank.



191 West Nationwide Blvd.
Suite 500
Columbus, OH 43215-2568

Telephone 614 249 2300
Fax 614 249 2348

Independent Auditors' Report

Ohio Expositions Commission
Columbus, Ohio

and

Jim Petro, Auditor of State:

We have audited the balance sheets of the Ohio Expositions Commission (the Commission), a component unit of the State of Ohio, as of June 30, 2001 and 2000 and the related statements of revenues and expenses, changes in equity and cash flows for the years then ended. 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 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 audits 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, 2001 and 2000, and the results of its operations, 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 *Government Auditing Standards*, we have also issued a report dated October 12, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

KPMG LLP

October 12, 2001

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Balance Sheets

June 30, 2001 and 2000

Assets	2001	2000
Current assets:		
Cash and cash equivalents (note 3)	\$ 564,287	781,675
Accounts receivable (net of allowance for doubtful accounts of \$0 and \$2,089 in 2001 and 2000, respectively)	71,491	154,416
Intergovernmental receivable	969,512	565,279
Prepaid fair expenses	174,088	182,277
Total current assets	1,779,378	1,683,647
Non-current assets:		
Restricted cash and cash equivalents (note 3)	490,711	484,106
Property and equipment, net of accumulated depreciation (note 4)	39,022,268	36,616,000
Total non-current assets	39,512,979	37,100,106
Total assets	\$ 41,292,357	38,783,753
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 1,394,780	1,050,788
Accrued liabilities	796,119	834,925
Obligation under capital leases (note 5)	90,707	86,230
Deferred income	1,850,098	2,073,547
Due to others (note 3)	490,711	484,106
Total current liabilities	4,622,415	4,529,596
Non-current liabilities:		
Obligation under capital leases (note 5)	488,082	578,789
Total non-current liabilities	488,082	578,789
Total liabilities	5,110,497	5,108,385
Equity:		
Contributed capital	38,383,579	35,839,492
Accumulated deficit	(2,201,719)	(2,164,124)
Total equity	36,181,860	33,675,368
Total liabilities and equity	\$ 41,292,357	38,783,753

See accompanying notes to financial statements.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Statements of Revenues and Expenses
and Increase in Accumulated Deficit

Years ended June 30, 2001 and 2000

	2001	2000
Operating revenues:		
Fair sources	\$ 7,950,971	7,645,723
Nonfair sources	5,327,354	5,208,841
Total	13,278,325	12,854,564
Operating expenses other than depreciation:		
Payroll and fringe benefits	5,727,406	5,865,298
Purchased services	3,000,061	2,845,154
Utilities	1,287,178	1,153,450
Maintenance and repair	1,102,227	1,117,941
Premiums	800,252	743,020
Supplies and materials	419,398	469,006
Printing and advertising	569,522	614,627
Rentals	231,468	230,856
Meals	185,796	199,647
Communication and postage	121,375	106,156
Motor vehicle	126,096	105,333
Contracted commissions	66,694	57,700
Travel	30,151	33,317
Court of claims	1,888	3,779
Refunds	8,139	31,272
Other	—	81,543
Total	13,677,651	13,658,099
Depreciation:		
On assets acquired with contributed capital	1,594,531	1,553,843
On assets acquired with commission equity	161,908	157,682
Total	1,756,439	1,711,525
Total operating expenses	15,434,090	15,369,624
Operating loss	(2,155,765)	(2,515,060)
Nonoperating revenues (expenses):		
Loss on disposal of equipment acquired with contributed capital	—	(384,832)
Loss on disposal of equipment acquired with commission equity	—	(91)
State operating assistance	523,639	499,252
Net loss	(1,632,126)	(2,400,731)
Add depreciation expense and loss on disposal of equipment closed to contributed capital	1,594,531	1,938,675
Increase in accumulated deficit	\$ (37,595)	(462,056)

See accompanying notes to financial statements.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Statements of Changes in Equity

Years ended June 30, 2001 and 2000

	Contributed capital	Accumulated deficit
Balance, June 30, 1999	\$ 36,057,521	(1,702,068)
Assets purchased with contributed capital	1,720,646	—
Net loss	—	(2,400,731)
Amortization of contributed capital – transfer to retained earnings of an amount equal to the depreciation on assets acquired with contributed capital and net book value of disposals of assets acquired with contributed capital	(1,938,675)	1,938,675
Balance, June 30, 2000	35,839,492	(2,164,124)
Assets purchased with contributed capital	4,138,618	—
Net loss	—	(1,632,126)
Amortization of contributed capital – transfer to retained earnings of an amount equal to the depreciation on assets acquired with contributed capital.	(1,594,531)	1,594,531
Balance, June 30, 2001	\$ 38,383,579	(2,201,719)

See accompanying notes to financial statements.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Statements of Cash Flows

Years ended June 30, 2001 and 2000

	2001	2000
Cash flows from operating activities:		
Operating loss	\$ (2,155,765)	(2,515,060)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,756,439	1,711,525
Change in:		
Receivables	(321,308)	(599,188)
Prepaid fair expenses	8,189	(5,118)
Accounts payable	343,992	497,015
Accrued liabilities	(38,806)	(87,324)
Deferred income	(223,449)	412,538
Due to others	6,605	89
	1,531,662	1,929,537
Net adjustments	1,531,662	1,929,537
Net cash used in operating activities	(624,103)	(585,523)
Cash flows from noncapital financing activities:		
State operating assistance received	523,639	499,252
Net cash provided by noncapital financing activities	523,639	499,252
Cash flows from capital and related financing activities:		
State capital assistance received	3,450,616	1,160,247
Acquisition and construction of equipment	(3,474,705)	(1,265,761)
Capital lease additions	—	79,346
Payment on capital leases	(86,230)	(77,227)
Net cash used in capital and related financing activities	(110,319)	(103,395)
Net decrease in cash and cash equivalents	(210,783)	(189,666)
Cash and cash equivalents, beginning of year	1,265,781	1,455,447
Cash and cash equivalents, end of year	\$ 1,054,998	1,265,781
Noncash activities –		
Loss on disposal of equipment	\$ —	384,923

See accompanying notes to financial statements.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(1) Organization and Reporting Entity

(a) 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 Expositions 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.

(b) 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.

(2) Summary of Significant Accounting Policies

(a) 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.

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 on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(b) *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 Office 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 has 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.

(c) *Operating Assistance*

State operating assistance is recorded as revenue during the entitlement period to which the assistance applies.

(d) *Capital and Building Improvement Assistance*

The State provides financial assistance for the acquisition of property and equipment. This assistance is recorded as contributed capital as the Commission incurs the cost of the project.

Assistance for the acquisition of property and equipment is credited to contributed capital as the related qualified expenditures are incurred. Depreciation on fixed assets resulting from capital assistance is allocated to contributed capital using the straight-line method over the same lives as described for the related property and equipment in note 2(e).

Loss on disposal of property and equipment acquired with contributed capital is reflected as a decrease in contributed capital as the disposal occurs.

(e) *Property and Equipment*

Property and equipment are stated at historical cost or estimated historical cost and include expenditures 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.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

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

Description	Years
Land improvements	20
Buildings and improvements	20 – 45
Equipment and vehicles	3 – 10
Furniture and fixtures	5 – 15

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

(f) Prepaid Fair Expenses

Prepaid fair expenses are recorded for cash disbursed prior to services being performed. These items include cash disbursed for the Ohio State Fair (the Fair) in the fiscal year prior to the Fair taking place.

(g) 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.

(h) Compensated Absences

The Commission accrues vacation and sick pay benefits as earned by its employees.

(i) Budgetary Accounting and Control

The Commission's annual budget is prepared on the cash basis of accounting as provided by law. The budget is prepared by the Commission's management and subsequently approved first by the Commissioners and then by the Office of Budget and Management (OBM). After these approvals, the budget is presented to and voted on by State legislature. Finally, the budget is signed by the Governor of the State as part of the State budget.

OBM maintains budgeting control over the Commission by controlling all disbursements at the spending authority code (SAC) level. SACs are defined within the State's appropriation accounting system for payroll, purchased personal service contracts, maintenance and supply, equipment, refunds, and capital projects. OBM approves all purchases by comparing available appropriation and available cash to the purchase. Appropriations can be transferred between SAC levels, except for payroll. However, increases in total appropriations can only occur through the Controlling Board approval process.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(j) 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.

(3) Cash

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 110% 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 2001 and 2000, the Commission complied with the provisions of these statutes.

(a) Deposits

The majority of the Commission's cash is in the State Rotary Fund which are commingled state funds invested by the Treasurer of State. At June 30, 2001, the carrying amount of the Commission's deposits with the Treasurer of State was \$1,050,973. In addition, the Commission had \$4,025 of cash on hand.

At June 30, 2000, the carrying amount of the Commission's deposits with the Treasurer of State was \$1,261,756. In addition, the Commission had \$4,025 of cash on hand.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(b) Restricted Cash

At June 30, 2001, \$490,711 was collected from harness racing participants registering for the 2001 Fair; and at June 30, 2000, \$484,106 was collected from harness racing participants registering for the 2000 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event.

(4) Property and Equipment

Property and equipment, at cost less accumulated depreciation, are as follows at June 30:

	2001	2000
Land	\$ 2,930,999	2,930,999
Land improvements	3,947,960	3,938,225
Buildings and improvements	49,915,048	49,755,714
Equipment, furniture and fixtures	1,798,486	1,746,823
Construction in progress	4,861,434	933,335
	63,453,927	59,305,096
Less accumulated depreciation	(24,431,659)	(22,689,096)
	\$ 39,022,268	36,616,000

Construction in progress at June 30, 2001 consisted of the Electric & Lighting Upgrade Project, the Facility Improvement Plan, the Coliseum Seating Project, the Stairtower Project, the HVAC Planning Project and the Coliseum Compression Project. The construction is funded by the State of Ohio and recorded as contributed capital on the Commission's financial statements.

Construction in progress at June 30, 2000 consisted of the Electric & Lighting Upgrade Project, the Facility Improvement Plan, the Coliseum Seating Project and the Stairtower Project.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(5) Capital Leases

The Commission is leasing certain equipment under capital leases. Future minimum payments, by year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at June 30, 2001:

	Capital leases
2002	\$ 119,184
2003	119,184
2004	119,184
2005	116,598
2006 and after	202,300
Total minimum lease payments	676,450
Less amount representing interest	97,661
Present value of minimum lease payments under capital leases	\$ 578,789

The interest rate for the capital leases ranged between approximately 4.64% to 8.05% at June 30, 2001. The net book value of this equipment at June 30, 2001 was \$651,235.

(6) Leased Property

In May 1998, the Commission entered into an operating lessor contract with the Crew Soccer Stadium Limited Liability Company (the Crew) for a period of twenty-five 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 stadium construction was completed in May 1999 and was used for part of the 1999 season. The Commission is entitled to an annual rent payment of \$50,000 through the year ending March 31, 2004. Thereafter, rent shall be adjusted by the Consumer Price Index adjustment, effective on April 1, 2004 and every fifth anniversary thereafter during the lease term. The Commission will retain twenty-five percent of all parking revenue collected for the Crew sponsored events at the stadium. During fiscal year 2000, this parking revenue collected by the Commission amounted to approximately \$91,000.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

(7) Defined Benefit Pension Plan

(a) Plan Description

The Commission contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Code assigns authority to establish and amend benefit provisions to the PERS Board of Trustees. PERS 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 614-466-2085.

(b) Funding Policy

The Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% and the employer contribution rate for state employers is 13.31% of covered payroll. Effective for pay periods ending July 1, 2000 through December 16, 2000, the employer contribution rate is temporary reduced to 7.99%. The contribution requirements of plan members and the Commission are established and may be amended by the PERS Board of Trustees. The Commission's contributions to PERS for the years ended June 30, 2001, 2000 and 1999 were \$468,229, \$589,795 and \$587,569, respectively, equal to the required contributions for each year.

(c) Other Post-employment Benefits

PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability 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 PERS is set aside for the funding of postretirement health care. The Code provides statutory authority for employer contributions. The 2000 employer contribution rate for state employers was 10.65% of covered payroll; 4.30% was the portion that was used to fund health care for the year.

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

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB by the Ohio Expositions Commission during 2000 were \$189,071. As of December 31, 1999, the actuarial value of the Retirement System's net assets available for OPEB was \$10,805,500. The number of active contributing participants at December 31, 2000 was 401,339.

OHIO EXPOSITIONS COMMISSION
(a component unit of the State of Ohio)

Notes to Financial Statements

June 30, 2001 and 2000

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

(8) Contingencies

At June 30, 2001 and 2000, the Commission has been named in various public liability and property damage claims and suits. It is the opinion of management that any resulting liability to the Commission will not have a material adverse effect on the Commission's financial position as of June 30, 2001.

(9) Noncash Transactions

During the course of the year, the Commission may approve noncash transactions in which a renter will provide free service to the Commission in exchange for free or discounted rental of the Commission's facilities. These services were estimated for the years ended June 30, 2001 and 2000 at \$4,675 and \$16,150, respectively, and are recorded as nonfair revenue and maintenance and repair expenses in the statement of revenues and expenses. Also, services performed relating to the 2000 and 1999 Fairs were estimated for the years ended June 30, 2001 and 2000 at \$14,415 and \$21,835 and are recorded as fair revenue and maintenance and repair expenses in the statement of revenues and expenses.

(10) Related Party Transactions

During fiscal years 2001 and 2000, the Commission had, and expects to have in the future, transactions with other state agencies. The Commission recognized approximately \$288,500 and \$127,000 in rental fee revenues from other agencies of the State during fiscal years 2001 and 2000, respectively. State agencies are charged substantially 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 \$141,000 and \$141,000 during fiscal years 2001 and 2000, 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 free 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.

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 Financial Statements

June 30, 2001 and 2000

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

(11) 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 2001 or 2002 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 Commission received greater than ninety percent of the projected admission revenues for the 2000 Fair and did not use any of the State Fair Reserve in fiscal year 2001. The Commission did not receive greater than ninety percent of the projected admission revenues for the 2001 Fair and intends on requesting assistance from the State Fair Reserve in fiscal year 2002.

(12) 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 employees 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 liability was included in accrued liabilities at June 30, 2001. Additional disclosures are expected to be found in the State's CAFR for the fiscal year ended June 30, 2001.

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, 2001.



191 West Nationwide Blvd.
Suite 500
Columbus, OH 43215-2568

Telephone 614 249 2300
Fax 614 249 2348

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

The Ohio Expositions Commission

and

The Honorable James M. Petro
Auditor of State

We have audited the financial statements of The Ohio Expositions Commission (the Commission) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 those specified parties.

KPMG LLP

October 12, 2001



191 West Nationwide Blvd.
Suite 500
Columbus, OH 43215-2568

Telephone 614 249 2300
Fax 614 249 2348

The Honorable Jim Petro
Auditor of State

and

The Ohio Expositions Commission:

We have applied certain agreed-upon procedures as discussed below to the 2001 Ohio State Fair, an event sponsored by the Ohio Expositions Commission (the Commission), from August 3, 2001 through August 19, 2001. These procedures, which were agreed-upon by the Ohio Expositions Commission, were performed solely to assist you in evaluating whether the cash collection controls and procedures were in place and functioning properly for the duration of the 2001 Ohio State Fair. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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. These 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 "*Cash Daily Summary*" reports for both day and night shifts.

No exceptions were noted.

b. Ascertained the arithmetic accuracy of the "*Percentage Due OEC*" reports.

No exceptions were noted.

c. Recalculated all computations used in the "*Cash Daily Summary*" reports or the "*Percentage Agreement Worksheets*".

No exceptions were noted.

d. Traced ticket sales by cashier from the "*Cash Daily Summary*" report or the "*Percentage Due OEC*" report to the actual seller reports and "z" tapes, which are tapes generated from the cash registers.

No exceptions were noted.

- e. Agreed the total cash collected from the “*Cash Daily Summary*” reports and the “*Revenue Cash Receipt*” reports to the validated Key Bank deposit ticket.

No exceptions were noted.

- f. Scanned the validated “*Revenue Cash Receipt*” reports from the State Treasurer for any bank adjustments.

No exceptions were noted.

- g. Agreed all amounts on the “*Revenue Cash Receipt*” report to the “*Cash Daily Summary*” report, and either the “*Percentage Due OEC*” report or the “*Balance Due Worksheet*”.

No exceptions were noted.

2. Selected ten concessionaires haphazardly and agreed sales per “*Balance Due Worksheet*” to the “*Vendors Percentage Reconciliation Worksheet*” and recalculated the amount due to the Commission.

No exceptions were noted.

3. Determined that tickets used in gate receipts are sequentially accounted for.

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

No exceptions were noted.

- b. We selected ten sets of residual tickets on the day after the fair ended from all the types of tickets available and agreed the quantity remaining to the Commission's ending ticket inventory without exception. In addition, we counted and agreed the Midway Advance Coupons collected for each of the selected days to the Midway worksheet without exception.

No exceptions were noted.

4. Determined that Fair contracts were approved by the Commission through resolutions in the minutes. We scrutinized the minutes book maintained in the General Manager's office and noted Fair contracts recorded therein had been properly approved.

No exceptions were noted.

5. Determined that payments made against contracts agree with the amount in the contract. We compared the listing of attraction and entertainment vendors to the approved contracts noting all amounts paid by the Commission were in agreement.

No exceptions were noted.

6. To fulfill the requirements of Ohio Revised Code Section 991.06, we discussed internal control procedures over cash receipts and cash disbursements with appropriate personnel and observed these procedures being performed.

No exceptions were noted.

We were not engaged to, and did not, perform an audit of the 2001 Ohio State Fair cash collections, the objective of which would be the expression of an opinion on the cash collections. 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 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.

KPMG LLP

August 21, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JANUARY 31, 2002**