OHIO EXPOSTIONS COMMISSION

FRANKLIN COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2021

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Commissioners
Ohio Expositions Commission
717 East 17th Avenue
Columbus, Ohio 43211-2698

We have reviewed the *Independent Auditor's Report* of the Ohio Expositions Commission, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. 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.

Keith Faber
Auditor of State
Columbus, Ohio

December 22, 2021

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OHIO EXPOSITIONS COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ohio Expositions Commission
717 East 17th Avenue
Columbus, Ohio 43211

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Ohio Expositions Commission, Franklin County, Ohio (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Ohio Expositions Commission, Franklin County, Ohio, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit (assets)/liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
December 16, 2021

OHIO EXPOSITIONS COMMISSION

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2021
(Unaudited)

The discussion 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, 2021. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the auditor's opinion page, notes to the basic financial statements, and the basic financial statements to enhance their understanding of the Commission's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. Certain comparative information between the current and prior year is required to be presented, and is presented in the MD&A.

Using this Financial Report

This annual report consists of two parts, the MD&A and the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position and a statement 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 2021 are as follows:

- Total net position decreased $344,895, which represents a .5% decrease from 2020.
- Total assets decreased $5,142,369 which represents a 5.6% decrease from 2020.
- Overall liabilities decreased $8,695,191 with the largest part of this decrease coming due to a decrease of $8,033,074 in pension and OPEB liability.
- Fair revenues decreased by $9,618,268 in Fiscal Year 2021 (2020 Ohio State Fair) as the 2020 Ohio State Fair was cancelled due to COVID-19.
- Nonfair revenues also decreased by $811,563 or 16% due to cancelled events because of the Pandemic.
- Operating expenses decreased $18,712,989 during the fiscal year. The largest decrease was in payroll and fringe benefits of $12,115,633 as the facility was closed for the majority of the year.

Statement of Net Position

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 Ohio Expositions Commission's net position at June 30, 2021 and 2020.

Table 1
Net Position

	2021	2020
Assets:		
Current and Other Assets	$ 4,088,795	$ 3,751,002
Capital Assets, net	83,423,370	88,903,532
Total Assets	87,512,165	92,654,534
Deferred Outflows		
OPEB	173,268	704,218
Pension	49,018	605,956
Total Deferred Outflows of Resources	222,286	1,310,174
Liabilities:		
Current Liabilities	2,907,194	3,412,663
Non-Current Liabilities	4,008,384	12,198,106
Total Liabilities	6,915,578	15,610,769
Deferred Inflows of Resources		
OPEB	2,177,066	795,279
Pension	3,246,034	1,817,992
Total Deferred Inflows of Resources	5,423,100	2,613,271
Net Position:		
Invested in capital assets	83,423,370	88,903,532
Restricted net assets	287,405	875,000
Unrestricted net assests	(8,315,002)	(14,037,864)
Total net position	$ 75,395,773	$ 75,740,668

For fiscal year 2021, current assets increased $337,793 which represents a 9.0% increase from 2020. This consists of an increase of $1,986,471 in cash and cash equivalents, which is due to prepaid rent from the Historic Crew Stadium lease of $2,000,000, of which $1,500,000 is recorded as unearned income. Non-current assets decreased $5,125,079 which represents a 5.8% decrease from 2020. There were no capital projects during Fiscal Year 2021.

For fiscal year 2021, overall liabilities decreased $8,695,191, with the largest decrease being $8,033,074 in pension and OPEB liability as a result of the reassignment of employees due to COVID-19.

The net pension liability (NPL) is the largest single liability reported by the Commission at June 30, 2021 and is reported pursuant to GASB 68 "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." For fiscal year 2018, the Commission adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Commission's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting, however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the Commission's share of the Traditional plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

GASB notes the pension and OPEB obligations, whether funded or unfunded are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of these promises is a present obligation of the Commission, part of a bargained-for benefit to the employee, and should accordingly be reported by the Commission as liabilities since they received the benefit of the exchange. However, the Commission is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both the Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the Commission. In event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Commission's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Commission is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

The net pension and net OPEB liabilities and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

Statement of Revenues, Expenses and Changes in Net Position

While the Statement of Net Position provides information about the financial status of the Commission at year end, the Statement of Revenues, Expenses, and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the Net Position changed during the year. This change, combined with the prior year net asset total reconciles to the total Net Position at the end of the fiscal year.

Table 2 shows a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020.

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Table 2

Statement of Revenues, Expenses and Change in Net Position

	2021	2020
Operating revenues:		
Fair sources	$ 80,795	$ 9,699,063
Nonfair sources	4,290,291	5,101,854
Total	4,371,086	14,800,917
Operating expenses:		
Payroll and fringe benefits	(3,202,408)	8,913,225
Purchased services	172,443	3,410,981
Depreciation	6,929,968	6,836,087
Other Operating Expenses	725,116	2,650,709
Utilities	1,422,711	1,982,743
Maintenance and repair	447,480	1,414,554
Total operating expenses	6,495,310	25,208,299
Operating loss	(2,124,224)	(9,529,409)
Nonoperating revenues - state assistance	319,376	325,097
Loss before capital contributions	(1,804,848)	(10,082,285)
State capital contributions	1,459,953	5,329,980
Change in net position	(344,895)	4,752,305
Net position - beginning of fiscal year	75,740,668	80,492,673
Net position - end of fiscal year	$ 75,395,773	$ 75,740,668

Total operating revenues decreased $10,429,831 (or 70.4%) from 2020 to 2021. The main factor in this was the closure of the Ohio Expo Center for non-fair events beginning in March 2020 due to COVID-19 and the cancellation of the State Fair.

Operating expenses decreased $18,712,989 (or 74.2%) during the fiscal year. The largest decrease was in payroll, $12,115,633. The decrease in payroll was related to a significant decrease in GASB 68 related to pension expense as well as a significant portion of the staff being reassigned due to COVID-19.

State capital contributions decreased from $5,329,980 to $1,459,953 during Fiscal Year 2021, which is mainly a function of the completion of new capital projects which are paid out of the Capital Fund 7026. 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.

Capital Assets

At fiscal year-end, the Commission had 83.8 million (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, furniture, and fixtures, and vehicles, a decrease of $5.1 million in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation of 6.9 million exceeded current year additions of 1.8 million.

See note 4 to the basic financial statements for additional information on Capital Assets.

OHIO EXPOSITIONS COMMISSION

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2021
(Unaudited)

Management Operational Analysis

At June 30, 2021 the Ohio Expositions Commission had total assets of $87,512,165 and total net position of $75,395,773. 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 faced one of the biggest hurdles in its history during fiscal year 2021. The COVID-19 virus brought on a world-wide health pandemic and with it effectively shut down the operations of the Expositions Commission in early March 2020. The closure of the facility to all events reduced incoming revenue drastically. The 2020 Ohio State Fair was cancelled for the first time since 1945. Expenditures were cut back to basic operations only. The Commission was able to transfer its cash reserve of $1,000,337 to briefly continue operations. These funds in addition to operating cash were quickly depleted. Staffing levels were reduced from 62 to 6. The remaining staff were in place to maintain the facility during the shutdown.

The Ohio Expositions Commission pivoted and positioned the facility to assist with the fight against COVID-19. Kasich Hall was used to house personal protective equipment, the Celeste Center was used as a COVID-19 testing site and then later as a site to administer vaccines. The Lausche Building was used to service and house voting machines. The rent from these activities allowed the Commission to maintain the facility.

The Ohio Expositions Commission entered into a new lease agreement in April 2021 with the Confluence Community Authority to lease 24 acres on the north end of the fairgrounds. The lease is for 40 years and replaces the previous 25-year lease which was with the Columbus Crew. The new lease allows the Authority to remake the land on which the Historic Crew Stadium sat into a world class practice facility.

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 facility. This effort is intended to increase both participants and guests at the 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. This is consistent with the Commission's, the Governor's, and the General Assembly's fiscal goals, a concerted attempt is made to keep Fair prices affordable. In fact, the Fair is currently not designed to break even in and of itself. 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 non-fair operation to financially buffer these Fair revenue factors and support the total annual operation of the Commission.

The Commission continues to face 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 Value City Arena) and private venues such as Nationwide Arena well as the increase in music festivals, 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. The Ohio Expo Center competes with a convention center and two arenas for events presently held at the Ohio Expo Center, as well as any new ones. Because the Commission is financially dependent on these non-fair events, we must continue to address our facility's image if we are to remain competitive in this marketplace. 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.

Contacting the Ohio Expositions Commission

This 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. 17th Avenue, Columbus, Ohio 43211, (614) 644-4025 or e-mail to: d.smalley@expo.state.oh.us.

OHIO EXPOSITIONS COMMISSION

Statement of Net Position

As of June 30, 2021

Assets		**2021**
Current assets:		
Cash and cash equivalents (note 3)	$	3,351,342
Restricted cash and cash equivalents (note 3)		287,405
Prepaid fair expenses		53,886
Total current assets		3,692,633
Non-current assets:		
Net Pension Asset		43,712
Net OPEB Asset		352,450
Capital assets, non-depreciable		2,930,999
Capital assets, net of accumulated depreciation (note 4)		80,492,371
Total non-current assets		83,819,532
Total assets	$	87,512,165
Deferred Outflows of Resources		
OPEB		173,268
Pension		49,018
Total Deferred Outflows of Resources	$	222,286
Liabilities		
Current liabilities:		
Accounts payable	$	354,223
Accrued liabilities		232,925
Unearned income		2,011,326
Due to others (note 3)		287,405
Workers' compensation liability		21,315
Total current liabilities		2,907,194
Non-current liabilities:		
Compensated absences (note 8)		767,737
Net Pension Liability		3,019,019
Workers' compensation liability		221,628
Total non-current liabilities		4,008,384
Total liabilities	$	6,915,578
Deferred Inflows of Resources		
OPEB		2,177,066
Pension		3,246,034
Total Deferred Inflows of Resources	$	5,423,100
Net Position		
Invested in capital assets	$	83,423,370
Restricted		287,405
Unrestricted		(8,315,002)
Total net position	$	75,395,773

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

Statement of Revenues, Expenses and Change in Net Position

For the Fiscal Year ended June 30, 2021

		2021
Operating revenues:		
Fair sources	$	80,795
Nonfair sources		4,290,291
Total		4,371,086
Operating expenses:		
Payroll and fringe benefits		(3,202,408)
Purchased services		172,443
Depreciation		6,929,968
Utilities		1,422,711
Maintenance and repair		447,480
Premiums and Other		325,314
Supplies and materials		116,130
Printing and advertising		42,580
Rentals		20,161
Meals		257
Communication and postage		85,058
Motor vehicle		14,887
Refunds		120,729
Total operating expenses		6,495,310
Operating loss		(2,124,224)
Nonoperating revenues - state assistance		319,376
Loss before capital contributions		(1,804,848)
State capital contributions		1,459,953
Change in net position		(344,895)
Net position - beginning of fiscal year		75,740,668
Net position - end of fiscal year	$	75,395,773

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

Statement of Cash Flows

For the Fiscal Year ended June 30, 2021

		2021
Cash flows from operating activities:		
Cash received from fair sources	$	313,111
Cash received from nonfair sources		5,838,679
Cash received for harness racing funds		287,405
Cash payments for harness racing funds		(315,813)
Cash payments for payroll and personal services		(1,846,076)
Cash payments for utilities and maintenance		(1,922,862)
Cash payments for other services and charges		(697,496)
Net cash provided by operating activities		1,656,948
Cash flows from noncapital financing activities:		
State operating assistance received		319,376
Net cash provided by noncapital financing activities		319,376
Cash flows from capital and related financing activities:		
State capital assistance received		1,459,953
Acquisition and construction of equipment		(1,449,806)
Net cash provided by capital and related financing activities		10,147
Net increase in cash and cash equivalents		1,986,471
Cash and cash equivalents, beginning of year		1,652,276
Cash and cash equivalents, end of year	$	3,638,747
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$	(2,124,224)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		6,929,968
(Increase)/decrease in assets:		
Accounts receivable		1,977,967
Prepaid fair expenses		25,794
Net Pension Asset		(2,633)
Net OPEB Asset		(352,450)
Deferred Outflow of Resources - OPEB		530,950
Deferred Outflow of Resources - Pension		556,938
Increase/(decrease) in liabilities:		
Accounts payable		(2,029,646)
Accrued liabilities		(326,625)
Unearned income		1,774,849
Due to others		(28,408)
Net Pension Liability		(3,592,600)
Net OPEB Liability		(4,440,474)
Workers' compensation liability		(52,287)
Deferred Inflow of Resources - OPEB		1,381,787
Deferred Inflow of Resources - Pension		1,428,042
Total adjustments		3,781,172
Net cash provided by (used in) operating activities	$	1,656,948

See accompanying notes to basic financial statements.

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

The Ohio Expositions Commission (the Commission), a primary government 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 under Section 501(c) (3) of the Internal Revenue Code and, accordingly, no provision for income taxes is required.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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.

Reporting Entity – Within the State of Ohio's Comprehensive Annual Financial Report, the Commission is included as part of the primary Government. The Commission's management believes these financial statements present all activities for which the Commission is financially responsible. The accompanying financial statements include all accounts, activities, and functions of the Commission and are not intended to present the net position, results of operations, or cash flows of the State taken as a whole. The financial information presented herein for the Commission will be incorporated within the State's financial statements.

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.

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.

Allowance for Doubtful Accounts – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectable 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, 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position using the straight-line method over the same lives as described for the related property and equipment as noted below.

Capital assets include property and equipment, which are stated at historical cost or estimated historical cost and include expenditures of $5,000 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 Commissions books.

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 capital assets and depreciation on those assets is included in the statement of revenues, expenses, and changes in net position.

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.

Unearned Income - Unearned 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. In addition, unearned income is recorded for the rent received in advance related to the Crew Stadium.

Compensated Balances – 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 balance sheet 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 Position is displayed in three 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.

- **Restricted** – This consists of net position that is legally restricted by law through Ohio Legislature. When both restricted and unrestricted resources are available for use, generally it is the Commission's policy to use restricted resources first, then unrestricted resources when they are needed.

- **Unrestricted** – This consists of net position 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 nonoperating. Operating Revenues include activities that have the characteristics of exchange transactions including fair revenues and non-fair revenues. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as state assistance.

Uses 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.

Pensions/Other Postemployment Benefits (OPEB) - For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Commission, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Commission, deferred inflows of resources include pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 6 and 7.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2021, 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, 2021 the carrying amount and bank balance of the Commission's deposits with the Treasurer of State was $3,347,342. In addition, the Commission had $4,000 of cash on hand at June 30, 2021.

(b) Restricted Cash - At June 30, 2021, $287,405 was collected from harness racing participants registering for the 2021 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event. At June 30, 2021, $0 was held in State Fair Reserve Fund to be accessed by legislative approval in case of poor weather fairs.

(c) 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, 2021.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 2,930,999	$ -	$ -	$ 2,930,999
Construction in progress	4,789,318	1,449,806	6,239,124	-
Total capital assets not being depreciated	7,720,317	1,449,806	6,239,124	2,930,999
Capital assets being depreciated:				
Land improvements	23,642,135	-	-	23,642,135
Buildings and improvements	143,048,999	6,239,124	-	149,288,123
Equipment, furniture and fixtures	5,526,878	-	-	5,526,878
Vehicles	44,404	-	-	44,404
Total capital assets being depreciated	172,262,416	6,239,124	-	178,501,540
Less: Accumulated depreciation:				
Land improvements	14,156,179	1,073,696	-	15,229,875
Buildings and improvements	73,174,947	5,610,522	-	78,785,469
Equipment, furniture and fixtures	3,703,671	245,750	-	3,949,421
Vehicles	44,404	-	-	44,404
Total accumulated depreciation	91,079,201	6,929,968	-	98,009,169
Total capital assets being depreciated, net	81,183,215	(690,844)	-	80,492,371
Total capital assets, net	$ 88,903,532	$ 758,962	$ 6,239,124	$ 83,423,370

There were no capital projects in progress as of June 30, 2021.

NOTE 5 – LEASED PROPERTY

In April 2021, the Commission entered into an operating lease with the Confluence Community Authority for a period of forty years. The Commission leased land, which has a cost and carrying value of approximately $111,000. The Commission received an initial payment of $2,000,000, is entitled to an annual rent payment of $100,000 through the year ending March 31, 2024. The Commission is entitled to an annual rent payment of $200,000 beginning April 1, 2024 through the year ending March 31, 2060. 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 the Days Inn and McDonalds. The McDonald's' lease commenced in May 1996 and was for a period of twenty years. The Commission extended the term of the lease for a second period of five years expiring in 2026. The Commission is currently entitled to an annual rent payment of $44,577. The Days Inn lease commenced in December 1986 and was for a period of thirty years. The Commission extended the term of the lease for an additional twenty years in 2016. The Commission is entitled to 4.00% of the gross room rent which amounted to $17,000 for the year ended June 30, 2021.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

The employees of OEC are covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Net Pension (Asset)/Liability

The net pension (asset)/liability reported on the statement of net position represents a (asset)/liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension (asset)/liability represents the Commission's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension (asset)/liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Commission's obligation for this (asset)/liability to annually required payments. The Commission cannot control benefit terms or the manner in which pensions are financed; however, the Commission does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any (asset)liability for the contractually required pension contribution outstanding at the end of the fiscal year would be included in accrued liabilities on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Commission employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.
OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2021 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2021 Actual Contribution Rates		
Employer		
Pension	14.0	%
Post-employment Health Care Benefits	0.0	
Total Employer	14.0	%
Employee	10.0	%

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Commission's contractually required pension contribution was $158,708 for 2021.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension asset and net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension asset and net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportionate Share of the Net Pension (Asset)/Liability	$3,019,019	($43,712)	$2,975,307
Current Measurement Date	2.038800%	0.015143%	
Prior Measurement Date	3.345000%	0.019700%	
Change in Proportionate Share	-1.306200%	-0.004557%	
Pension Expense	($1,562,671)	($8,168)	($1,570,839)

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	$ -	$ 2,730	2,730
Changes in proportionate share	-	6,874	6,874
Commission contributions subsequent to the measurement date	39,414	-	39,414
Total Deferred Outflows of Resources	$ 39,414	$ 9,604	$ 49,018
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 126,289	$ 8,251	$ 134,540
Net difference between projected and actual earnings on pension plan investments	1,176,725	6,501	1,183,226
Changes in proportionate share	1,924,007	4,261	1,928,268
Total Deferred Inflows of Resources	$ 3,227,021	$ 19,013	$ 3,246,034

$39,414 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	OPERS Traditional Plan	OPERS Combined Plan	Total
2022	$ (1,815,195)	$ (2,927)	$ (1,818,122)
2023	(771,669)	(1,786)	(773,455)
2024	(479,674)	(3,282)	(482,956)
2025	(160,483)	(1,392)	(161,875)
2026	-	(525)	(525)
Thereafter	-	503	503
Total	$ (3,227,021)	$ (9,409)	$ (3,236,430)

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement:

Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
COLA or Ad Hoc COLA	Pre-1/7/13 Retirees: 3% Simple; Post-1/7/13 Retirees: .40% Simple through 2021, then 2.15% Simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual entry age normal

The most recent experience study was for the 5-year period ended December 31, 2015.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Discount Rate The discount rate used to measure the total pension (asset)/liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset)/liability.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summaries in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Sensitivity of the Commission's Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate The following table presents the Commission's proportionate share of the net pension (asset)/liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Commission's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Commission's proportionate share of the net pension liability			
Traditional Plan	$ 5,758,794	$ 3,019,019	$ 740,900
Combined Plan	(30,437)	(43,712)	(53,606)

NOTE 7 – DEFINED BENEFIT OPEB PLAN

The employees of OEC are covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

The net OPEB asset reported on the statement of net position represents an asset for employees for other post-employment benefits (OPEB). OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset represents the Commission's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Commission's obligation for this liability to annually required payments. The Commission cannot control benefit terms or the manner in which OPEB are financed; however, the Commission does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB asset on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in accrued liabilities on accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115Ttrust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age.

Beginning with 2016 premiums, Medicare-enrolled retirees could select supplemental coverage through the OPERS Medicare Connector (Connector), and may be eligible for monthly allowances deposited to and HRA to be used for reimbursement of eligible health care expenses. Coverage of non-Medicare retirees includes hospitalization, medical expenses and prescription drugs.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2021, the Commission contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. A portion of each employer contribution may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to health care was zero for fiscal year 2021.

OPEB (Asset)/ Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset for OPERS was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Commission's proportion of the net OPEB asset was based on the Commission's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS Health Care Plan
Proportionate Share of the Net OPEB Liability	$352,450
Current Measurement Date	0.019783%
Prior Measurement Date	0.032148%
Change in Proportionate Share	-0.012365%
OPEB Expense	($2,880,187)

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS Health Care Plan
Deferred Outflows of Resources	
Changes of assumptions	$ 173,268
Total Deferred Outflows of Resources	$ 173,268
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 318,082
Net difference between projected and actual earnings on pension plan investments	187,722
Changes of assumptions	571,075
Changes in proportionate share	1,100,187
Total Deferred Inflows of Resources	$ 2,177,066

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	OPERS Health Care Plan
2022	$ (1,167,175)
2023	(732,924)
2024	(81,576)
2025	(22,123)
Total	$ (2,003,798)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.00%
Health Care Cost Trend Rate	8.5% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual entry age normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Discount Rate The discount rate used to measure the total pension liability was 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 220.. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). The discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projected period through which projected health care payments are fully funded.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The long term rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class.

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

These ranges are combined to produce the long-term expected real rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
REITs	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Commission's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 6.00 percent, as well as what the Commission's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (5.00%)	Single Discount Rate (6.00%)	1% Increase (7.00%)
Commission's proportionate share of the net OPEB asset	$ (87,639)	$ (352,450)	$ (570,146)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Commission's proportionate share of the net OPEB asset	$ (361,040)	$ (352,450)	$ (342,839)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care.

NOTE 7 – DEFINED BENEFIT OPEB PLAN (continued)

A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

NOTE 8 – COMPENSATED ABSENCES

Commission employees can earn vacation, sick, and personal leave 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 twenty-five 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 percent of unused vacation and personal leave. Non-overtime-exempt employees may also be paid 100 percent 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 employees and after one year of continuous service for other employees. Sick leave is paid at 100 percent of the employee's pay rate when used for the first 40 hours of the benefit year, at 70 percent of the employee's pay rate when used for 40.1 through 80 hours of the benefit year, and again at 100 percent 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.

Changes in compensated absences for the years ended June 30, 2021 are as follows:

	2021
Beginning balance	$ 946,958
Additions	422,956
Deductions	(622,167)
Ending balance	577,551
Amount due within one year (included in accrued liabilities on the statement of net position)	$ 25,990

NOTE 9 - 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. While ultimate liability, if any from these proceedings is presently indeterminable, in the opinion of management, these matters should not have a material adverse effect on the Commission's financial statements.

NOTE 10 – RELATED PARTY TRANSACTIONS

During fiscal year 2021, the Commission had, and expects to have in the future, transactions with other state agencies. The Commission recognized approximately $2,132,000 in rental fee revenues from other agencies of the State during fiscal year 2021. State agencies are charged essentially the same rental fees as those charged to third parties.

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

In addition, the Commission paid other state agencies for processing of payroll, general ledger, and fixed asset ledger. The Commission expensed approximately $216,000 during fiscal year 2021 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.

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.

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 inasmuch as there is no reliable basis for determining their financial impact.

NOTE 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. 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 declared a state of fiscal exigency due to Covid-19 and funds in the amount of $1,000,000 were transferred to operations. The outstanding balance of available funds was $0 at June 30, 2021.

NOTE 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 accounts payable at June 30, 2021 approximated $95,006. 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, 2021.

NOTE 13 – 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, 2021 are as follows:

	2021
Beginning Balance	$295,230
(Deductions) additions, net	(52,287)
Ending Balance	$242,943
Amount due within one year	$21,315

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

NOTE 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the ensuring emergency measures may impact subsequent reporting periods of the Commission. Other financial impacts could occur though such potential impacts are unknown at this time.

OHIO EXPOSITIONS COMMISSION
Required Supplementary Information
Schedule of Commission's Proportionate Share of the Net Pension (Asset)/Liability
Ohio Public Employees Retirement System

Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension (Asset)/Liability								
Traditional Plan	0.02038800%	0.03345000%	0.03174500%	0.03241900%	0.03211850%	0.03297400%	0.03270700%	0.03270700%
Combined Plan	0.01514300%	0.01970000%	0.01859900%	0.01812100%	0.01005400%	0.00987000%	0.01027100%	0.01027100%
Proportionate Share of the Net Pension (Asset)/Liability								
Traditional Plan	$ 3,019,019	$ 6,611,619	$ 8,694,312	$ 5,085,912	$ 7,308,666	$ 5,711,512	$ 3,944,829	$ 3,855,729
Combined Plan	$ (43,712)	$ (41,079)	$ (20,798)	$ (24,669)	$ (5,596)	$ (4,803)	$ (3,955)	$ (1,078)
Covered Payroll	$ 2,991,886	$ 4,856,870	$ 4,435,002	$ 4,411,369	$ 4,247,093	$ 4,176,307	$ 4,050,921	$ 4,007,143
Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	99.45%	135.28%	195.57%	114.73%	171.95%	136.64%	97.28%	96.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability								
Traditional Plan	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available.

Amounts presented as of the Commission's measurement date, which is December 31.

OHIO EXPOSITIONS COMMISSION
Required Supplementary Information
Schedule of Commission's Proportionate Share of the Net OPEB (Asset)/Liability
Ohio Public Employees Retirement System

Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
Proportion of the Net OPEB (Asset)/Liability Health Care Plan	0.01978300%	0.03214800%	0.03057600%	0.03114000%	0.03073200%
Proportionate Share of the Net OPEB (Asset)/Liability Health Care Plan	$ (352,450)	$ 4,440,474	$ 3,986,389	$ 3,381,575	$ 3,104,073
Covered Payroll	$ 2,991,886	$ 4,856,870	$ 4,435,002	$ 4,411,369	$ 4,247,093
Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of Covered Payroll	-11.78%	91.43%	89.88%	76.66%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability Health Care Plan	115.57%	47.80%	46.33%	54.14%	68.52%

(1) Information prior to 2017 is not available.

Amounts presented as of the Commission's measurement date, which is December 31.

OHIO EXPOSITIONS COMMISSION
Required Supplementary Information
Schedule of Contributions
Ohio Public Employees Retirement System

Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution									
Pension	$ 158,708	$ 687,780	$ 644,276	$ 606,643	$ 542,807	$ 506,960	$ 497,643	$ 501,419	$ 460,657
OPEB	-	-	-	22,468	65,137	84,493	82,940	60,170	100,143
Contributions in relation to the contractually required contribution	(158,708)	(687,780)	(644,276)	(629,111)	(607,944)	(591,453)	(580,583)	(561,589)	(560,800)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,133,628	$ 4,912,714	$ 4,601,971	$ 4,493,650	$ 4,342,457	$ 4,224,664	$ 4,147,021	$ 4,011,350	$ 4,005,714
Contributions as a percentage of covered payroll									
Pension	14.00%	14.00%	14.00%	13.50%	12.50%	12.00%	12.00%	12.50%	11.50%
OPEB	0.00%	0.00%	0.00%	0.50%	1.50%	2.00%	2.00%	1.50%	2.50%

(1) Information prior to 2013 is not available.

Net Pension Liability – Ohio Public Employees Retirement System

Changes of benefit terms - There were no significant changes of benefit terms in 2021.

Changes of assumptions - Amounts reported in 2021 reflect changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed cost-of-living adjustments for post January 7, 2013 retirees from 1.40 percent simple through 2020 to 0.50 percent simple through 2021.

Net OPEB Liability – Ohio Public Employees Retirement System

Changes of benefit terms - On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes of assumptions - Amounts reported in 2021 reflect changes in both demographic and economic assumptions. For 2021, the single discount rate changed from 3.16 percent to 6.00 percent and the municipal bond rate changed from 2.75 percent to 2.00 percent. The health care cost trend rate also changed from 10.50 percent initial and 3.50 percent ultimate in 2030 to 8.5 percent initial and 3.50 percent ultimate in 2035.

Independent Auditor's 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*

To the Board of Commissioners
Ohio Expositions Commission
717 East 17th Avenue
Columbus, Ohio 43211

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Ohio Expositions Commission, Franklin County, Ohio (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Government's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the finding identified in our audit and described in the accompanying schedule of findings. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
December 16, 2021

OHIO EXPOSITIONS COMMISSION
FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS

JUNE 30, 2021

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

Finding Number 2021-001

Financial Reporting – Material Weakness

The Commission's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The presentation of materially correct financial statements and the related footnotes is the responsibility of management of the Commission. We noted the following transaction required an audit adjustment due to the date the payment was received and the related lease term:

- During the fiscal year, the Commission received a lease payment of $2,000,000 for the lease period of April 1, 2021 through March 31, 2022. The Commission recorded the payment as revenue upon receipt, instead of recording unearned income for the portion prepaid for the period of July 1, 2021 through March 31, 2022. We proposed an adjustment of $1,500,000 to record the unearned income, resulting in an increase in current liabilities and a decrease in operating revenue and net position. In addition to the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, this misstatement also resulted in required updates to various other components of the financial statements including the MD&A, Statements of Cash Flows, and notes to the financial statements.

We recommend the Commission continue to develop review procedures to help ensure the financial statements, footnotes, and required supplementary information are complete and accurate before the documents are presented for audit.

Official's Response: The Commission clearly understands the importance of materially correct financial statements as this is the first year in our history that we had an adjustment resulting from the annual audit. As noted above, this was a new lease that was recorded when received; however, due to the lease terms and the timing of the payment a portion of it should have been deferred.

OHIO AUDITOR OF STATE
KEITH FABER

OHIO EXPOSITIONS COMMISSION

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/4/2022

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