

OHIO EXPOSITIONS COMMISSION
Columbus, Ohio

Financial Statements
and
Required Supplementary Financial Information
For the years ended June 30, 2012 and 2011

and Independent Auditors' Report Thereon



SCHNEIDER DOWNS

INSIGHT ■ INNOVATION ■ EXPERIENCE

www.schneiderdowns.com



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Ohio Expositions Commission, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period July 1, 2011 through June 30, 2012. 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

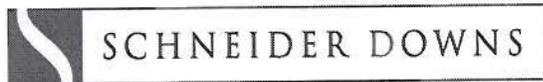
February 27, 2013

This page intentionally left blank.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statements of Net Assets, June 30, 2012 and 2011	8
Statements of Revenues, Expenses and Change in Net Assets for the years ended June 30, 2012 and 2011	9
Statements of Cash Flows, for the years ended June 30, 2012 and 2011	10
Notes to Financial Statements	11
SUPPLEMENTARY FINANCIAL INFORMATION	
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	23

This page intentionally left blank.



INSIGHT ■ INNOVATION ■ EXPERIENCE

INDEPENDENT AUDITORS' REPORT

Ohio Expositions Commission and
Dave Yost, Auditor of State
Columbus, Ohio

We have audited the accompanying financial statements of the Ohio Expositions Commission (the Commission) as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Commission's financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 2, the financial statements of the Commission are intended to present the net assets and changes in net assets and cash flows of only the Commission. They do not purport to, and do not, present fairly the net assets and changes in net assets and cash flows, where applicable, of the State of Ohio in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Schneider Downs & Co., Inc.
www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 28, 2012

[Faint, mirrored text from the reverse side of the page is visible through the paper, including phrases like "We conducted our audit in accordance with auditing standards generally accepted in the United States of America..." and "The Commission is not responsible for the accuracy or completeness of the information..."]

OHIO EXPOSITIONS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

The discussion and analysis of the Ohio Expositions Commission (the Commission) financial performance provides an overall review of the financial activities for the years ended June 30, 2012 and 2011. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the independent auditors' report, notes to the basic financial statements, and the financial statements to enhance their understanding of the Commission's financial performance.

Using this Financial Report

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

Financial Highlights

Key financial highlights for fiscal years 2012 and 2011 are as follows:

- Total net assets decreased \$1,132,984 during 2012, which represents a 2% decrease from 2011. Total net assets increased \$12,904,423 during 2011, which represents a 29% increase from 2010.
- Total assets decreased \$944,015, which represents a 2% decrease from 2011, which primarily relates to an increase in accumulated depreciation due to current-year depreciation expense. Total assets increased \$13,306,930 during 2011, which represents a 27% increase from 2010. The increase was due to an increase in capital assets of \$12,264,535.
- Overall liabilities increased \$188,969, with the largest part of this increase coming in current liabilities, mainly due to \$262,598 increase in accounts payable. The large increase in accounts payable at the end of 2012 was due to the increase in capital projects accounts payable. Overall liabilities increased \$402,507 during 2011, with the largest part of this increase coming in current liabilities, mainly due to \$638,104 increase in accounts payable. The large increase in accounts payable at the end of 2011 was due to the increase in capital projects accounts payable.
- Fair revenues increased by \$62,157 in Fiscal Year 2012 (2011 Ohio State Fair). Ohio State Fair revenues remained relatively consistent for Fiscal Year 2011 (2010 Ohio State Fair).
- Operating expenses increased \$377,320 during the year. The largest part of this increase was a \$163,464 increase in supplies and materials. Operating expenses remained relatively consistent with the prior year during 2011.

OHIO EXPOSITIONS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Statement of Net Assets

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

Table 1 provides a summary of the Commission's net assets at June 30, 2012, 2011 and 2010:

Table 1			
Net Assets			
	2012	2011	2010
Assets:			
Current assets	\$ 3,720,689	\$ 3,572,014	\$ 2,529,619
Capital assets, net	57,833,859	58,926,549	46,662,014
Total Assets	<u>\$ 61,554,548</u>	<u>\$ 62,498,563</u>	<u>\$ 49,191,633</u>
Liabilities:			
Current liabilities	\$ 4,001,372	\$ 3,724,645	\$ 3,227,826
Non-current liabilities	1,287,969	1,375,727	1,470,039
Total Liabilities	<u>\$ 5,289,341</u>	<u>\$ 5,100,372</u>	<u>\$ 4,697,865</u>
Net Assets:			
Invested in capital assets	\$ 57,833,859	\$ 58,926,549	\$ 46,662,014
Unrestricted net assets	(1,568,652)	(1,528,358)	(2,168,246)
Total Net Assets	<u>\$ 56,265,207</u>	<u>\$ 57,398,191</u>	<u>\$ 44,493,768</u>

Current assets increased \$148,675, which represents a 4% increase from 2011. This consists of an increase of \$209,640 in intergovernmental receivables, which is due to an increase in capital project activity and an increase in cash of \$188,048. These increase were offset by decreases in accounts receivable of \$111,445 and prepaid fair expenses of \$121,544. Non-current assets decreased 2%. The main capital asset projects during Fiscal Year 2012 included renovations of the sheep and swine buildings. Current assets increased 41%, or \$1,042,395, during 2011. This consists of an increase of \$656,359 in intergovernmental receivables, which is due to an increase in capital project activity and an increase in cash of \$382,255. Non-current assets increased 26% due to heavy activity in capital projects, which is almost solely funded with capital acquisitions for projects through the State Capital Fund 026. The main capital asset projects during Fiscal Year 2011 included the completion of the north parking lot paving, renovations of the sheep and swine buildings, and lighting and electrical upgrades.

OHIO EXPOSITIONS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Overall liabilities increased \$188,969, with the largest part of this increase coming in current liabilities, mainly due to an increase in accounts payable, which mainly consisted of payables for capital projects. Overall liabilities increased by 9%, or \$402,507, during 2011 with the largest part of this increase in current liabilities. The increase in current liabilities is mainly due to an increase in accounts payable for capital projects.

The overall effect of the above change in assets and liabilities resulted in a (\$1,132,984) and \$12,904,423 change in the Commission's net assets for 2012 and 2011, respectively.

Table 2 shows a summary of the Statements of Revenues, Expenses and Changes in Net Assets for the years ended 2012, 2011 and 2010.

Table 2
Revenues, Expenses and Changes in Net Assets

	2012	2011	2010
Operating Revenues:			
Fair sources	\$ 8,018,762	\$ 7,956,605	\$ 7,930,394
Non-fair sources	5,091,202	5,565,307	5,506,618
Total	13,109,964	13,521,912	13,437,012
Operating Expenses:			
Payroll and fringe benefits	5,371,030	5,294,564	5,444,298
Purchased services	3,116,289	3,145,813	3,195,638
Depreciation	3,041,005	2,887,183	2,822,309
Other operating expenses	2,138,732	1,986,995	1,866,122
Utilities	1,865,137	1,871,293	1,873,123
Maintenance and repair	914,761	883,786	872,032
Total Operating Expenses	16,446,954	16,069,634	16,073,522
Operating Loss	(3,336,990)	(2,547,722)	(2,636,510)
Non-operating revenues - State assistance	252,122	250,929	250,092
Other Sources - State capital contributions	1,951,884	15,201,216	2,111,585
Change in Net Assets	(1,132,984)	12,904,423	(274,833)
Net Assets - Beginning Of Fiscal Year	57,398,191	44,493,768	44,768,601
Net Assets - End Of Fiscal Year	\$ 56,265,207	\$ 57,398,191	\$ 44,493,768

Total operating revenues decreased \$411,948 (or 3%) from 2011 to 2012. The decrease primarily relates to a decrease in the number of non-fair events held during 2012 compared to 2011. Total operating revenues remained relatively consistent from 2010 to 2011.

OHIO EXPOSITIONS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Operating expenses increased \$377,320 during the year due mainly to an increase in supplies and materials as well as depreciation expense. Operating expenses remained relatively consistent during 2011 compared to 2010.

State capital contributions decreased from \$15,201,216 to \$1,951,884 during the year, which is mainly a function of the completion of capital projects, which are paid out of the Capital Fund 026. The Commission makes a request for these capital expenditures every two years through the capital budgeting process of the State of Ohio. The projects are then prioritized, bid out, and completed according to the State guidelines as provided by the Department of Administrative Services and the Office of Budget and Management. State capital contributions increased from \$2,111,585 to \$15,201,216 during 2011, which is mainly a function of the Commission's capital projects.

Management Operational Analysis

At June 30, 2012, the Ohio Expositions Commission had total assets of \$61,554,548 and total net assets of \$56,265,207. The largest portion of the Commission's assets is composed of the capital assets that make up this large, multi-event facility. The mission of the agency is "to professionally operate and maintain for public benefit a year-round, service oriented event facility and produce the annual Ohio State Fair."

The Ohio Expositions Commission has taken concerted steps to maintain financial stability on a long-term basis. The Commission's strategy is to continue to analyze pricing strategies, improve market penetration and improve the quality of management and administration, as well as the physical 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 Schottenstein Center) and private venues such as Nationwide Arena and Crew Stadium, it is increasingly difficult to fill the Celeste Center with entertainment for a 12-day fair.

OHIO EXPOSITIONS COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

The Commission continues to face increasing challenges on non-fair events as well. The struggling economy in the state of Ohio has affected the Ohio Expo Center just as it has the majority of other businesses within the state. 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, the Commission must continue to address its facility's image if it is 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. The Commission continues to improve and modernize the entire facilities. The state did enact a Capital Projects Improvement bill for fiscal years 2013 and 2014. The funds used for capital projects in fiscal year 2012 and 2011 were approved as part of the fiscal year 2010 state budget.

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, please 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

STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 2,243,235	\$ 2,055,187
Restricted cash and cash equivalents (Note 3)	227,169	242,954
Accounts receivable	114,692	226,137
Intergovernmental receivable	946,492	736,852
Prepaid fair expenses	161,897	283,441
Other prepaid expenses	27,204	27,443
Total Current Assets	<u>3,720,689</u>	<u>3,572,014</u>
Non-current assets:		
Capital assets, non-depreciable	3,873,922	17,685,574
Capital assets, net of accumulated depreciation (Note 4)	53,959,937	41,240,975
Total Non-Current Assets	<u>57,833,859</u>	<u>58,926,549</u>
 Total Assets	 <u>\$ 61,554,548</u>	 <u>\$ 62,498,563</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,447,953	\$ 1,185,355
Accrued liabilities	287,719	256,204
Deferred income	2,003,531	1,960,079
Due to others (Note 3)	227,169	242,954
Workers' compensation liability (Note 12)	35,000	80,053
Total Current Liabilities	<u>4,001,372</u>	<u>3,724,645</u>
Non-current liabilities:		
Compensated absences (Note 7)	730,606	699,330
Workers' compensation liability (Note 12)	557,363	676,397
Total Non-Current Liabilities	<u>1,287,969</u>	<u>1,375,727</u>
Total Liabilities	<u>5,289,341</u>	<u>5,100,372</u>
NET ASSETS		
Invested in capital assets	57,833,859	58,926,549
Unrestricted	<u>(1,568,652)</u>	<u>(1,528,358)</u>
Total Net Assets	<u>\$ 56,265,207</u>	<u>\$ 57,398,191</u>

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating revenues:		
Fair sources	\$ 8,018,762	\$ 7,956,605
Non-fair sources	5,091,202	5,565,307
Total	13,109,964	13,521,912
Operating expenses:		
Payroll and fringe benefits	5,371,030	5,294,564
Purchased services	3,116,859	3,145,813
Depreciation	3,041,005	2,887,183
Utilities	1,865,137	1,871,293
Maintenance and repair	914,761	883,786
Premiums	580,643	626,635
Supplies and materials	567,051	403,587
Printing and advertising	382,597	385,362
Meals	186,648	190,912
Communication and postage	85,703	121,616
Motor vehicle	126,611	104,731
Rentals	117,729	90,936
Refunds	58,903	34,070
Other	13,056	20,789
Travel	19,221	8,357
Total Operating Expenses	16,446,954	16,069,634
Operating Loss	(3,336,990)	(2,547,722)
Nonoperating revenues - state assistance	252,122	250,929
Loss Before Capital Contributions	(3,084,868)	(2,296,793)
State capital contributions	1,951,884	15,201,216
Change In Net Assets	(1,132,984)	12,904,423
Net assets - beginning of fiscal year	57,398,191	44,493,768
Net assets - end of fiscal year	\$ 56,265,207	\$ 57,398,191

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from fair sources	\$ 8,047,647	\$ 7,956,605
Cash received from non-fair sources	5,217,214	5,565,307
Cash received for harness racing funds	227,169	242,954
Cash payments for harness racing funds	(242,954)	(284,261)
Cash payments for payroll and personal services	(8,461,914)	(8,528,189)
Cash payments for utilities and maintenance	(2,696,403)	(2,626,180)
Cash payments for other services and charges	(2,174,186)	(2,285,715)
Net Cash (Used In) Provided By Operating Activities	<u>(83,427)</u>	<u>40,521</u>
Cash flows from noncapital financing activities:		
State operating assistance received	<u>252,122</u>	<u>250,929</u>
Net Cash Provided By Noncapital Financing Activities	<u>252,122</u>	<u>250,929</u>
Cash flows from capital and related financing activities:		
State capital assistance received	1,727,244	14,544,857
Acquisition and construction of equipment	<u>(1,723,676)</u>	<u>(14,495,359)</u>
Net Cash Provided By Capital Financing Activities	<u>3,568</u>	<u>49,498</u>
Net Increase In Cash And Cash Equivalents	172,263	340,948
Cash and cash equivalents, beginning of year	<u>2,298,141</u>	<u>1,957,193</u>
Cash and cash equivalents, end of year	<u>\$ 2,470,404</u>	<u>\$ 2,298,141</u>
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	\$ (3,336,990)	\$ (2,547,722)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	3,041,005	2,887,183
(Increase)/decrease in assets:		
Accounts receivable	(98,195)	(779,197)
Prepaid fair expenses	121,544	65,948
Other prepaid expenses	239	11,802
Increase/(decrease) in liabilities:		
Accounts payable	262,598	638,104
Accrued liabilities	62,792	(134,725)
Deferred income	43,452	52,473
Due to others	(15,785)	(41,307)
Workers' compensation liability	<u>(164,087)</u>	<u>(112,038)</u>
Total Adjustments	<u>3,253,563</u>	<u>2,588,243</u>
Net Cash (Used In) Provided By Operating Activities	<u>\$ (83,427)</u>	<u>\$ 40,521</u>

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES

During 2012, capital additions of \$946,492 were financed by accounts payable.

During 2011, capital additions of \$736,852 were financed by accounts payable.

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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 Exposition Center facilities for the purpose of conducting expositions, fairs and exhibits.

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

The Commission is not subject to federal, state or local 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.

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 that 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 assets, 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 in which the resources are required to be used or the fiscal year for which use is first permitted, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The GASB has recently issued the following new accounting pronouncements that will be effective in future years and may be relevant to the Ohio Exposition Commission:

- GASB No. 65, "Items Previously Reported as Assets and Liabilities"
- GASB No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62"
- GASB No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"

Management has not yet determined the impact that these new GASB Pronouncements will have on The Ohio Exposition Commission's financial statements.

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

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

Allowance for Doubtful Accounts - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. There was no allowance for doubtful accounts deemed necessary as of June 30, 2012 and 2011.

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

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

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

<u>Description</u>	<u>Years</u>
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 change in net assets.

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

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

Compensated Absences - The Commission accounts for compensated absences in accordance with 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 payment or retirement payment.

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

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

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets are displayed in two components as follows:

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

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

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The deposit of the Commission monies is governed by the provisions of the Ohio Revised 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 2012 and 2011, the Commission complied with the provisions of these statutes.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Deposits - The majority of the Commission's cash is in the State Rotary Fund, which is composed of commingled state funds invested by the Treasurer of State. At June 30, 2012 and 2011, the carrying amount and bank balance of the Commission's deposits with the Treasurer of State was approximately \$2,239,000 and \$2,051,000, respectively. In addition, the Commission had approximately \$4,000 of cash on hand at June 30, 2012 and 2011.

Restricted Cash and Cash Equivalents - At June 30, 2012, approximately \$227,000 was collected from harness racing participants registering for the 2012 Fair; and at June 30, 2011, approximately \$243,000 was collected from harness racing participants registering for the 2011 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event.

Credit Risk - All risk disclosures required by GASB Statement No. 40, Deposit and Investment Risk Disclosures, are expected to be found in the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 01, 2011</u>	<u>Additions and</u> <u>Transfers In</u>	<u>Deletions and</u> <u>Transfers Out</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land	\$ 2,930,999	-	-	\$ 2,930,999
Construction in progress	14,754,575	\$ 1,933,315	\$ (15,744,967)	942,923
 Total Capital Assets Not Being Depreciated	 17,685,574	 1,933,315	 (15,744,967)	 3,873,922
Capital Assets Being Depreciated:				
Land improvements	16,350,155	2,557,928	-	18,908,083
Buildings and improvements	69,415,918	13,187,039	-	82,602,957
Equipment, furniture and fixtures	2,932,774	15,000	(3,680)	2,944,094
Vehicles	44,404	-	-	44,404
 Total Capital Assets Being Depreciated	 88,743,251	 15,759,967	 (3,680)	 104,499,538
Less Accumulated Depreciation:				
Land improvements	4,551,421	859,071	-	5,410,492
Buildings and improvements	40,581,425	2,053,575	-	42,635,000
Equipment, furniture and fixtures	2,325,026	128,359	(3,680)	2,449,705
Vehicles	44,404	-	-	44,404
 Total Accumulated Depreciation	 47,502,276	 3,041,005	 (3,680)	 50,539,601
 Total Capital Assets Being Depreciated, Net	 41,240,975	 12,718,962	 -	 53,959,937
 Total Capital Assets, Net	 \$ 58,926,549	 \$ 14,652,277	 \$ (15,744,967)	 \$ 57,833,859

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions and</u> <u>Transfers In</u>	<u>Deletions and</u> <u>Transfers Out</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital Assets Not Being Depreciated:				
Land	\$ 2,930,999	-	-	\$ 2,930,999
Construction in progress	<u>4,501,307</u>	<u>\$ 15,151,718</u>	<u>\$ (4,898,450)</u>	<u>14,754,575</u>
Total Capital Assets Not Being Depreciated	<u>7,432,306</u>	<u>15,151,718</u>	<u>(4,898,450)</u>	<u>17,685,574</u>
Capital Assets Being Depreciated:				
Land improvements	11,451,705	4,898,450	-	16,350,155
Buildings and improvements	69,415,918	-	-	69,415,918
Equipment, furniture and fixtures	2,949,761	-	(16,987)	2,932,774
Vehicles	<u>44,404</u>	<u>-</u>	<u>-</u>	<u>44,404</u>
Total Capital Assets Being Depreciated	<u>83,861,788</u>	<u>4,898,450</u>	<u>(16,987)</u>	<u>88,743,251</u>
Less Accumulated Depreciation:				
Land improvements	3,867,781	683,640	-	4,551,421
Buildings and improvements	38,508,977	2,072,448	-	40,581,425
Equipment, furniture and fixtures	2,210,918	131,095	(16,987)	2,325,026
Vehicles	<u>44,404</u>	<u>-</u>	<u>-</u>	<u>44,404</u>
Total Accumulated Depreciation	<u>44,632,080</u>	<u>2,887,183</u>	<u>(16,987)</u>	<u>47,502,276</u>
Total Capital Assets Being Depreciated, Net	<u>39,229,708</u>	<u>2,011,267</u>	<u>-</u>	<u>41,240,975</u>
Total Capital Assets, Net	<u>\$ 46,662,014</u>	<u>\$ 17,162,985</u>	<u>\$ (4,898,450)</u>	<u>\$ 58,926,549</u>

Included in additions for fiscal year 2012 are approximately \$1,933,000 for projects in progress. These projects consisted of the final phase of the renovation of the sheep and swine buildings, and the paving of the west area of the fairgrounds. Included in additions for fiscal year 2011 are approximately \$15,150,000 of projects in progress. These projects consisted of the renovation of the sheep and swine buildings and the electric and lighting upgrade project.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 5 - LEASED PROPERTY

In May 1998, the Commission entered into an operating lease with the Crew Soccer Stadium Limited Liability Company (the Crew) for a period of 25 years. The Commission leased land, which has a cost and carrying value of approximately \$111,000, on which the Crew designed and constructed a stadium. The Commission is entitled to an annual rent payment of approximately \$66,000 through the year ending March 31, 2014. Thereafter, rent shall be adjusted by the Consumer Price Index adjustment, effective on April 1, 2014 and every fifth anniversary thereafter during the lease term. The Commission will retain 30% of all parking revenue collected for the Crew-sponsored events at the stadium.

The Commission also has operating leases with McDonald's and the Days Inn. The McDonald's' lease commenced in May 1996 and is for a period of 20 years. The Commission is currently entitled to an annual rent payment of approximately \$38,000. This lease has scheduled increases relating to the Consumer Price Index every 5 years with the next increase scheduled for 2016. The Days Inn lease commenced in December 1986 and is for a period of 30 years. The Commission is entitled to 4.00% of the gross room rent, which amounted to approximately \$29,000 and \$27,000 for the years ended June 30, 2012 and 2011, respectively.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Commission contributes to the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans:

The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under this plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon.

The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Benefits are established and may be amended by State statute. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2012, the most recent report issued by OPERS is as of December 31, 2011.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Chapter 145 of the Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10.0% and the employer contribution rate for state employers is 14.0% of covered payroll, for the years ended December 31, 2011 and 2010. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The Commission's contributions to OPERS for the years ended June 30, 2012, 2011 and 2010 were \$634,000, \$537,000 and \$540,000, respectively, equal to the required contributions for each year.

Other Post-Employment Benefits - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. To qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disabled recipients and primary survivor recipients is available.

The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pension." The Code provides statutory authority for employer contributions and requires public employers to fund post-retirement health care through their contributions to OPERS.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of the employer's contribution to OPERS set aside for the funding of OPEB for members in the Traditional Plan was 4% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion allocated to health care for calendar year beginning January 2012 remained the same, but they are subject to change based on Board action. This is compared to 5.5% for the Traditional Plan from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. In addition, the portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, the Commission's contribution for the 12 months ended June 30, 2012 allocated to OPEB was approximately \$181,000 and \$192,000 for the 12 months ended June 30, 2011. The amounts are included in the Commission contribution totals for the defined benefit pension plan.

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

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 7 - COMPENSATED ABSENCES

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

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

Changes in compensated absences for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 755,216	\$ 722,619
Additions	451,741	460,376
Deductions	<u>(417,966)</u>	<u>(427,779)</u>
Ending balance	<u>\$ 788,991</u>	<u>\$ 755,216</u>
Amount due within one year (included in accrued liabilities on the statement of net assets)	<u>\$ 58,385</u>	<u>\$ 55,886</u>

NOTE 8 - CONTINGENCIES

From time to time, the Commission has been named in various public liability and property damage claims and suits arising in the ordinary course of business. 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 9 - RELATED-PARTY TRANSACTIONS

During fiscal years 2012 and 2011, the Commission had, and expects to have in the future, transactions with other state agencies. The Commission recognized approximately \$135,000 and \$180,000 in rental fee revenues from other agencies of the State during fiscal years 2012 and 2011, respectively. State agencies are charged essentially the same rental fees as those charged to third parties.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 9 - 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 \$234,000 and \$238,000 during fiscal years 2012 and 2011, respectively, for these services at rates comparable to those charged to other agencies of the State for these services.

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

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

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

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 because there is no reliable basis for determining their financial impact.

NOTE 10 - STATE FAIR RESERVE

The Ohio Legislature passed a House Bill (Am. Sub. H.B. No. 283, Section 49), which established a State Fair Reserve of \$700,000. The reserve may be used if the admission receipts for the 2011 (fiscal year 2012) or 2012 (fiscal year 2013) Ohio State Fair are less than \$1,982,000 because of inclement weather or extraordinary circumstances (Ohio House Bill 153, Section 287.10). The Commission must declare a state of fiscal exigency and request a release of funds by the Director of Budget and Management. The Director of Budget and Management then must approve the release of funds, and may make changes or stipulations before release of the funds. The outstanding balance of available funds was approximately \$125,000 at June 30, 2012 and 2011.

OHIO EXPOSITIONS COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 11 - RISK MANAGEMENT

The State retains the risk associated with claims arising from vehicle liability, property loss and tort liability. The State also maintains a public 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 refund amount included in other prepaid expenses was approximately \$27,000 at June 30, 2012 and 2011. 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, 2012.

NOTE 12 - WORKERS' COMPENSATION

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

Changes in workers' compensation liabilities for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 756,450	\$ 868,488
Deductions, net	<u>(164,087)</u>	<u>(112,038)</u>
Ending balance	<u>\$ 592,363</u>	<u>\$ 756,450</u>
Amount due within one year	<u>\$ 35,000</u>	<u>\$ 80,053</u>

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

SUPPLEMENTARY FINANCIAL INFORMATION



INSIGHT ■ INNOVATION ■ EXPERIENCE

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

Ohio Expositions Commission and
Dave Yost, Auditor of State
Columbus, Ohio

We have audited the accompanying financial statements of The Ohio Expositions Commission (the Commission) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. The financial statements present only the Commission's and do not purport to, and do not, present fairly the financial position, changes in net assets, and cash flows of the State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Schneider Downs & Co., Inc.
www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062



Compliance and Other Matters

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

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

Schneider Downs & Co., Inc.

Columbus, Ohio
December 28, 2012

Ohio Executive Commission and
Ohio Auditor of State
Columbus, Ohio

We have audited the accompanying financial statements of The Ohio Executive Commission (the Commission) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. The financial statements present only the Commission's and do not present fairly the financial position, changes in net assets and cash flows of the State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

1120 New Albany
Columbus, OH 43260
614.464.1100
www.schneiderdowns.com

OHIO EXPOSITIONS COMMISSION

Columbus, Ohio

Independent Accountants' Report on
Applying Agreed-Upon Procedures

For the period July 25, 2012
through August 5, 2012



INSIGHT ■ INNOVATION ■ EXPERIENCE

www.schneiderdowns.com



INSIGHT ■ INNOVATION ■ EXPERIENCE

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Ohio Expositions Commission and
Dave Yost, Ohio Auditor of State
Columbus, Ohio

We have performed the procedures enumerated below, which were agreed to by the management of the Ohio Expositions Commission (the Commission) and the Ohio Auditor of State to fulfill Ohio Revised Code Section 991.06 requirements, solely to assist you in evaluating whether the cash collection, fair ticketing and vendor contracting controls and procedures were in place and functioning properly for the duration of the 2012 Ohio State Fair, an event sponsored by the Commission, from July 25, 2012 through August 5, 2012. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and our findings are as follows:

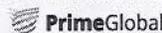
- 1) Reconciled daily receipts to deposits made. For each day of the fair, we performed the following procedures:
 - a) Ascertained the arithmetic accuracy of the daily Ticket Sales Report for both day and night shifts to within \$1.

With respect to procedure 1.a., no exceptions were noted.
 - b) Ascertained the arithmetic accuracy of the daily Ohio State Fair Cashiers Office - Celeste Center Reports to within \$1, and agreed daily amounts to Ticketmaster transaction summary stubs.

With respect to procedure 1.b., no exceptions were noted.
 - c) Ascertained the arithmetic accuracy of the daily Ohio State Fair Amusements of America Reports to within \$1, and agreed the cash deposited to the Key Bank deposit ticket.

With respect to procedure 1.c., no exceptions were noted.
 - d) Ascertained the arithmetic accuracy of the daily 2012 Ohio State Fair Sky Glider Daily Recap Reports to within \$1, and agreed the cash deposited to the Key Bank deposit ticket.

Schneider Downs & Co., Inc.
www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

With respect to procedures 1.d. no exceptions were noted.

- e) Ascertained the arithmetic accuracy of 10 vendors each day from the daily Balance Due Worksheet to within \$1; agreed amounts to the daily Vendor Percentage Reconciliation Sheet; and agreed the cash deposited to the Key Bank deposit ticket.

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

- f) Recalculated all computations used in the State Fair 2012 Revenue Receipts Reports.

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

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

With respect to procedure 1.g., we noted 11 discrepancies between "z" tapes and seller's reports. Discrepancies were \$32 on 7/26/12, \$12 on 7/28/12, \$4 on 7/29/12 and 8/1/2012, and \$10 on 8/2/2012.

- h) Agreed the total cash collected from the State Fair 2012 Revenue Receipts Reports to the validated Key Bank deposit ticket.

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

- i) Scanned the validated daily Revenue Cash Receipt Reports from the State Treasurer for any bank adjustments and tied to Revenue Receipts Report.

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

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

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

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

- b) We selected 10 sets of residual tickets on the day after the Fair had ended from all types of tickets available, and agreed the quantity remaining to the Commission's ending ticket inventory.

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

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

With respect to procedure 3, no exceptions were noted.

- 4) Determined that the Commission, through resolutions in the minutes, approved the expenditures on contracts for the 2012 Ohio State Fair.

With respect to procedure 4, formal approval for 2012 fair contract expenditures was noted in the administrative/legislative/fiscal committee minutes.

- 5) Determined that total payments made against contracts of \$1,520,358 (per the 2012 Ohio State Fair Attraction and Entertainment Contract Payments Schedule) agreed with the amount noted in the contracts. We read the attraction and entertainment contracts and noted that the amounts paid by the Commission per the above-mentioned attraction and entertainment contract payments schedule were in agreement with the contracts approved by the Commission.

With respect to procedure 5, we determined that \$1,520,358 of payments made against contracts agreed with the amount in the contracts.

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

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

Schneider Downs & Co., Inc.

Columbus, Ohio
December 28, 2012

[This Page Intentionally Left Blank]



Dave Yost • Auditor of State

OHIO EXPOSITIONS COMMISSION

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 12, 2013**