OHIO EXPOSITIONS COMMISSION

Basic Financial Statements
June 30, 2017
(With Independent Auditor's Report Thereon)

Board of Commissioners
Ohio Expositions Commission
717 East 17th Avenue
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Ohio Expositions Commission, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2016 through June 30, 2017. 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.

Dave Yost

Dave Yost
Auditor of State

January 4, 2018

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OHIO EXPOSITIONS COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Ohio Expositions Commission
Franklin County
717 East 17th Avenue
Columbus, Ohio 43215

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio Expositions Commission, Franklin County, Ohio (the Commission), as of and for the year ended June 30, 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Expositions Commission, Franklin County, Ohio, as of June 30, 2017, and the changes in its financial position and its cash flows 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 liabilities and pension 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 19, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

KENNEDY COTTRELL RICHARDS LLC

Kennedy Cottrell Richards LLC

Gahanna, Ohio
December 19, 2017

OHIO EXPOSITIONS COMMISSION

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017
(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, 2017. 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 2017 are as follows:

- Total net position decreased $844,565, which represents a .9% decrease from 2016.
- Total assets decreased $1,575,767 which represents a 1.5% decrease from 2016.
- Overall liabilities decreased $122,569, with the largest part of this decrease coming due to a decrease of $2,243,711 in accounts payable.
- Fair revenues decreased by $602,063 in Fiscal Year 2017 (2016 Ohio State Fair).
- Operating expenses increased $1,608,097 during the fiscal year. The largest increases were in depreciation, $958,779.

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.

OHIO EXPOSITIONS COMMISSION

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017
(Unaudited)

Table 1 provides a summary of the Ohio Expositions Commission's net position at June 30, 2017 and 2016.

Table 1
Net Position

	2017	2016
Assets:		
Current Assets	$ 8,550,424	$ 8,960,545
Capital Assets, net	92,081,566	93,247,212
Total Assets	100,631,990	102,207,757
Deferred Outflows		
Pension	2,602,726	1,866,329
Total Deferred Outflows of Resources	2,602,726	1,866,329
Liabilities:		
Current Liabilities	5,753,944	7,215,213
Non-Current Liabilities	8,397,067	7,058,367
Total Liabilities	14,151,011	14,273,580
Deferred Inflows of Resources		
Pension	238,122	110,358
Total Deferred Inflows of Resources	238,122	110,358
Net Position:		
Invested in capital assets	92,081,566	93,247,212
Unrestricted net assests	(3,235,983)	(3,557,064)
Total net position	$ 88,845,583	$ 89,690,148

For fiscal year 2017, current assets decreased $410,121 which represents a 4.6% increase from 2016. This consists of an increase of $1,755,216 in cash and cash equivalents, which is due to a very successful fair and non-fair season. Non-current assets decreased $1,165,646 which represents a 1.3% decrease from 2016. The main capital projects during Fiscal Year 2017 were the continued construction of the new Cardinal Hall north of 17th Avenue.

For fiscal year 2017, overall liabilities decreased $122,569, with the largest decrease being $2,243,711 in accounts payable.

The net pension liability (NPL) is the largest single liability reported by the Commission at June 30, 2017 and is reported pursuant to GASB 68 "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension cost, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension 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 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. GASB noted that the unfunded portion of this pension promise 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 a liability since they received the benefit of the exchange. However, the Commission is not responsible for certain key factors affecting the balance of the liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system 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 pension system is responsible for the administration of the plan.

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, the Commission's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of the OPERS traditional plan's change in net pension liability.

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, 2017 and 2016.

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OHIO EXPOSITIONS COMMISSION

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017
(Unaudited)

Table 2

Statement of Revenues, Expenses and Change in Net Position

	2017	2016
Operating revenues:		
Fair sources	$ 9,043,086	$ 9,645,149
Nonfair sources	6,930,812	6,294,331
Total	15,973,898	15,939,480
Operating expenses:		
Payroll and fringe benefits	6,732,883	6,392,786
Purchased services	3,231,339	3,314,353
Depreciation	5,423,187	4,464,408
Other Operating Expenses	2,306,902	2,375,671
Utilities	2,591,853	2,194,838
Maintenance and repair	1,343,727	1,279,738
Total operating expenses	21,629,891	20,021,794
Operating loss	(5,655,993)	(4,082,314)
Nonoperating revenues - state assistance	372,998	375,042
Loss before capital contributions	(5,282,995)	(3,707,272)
State capital contributions	4,438,430	24,651,654
Change in net position	(844,565)	20,944,382
Net position - beginning of fiscal year	89,690,148	68,745,766
Net position - end of fiscal year	$ 88,845,583	$ 89,690,148

Total operating revenues increase $34,418 (or .2%) from 2016 to 2017. The main factor in this was an increase in non-fair events.

Operating expenses increased $1,608,097 (or 8.0%) during the fiscal year. The largest increases were in depreciation, $958,779 and utilities, $397,015. The increase in payroll was related to a significant increase in GASB 68 related to pension expense plus negotiated 2017 wage increases, step and longevity increases.

State capital contributions decreased from $24,651,654 to $4,438,430 during Fiscal Year 2017, 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.

Management Operational Analysis

At June 30, 2017 the Ohio Expositions Commission had total assets of $100,631,990 and total net position of $88,845,583. The largest portion of the Commission's assets is comprised of the capital assets that make up this large, multi-event facility. The mission of the agency is "to professionally operate and maintain for public benefit a year-round, service oriented event facility and produce the annual Ohio State Fair."

The Ohio Expositions Commission has taken concerted steps to maintain financial stability on a long-term basis. The Commission's strategy is to continue to analyze pricing strategies, improve market penetration and improve the quality of management and administration, as well as the physical 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 Mapfre Stadium as 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 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, 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, 2017

Assets		2017
Current assets:		
Cash and cash equivalents (note 3)	$	7,327,527
Restricted cash and cash equivalents (note 3)		353,502
Accounts receivable		147,606
Intergovernmental receivable		570,238
Prepaid fair expenses		151,551
Total current assets		8,550,424
Non-current assets:		
Capital assets, non-depreciable		24,919,488
Capital assets, net of accumulated depreciation (note 4)		67,162,078
Total non-current assets		92,081,566
Total assets	$	100,631,990
Deferred Outflows of Resources		
Pension		2,602,726
Total Deferred Outflows of Resources	$	2,602,726
Liabilities		
Current liabilities:		
Accounts payable	$	1,362,425
Accrued liabilities		445,463
Unearned income		3,576,444
Due to others (note 3)		353,502
Workers' compensation liability		16,110
Total current liabilities		5,753,944
Non-current liabilities:		
Compensated absences (note 8)		802,553
Net Pension Liability		7,308,666
Workers' compensation liability		285,848
Total non-current liabilities		8,397,067
Total liabilities	$	14,151,011
Deferred Inflows of Resources		
Pension		238,122
Total Deferred Inflows of Resources	$	238,122
Net Position		
Invested in capital assets	$	92,081,566
Unrestricted		(3,235,983)
Total net position	$	88,845,583

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, 2017

		2017
Operating revenues:		
Fair sources	$	9,043,086
Nonfair sources		6,930,812
Total		15,973,898
Operating expenses:		
Payroll and fringe benefits		6,732,883
Purchased services		3,231,339
Depreciation		5,423,187
Utilities		2,591,853
Maintenance and repair		1,343,727
Premiums		640,472
Supplies and materials		759,457
Printing and advertising		296,653
Rentals		318,739
Meals		23,133
Communication and postage		168,583
Motor vehicle		74,440
Travel		11,479
Equipment		9,730
Refunds		4,216
Total operating expenses		21,629,891
Operating loss		(5,655,993)
Nonoperating revenues - state assistance		372,998
Loss before capital contributions		(5,282,995)
State capital contributions		4,438,430
Change in net position		(844,565)
Net position - beginning of fiscal year		89,690,148
Net position - end of fiscal year	$	88,845,583

See accompanying notes to basic financial statements.

OHIO EXPOSITIONS COMMISSION

Statement of Cash Flows

For the Fiscal Year ended June 30, 2017

		2017
Cash flows from operating activities:		
Cash received from fair sources	$	9,674,420
Cash received from nonfair sources		7,017,326
Cash received for harness racing funds		353,502
Cash payments for harness racing funds		(327,086)
Cash payments for payroll and personal services		(9,165,512)
Cash payments for utilities and maintenance		(3,931,268)
Cash payments for other services and charges		(2,420,053)
Net cash provided by (used in) operating activities		1,201,329
Cash flows from noncapital financing activities:		
State operating assistance received		372,998
Net cash provided by noncapital financing activities		372,998
Cash flows from capital and related financing activities:		
State capital assistance received		4,438,430
Acquisition and construction of equipment		(4,257,541)
Net cash provided by capital and related financing activities		180,889
Net increase (decrease) in cash and cash equivalents		1,755,216
Cash and cash equivalents, beginning of year		5,925,813
Cash and cash equivalents, end of year	$	7,681,029
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$	(5,655,993)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		5,423,187
(Increase)/decrease in assets:		
Accounts receivable		2,202,180
Prepaid fair expenses		(36,843)
Deferred Outflow of Resources - Pension		(736,397)
Increase/(decrease) in liabilities:		
Accounts payable		(2,243,711)
Accrued liabilities		65,356
Unearned income		712,583
Due to others		26,416
Net Pension Liability		1,597,154
Workers' compensation liability		(280,367)
Deferred Inflow of Resources - Pension		127,764
Total adjustments		6,857,322
Net cash provided by (used in) operating activities	$	1,201,329

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, 2017.

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.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial 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/expenditure) until then. For the Commission, deferred outflows of resources are reported on the statement of net position for pension and are explained in Note 6.

In addition to liabilities, the statements of financial position report 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 are reported on the statement of net position for pension and are explain in Note 6.

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 2017, 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, 2017, the carrying amount and bank balance of the Commission's deposits with the Treasurer of State was $7,323,527. In addition, the Commission had $4,000 of cash on hand at June 30, 2017.

(b) Restricted Cash - At June 30, 2017, $353,502 was collected from harness racing participants registering for the 2017 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event.

(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, 2017.

OHIO EXPOSITIONS COMMISSION

Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	July 1, 2016	Additions	Deletions	June 30, 2017
Capital assets not being depreciated:				
Land	$ 2,930,999	$ -	$ -	$ 2,930,999
Construction in progress	21,988,489	4,257,541	2,199,771	24,046,259
Total capital assets not being depreciated	24,919,488	4,257,541	2,199,771	26,977,258
Capital assets being depreciated:				
Land improvements	23,188,393	-	-	23,188,393
Buildings and improvements	107,059,517	2,143,296	-	109,202,813
Equipment, furniture and fixtures	4,503,304	56,475	52,238	4,507,541
Vehicles	44,404	-	-	44,404
Total capital assets being depreciated	134,795,618	2,199,771	52,238	136,943,151
Less: Accumulated depreciation:				
Land improvements	9,750,019	1,138,484	-	10,888,503
Buildings and improvements	53,635,430	4,071,854	-	57,707,284
Equipment, furniture and fixtures	3,038,041	212,849	52,238	3,198,652
Vehicles	44,404	-	-	44,404
Total accumulated depreciation	66,467,894	5,423,187	52,238	71,838,843
Total capital assets being depreciated, net	68,327,724	(3,223,416)	-	65,104,308
Total capital assets, net	$ 93,247,212	$ 1,034,125	$ 2,199,771	$ 92,081,566

Included in additions for fiscal year 2017 are $24,046,259 for projects in progress. These projects include the construction of Cardinal Hall, a new exhibition hall.

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 twenty-five years. The Commission leased land, which has a cost and carrying value of approximately $111,000, on which the Crew designed and constructed a stadium. The Commission is entitled to an annual rent payment of $72,000 through the year ending March 31, 2019. Thereafter, rent shall be adjusted by the Consumer Price Index adjustment, effective on April 1, 2019 and every fifth anniversary thereafter during the lease term. The Commission will retain thirty percent of all parking revenue collected for the Crew sponsored events at the stadium.

The Commission also has operating leases with 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 period of five years expiring in 2021. The Commission is currently entitled to an annual rent payment of $43,730. 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 $58,000 for the year ended June 30, 2017.

NOTE 6 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Net Pension Liability

The net pension liability reported on the statement of net position represents a 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 liability represents the Commission's proportionate share of the Traditional plan's collective actuarial present value of projected benefit payments attributable to past periods of services, net of each pension plan's fiduciary net position. The net pension 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 the estimate annually.

Ohio Revise Code limits the Commission's obligation for this 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 service in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of 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 the Traditional plan's unfunded benefits is presented as a long –term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable on the accrual basis of accounting.

Plan Description - The Commission participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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. While members (e.g. Auditor employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan.

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/investments/cafr.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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):

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	Group B	Group C
Eligible to Retire on January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after Janurary 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements		
Age 60 with 60 months of service credit	Age 60 with 60 months of service credit	Age 57 with 25 years of service credit
Age 55 with 25 year os service credit	Age 55 with 25 year of service credit	Age 62 with 5 years of service credit
Formula		
2.2% of FAS multipled by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multipled by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multipled 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 benefit 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 provides statutory authority for member and employer contributions as follows:

	State and Local
FY 2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
FY 2017 Actual Contribution Rates	
Employer - July 1, 2016 through December 31, 2016:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employer - January 1, 2017 through June 30, 2017:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

The Commission's contractually required contribution was $607,944 for fiscal year 2017.

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

The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's portion of the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the Traditional pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.03218500%
Prior Measurement Date	0.03297400%
Change in Proportionate Share	-0.00078900%
Proportionate Share of the Net Pension Expense	$7,308,666
Pension Expense	$1,527,617

At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$9,906
Changes of assumptions	1,159,244
Net difference between projected and actual earnings on pension plan investments	1,216,047
Changes in proportion and differences between Offoce contributions and proportionate share of contributions	11,444
Offoce contributions subsequent to the measurement date	206,085
Total Deferred Outflows of Resources	$2,602,726
Deferred Inflows of Resources	
Differences between expected and actual expenses	$43,498
Net difference between projected and actual earnings on pension plan investments	127,618
Changes in proportion and differences between Offoce contributions and proportionate share of contributions	67,006
Total Deferred Inflows of Resources	$238,122

$206,085 reported as deferred outflows of resources related to pension resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2018	$890,944
2019	915,317
2020	384,162
2021	(31,904)
Total	$2,158,519

Actuarial Assumptions

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, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, OPERS Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. In formation from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8 percent down to 7.5 percent. Key methods and assumptions used in the latest actuarial valuations, compared to the prior valuation are presented below.

	2016 Valuation	Prior Valuation
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25 percent	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For the current valuation, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For the prior valuation, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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 real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for the current measurement period was 7.5 percent. The discount rate used for the prior measurement period was 8 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 contractually required rates, as actuarially determined. 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 liability.

Sensitivity of the Office's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Office's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Office's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Commission's proportionate share of the net pension liability	$11,165,620	$7,308,666	$4,094,576

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERs 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS(7377).

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year 2017, the Commission contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active members do not make contributions to the OPEB Plan.

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 employer contributions allocated to health care for members in the Combined Plan was 2.0% during calendar year 2016. Effective January 1, 2017, the portion of employer contributions allocated to healthcare decreased to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

For calendar year 2016, the employer contribution allocated to the health care plan was 2.0 percent of covered payroll. The portion of the Commission's fiscal year 2017 contributions that were used to fund post-employment benefits were approximately $71,000.

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, 2017 are as follows:

	2017
Beginning balance	$ 839,329
Additions	457,683
Deductions	(430,344)
Ending balance	866,668
Amount due within one year (included in accrued liabilities on the statement of net position)	$ 64,135

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 years 2017, the Commission had, and expects to have in the future, transactions with other state agencies. The Commission recognized approximately $152,000 in rental fee revenues from other agencies of the State during fiscal year 2017. State agencies are charged essentially the same rental fees as those charged to third parties.

In addition, the Commission paid other state agencies for processing of payroll, general ledger, and fixed asset ledger. The Commission expensed approximately $212,000 during fiscal year 2017 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 – 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, 2017 approximated $29,116. 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, 2017.

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, 2017 are as follows:

	2017
Beginning Balance	$582,325
(Deductions) additions, net	280,367
Ending Balance	$301,958
Amount due within one year	$16,110

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

Note 13 - Contractual Commitments

At June 30, 2017 The Ohio Expositions Commission had the following outstanding contractual commitments:

Exhibition Hall

Vendor	Contract	Contract Amount	Amount Outstanding
Moody Nolan	Design Services	$ 1,324,263.59	$ 103,956.82
		$1 324,263.59	$ 103,956.82

Celeste Center Renovation

Vendor	Contract	Contract Amount	Amount Outstanding
Davis Wince	Design Services	$ 712,625.00	$ 571,887.97
OFCC	Design Services	69,600.00	2,560.00
		$ 782,225.00	$ 574,447.97

The outstanding balance noted above represents the difference between the contract amount and the total services completed and stored to-date through the end of the year.

OHIO EXPOSTIONS COMMISSION
SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System of Ohio - Traditional Plan
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Commission's Proportion of the Net Pension Liability	0.032118500%	0.03297400%	0.3270700%	0.3270700%
Commission's Proportionate Share of the Net Pension Liability	$7,308,666	$5,711,512	$3,944,829	$3,855,729
Commission's Covered-Employee Payroll	$3,566,171	$4,176,307	$4,051,221	$4,011,350
Commission's Proportionate Share of the Net Pension Liability as a Percentage of it Covered-Employee Payroll	205.00%	137.00%	97.37%	96.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

OHIO EXPOSITIONS COMMISSION

Required Supplementary Information
As of and for the Year Ended June 30, 2017

OHIO EXPOSTIONS COMMISSION
SCHEDULE OF COMMISSION'S CONTRIBUTIONS

Public Employees Retirement System of Ohio - Traditional Plan
Last Five Fiscal Years (1)

	2017	2016	2015	2014	2013
Contractually Required Contribution	$499,264	$584,683	$567,171	$561,589	$560,800
Contributions in Relation to the Contractually Required Contribution	$499,264	$584,683	$567,171	$561,589	$560,800
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Commission's Covered-Employee Payroll	$3,566,171	$4,176,307	$4,051,221	$4,011,350	$4,005,714
Contributions as a Percentage of Covered-Employee Payroll	14%	14%	14%	14%	14%

1) Information prior to 2013 is not available

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ohio Expositions Commission
Franklin County
717 East 17th Avenue
Columbus, Ohio 43211

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ohio Expositions Commission, Franklin County, Ohio (the Commission) as of and for the year ended June 30, 2017, 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 19, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Commission's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

KENNEDY COTTRELL RICHARDS LLC

Kennedy Cottrell Richards LLC

Gahanna, Ohio
December 19, 2017

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by 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 cash collection, Fair ticketing and vendor contracting procedures were in place and operating effectively for the duration of the 2017 Ohio State Fair (the Fair), an event sponsored by the Commission, from July 26, 2017 through August 6, 2017. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and our findings are as follows:

1. We reconciled daily receipts to deposits made. For each day of the Fair, we performed the following procedures:
   a. We ascertained the arithmetic accuracy of the daily Ticket Sales Report for both day and night shifts within $1.00.

      With respect to procedure 1.a., we noted two exceptions on the Ohio State Fair Daily Ticket Sales Report.

      On July 26, 2017, the arithmetic accuracy of the daily Ticket Sales Report was correct; however, the deposit was $2,000 less than the supporting documentation. The Commission needed cash to issue refunds to attendees' due to the temporary closure of the Midway rides.

      On July 27, 2017, the arithmetic accuracy of the daily Ticket Sales Report was correct; however, the deposit was $905 more than the supporting documentation. The $905 was the remaining balance of the $2,000 used for refunds on July 26, 2017, as documented above.

   b. We ascertained the arithmetic accuracy of the daily Ohio State Fair Cashiers Office – Celeste Center Reports to within $1, and agreed daily amounts to the Ticketmaster transaction summary stubs.

      With respect to procedure 1.b., we did not note any exceptions.

c. We 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., we did not note any exceptions.

d. We ascertained the arithmetic accuracy of the daily Ohio State Fair Sky Glider Daily Recap Reports to within $1, and agreed the cash deposited to the Key Bank deposit ticket.

   With respect to procedure 1.d., we did not note any exceptions.

e. We ascertained the arithmetic accuracy of ten 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 validated Key Bank deposit ticket.

   With respect to procedure 1.e., we noted four exceptions on the daily Balance Due Worksheet.

   On July 28, 2017, the arithmetic accuracy of the daily Balance Due Worksheet was correct; however, the total sales amount was $3.03 less than the Vendor Percentage Reconciliation Sheet.

   On July 28, 2017, the arithmetic accuracy of the daily Balance Due Worksheet was correct: however, the deposit total on Balance Due Worksheet was $73 more than the bank deposit slip.

   On July 30, 2017, the arithmetic accuracy of the daily Balance Due Worksheet was correct: however, the deposit total on Balance Due Worksheet was $232.56 less than the bank deposit slip.

   On July 31, 2017, the arithmetic accuracy of the daily Balance Due Worksheet was correct: however, the deposit total on Balance Due Worksheet was $929.07 more than the bank deposit slip.

f. We recalculated all computations used in the State Fair 2017 Revenue Receipts Reports.

   With respect to procedure 1.f., we did not note any exceptions.

g. We traced ticket sales by cashier from the Ticket Sales Report to the actual Ohio State Fair Seller's reports and total sales to the "Z tapes", which are tapes generated from each cash register.

With respect to procedure 1.g., we noted thirty-six discrepancies totaling $276 between the "z" tapes and seller's reports. Discrepancies noted were as follows:

Date	Amount
7/26/2017	$ 3
7/27/2017	4
7/28/2017	28
7/29/2017	4
7/30/2017	52
8/1/2017	62
8/2/2017	86
8/3/2017	8
8/4/2017	5
8/5/2017	8
8/6/2017	16
	$ 276

h. We agreed the total cash collected to the Revenue Receipts Reports to the validated Key Bank deposit ticket.

With respect to procedure 1.h., we did not note any exceptions.

i. We scanned the validated daily Revenue Cash Receipts Reports from the State Treasurer for any bank adjustments and tied to the Revenue Receipts Report.

With respect to procedure 1.i., we did not note any exceptions.

2. We 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 all the tickets on hand were sequentially ordered.

With respect to procedure 2.a., we did not note any exceptions.

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., we did not note any exceptions.

3. We 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 agreed with the measurements provided by the Commission and Amusements of America reports.

   With respect to procedure 3, we did not note any exceptions.

4. We determined that the Commission, through resolutions in the minutes, approved the expenditures on contracts for the 2017 Ohio State Fair.

   With respect to procedure 4, formal approval for 2017 fair contract expenditures was noted in the administrative/legislative/fiscal committee minutes on October 20, 2016 in Resolution 16-03.

5. We determined that total payments made against contracts per the Ohio State Fair Attraction and Entertainment Contract Payments Schedule, totaling $1,356,450 agreed with the amounts noted in each respective contract. We reviewed the attraction and entertainment contracts and noted the amounts paid by the Commission per the above mentioned attraction and entertainment contracts payments schedule agreed with the contracts approved by the Commission.

   With respect to procedure 5, we did not note any exceptions.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Commission and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than those specified parties.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC

Gahanna, Ohio
October 9, 2017

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
JANUARY 16, 2018