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

Basic Financial Statements
(With Independent Auditors' Report Thereon)

June 30, 2004 and 2003

Auditor of State
Betty Montgomery

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

We have reviewed the Independent Auditor's Report of the Ohio Expositions Commission, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 22, 2004

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INDEPENDENT AUDITOR'S REPORT

Ohio Expositions Commission and
Betty Montgomery, Auditor of State
Columbus, Ohio

We have audited the accompanying basic financial statements of the Ohio Expositions Commission (the Commission), a component unit of the State of Ohio, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Commission, as of June 30, 2004 and 2003, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued our report dated October 20, 2004 on our consideration of the Commission's internal control over financial reporting and of its tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on Pages 3 through 7 is not a required part of the basic financial statement but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 20, 2004

Ohio Expositions Commission
Management's Discussion and Analysis
For the year ended June 30, 2003

The discussions and analysis of the Ohio Expositions Commission's (the Commission) financial performance provides an overall review of the financial activities for the year ended June 30, 2004. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the auditors' 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 assets, statement of revenues, expenses and changes in net assets and a statement of cash flows. Since the Commission uses only one fund for its operations, the entity-wide and the fund presentations information is the same.

Financial Highlights

Key financial highlights for 2004 are as follows:

- Total net assets increased $2,464,439, which represents a 7% increase from 2003.
- Total assets increased $2,534,167, which represents a 6% increase from 2003. This was due to an increase in cash on hand of $637,598, and an increase in capital assets of $1,366,835.
- Overall liabilities increased $69,728, which represents a 1% increase from 2003.
- Ohio State Fair (Fair) revenues increased by $395,258 in fiscal year 2004 (2003 Ohio State Fair) mainly due to the Fair setting a modern day attendance record of 1,011,331. The result was an increase in the related revenue sources (admissions, midway percentages, food and beverage percentages, etc.) from the previous year.

- Operating expenses decreased $947,930 during the year mainly due to a large decrease in payroll and fringe benefits, of $1,184,139, which was offset by an increase in depreciation expense of $232,017.
- State assistance decreased $152,522 primarily due to the non-utilization of the State Fair Reserve Fund. This fund was established as a reserve that can be utilized if admission revenues from the Fair are significantly affected (less than 90% of projected revenues) by either weather or other unforeseen circumstances. This fund was utilized during fiscal year 2003 in the amount of $125,000.

Statement of Net Assets

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

Table 1 provides a summary of the Commission's net assets at June 30, 2004 and 2003:

Table 1
Net Assets

	2004	2003
Assets:		
Current Assets	$ 2,361,897	$ 1,194,565
Capital Assets, Net	42,191,967	40,825,132
Total Assets	$ 44,553,864	$ 42,019,697
Liabilities:		
Current Liabilities	$ 3,614,550	$ 3,150,423
Non-Current Liabilities	1,638,631	2,033,030
Total Liabilities	$ 5,253,181	$ 5,183,453
Net Assets:		
Invested in Capital Assets	$ 42,191,967	$ 40,825,132
Restricted Net Assets	449,850	459,857
Unrestricted Net Assets	(3,341,134)	(4,448,745)
Total Net Assets	$ 39,300,683	$ 36,836,244

Current assets increased $1,167,332, which represents a 98% increase from 2003. The main item that caused this increase is the increase in the amount of cash on hand at the end of the year. The increase in the amount of cash on hand is a direct result of the excellent Fair in 2003 in connection with a conscious effort to reduce costs. Capital assets, which are almost solely funded with capital acquisitions for projects through the Capital Fund 026, increased 3.3% from 2003. The main capital asset additions during fiscal year 2004 included campground renovations and water line upgrades.

Overall liabilities increased $69,728, with the largest part of this increase coming in current liabilities, mainly due to a $163,053 increase in deferred income. The large increase in deferred income at the end of 2004 was due in large part to an increase in the number of paid concerts at the 2004 Ohio State Fair, which was held in August 2004.

The overall effect of the above change in assets and liabilities resulted in the net assets of the Commission increasing $2,464,439, which represents a 6.7% increase from 2003.

Table 2 shows a summary of the Statements of Revenues, Expenses and Changes in Net Assets for the years ended 2004 and 2003.

Table 2
Revenues, Expenses and Changes in Net Assets

	2004	2003
Operating Revenues:		
Fair Sources	$ 7,546,363	$ 7,151,105
Non-Fair Sources	5,134,267	4,951,657
Total	12,680,630	12,102,762
Operating Expenses:		
Payroll and Fringe Benefits	4,844,450	6,028,589
Purchased Services	2,723,734	2,707,163
Depreciation	2,185,827	1,953,810
Other Operating Expenses	2,180,334	2,227,864
Utilities	1,410,233	1,427,342
Maintenance and Repair	843,949	791,689
Total Operating Expenses	14,188,527	15,136,457
Operating Loss	(1,507,897)	(3,033,695)
Non-Operating Revenues -State Assistance	437,165	589,687
Loss on Disposal of Equipment	(40,048)	-
Other Sources - State Capital Contributions	3,575,219	1,818,498
Change in Net Assets	2,464,439	(625,510)
Net Assets - Beginning of Fiscal year	36,836,244	37,461,754
Net Assets - End of Fiscal Year	$ 39,300,683	$ 36,836,244

Total operating revenues increased $577,868 (or 4.8%) from 2003 to 2004, mainly due to an increase in Fair revenues of $395,258. This increase in Fair revenues was caused by an increase in attendance at the 2003 Ohio State Fair and the subsequent increases in admissions, concessions and attraction revenues.

Operating expenses decreased $947,930 during the year mainly due to a decrease in payroll and fringe benefits of $1,184,139, which was offset by an increase in depreciation expense of $232,017. The decrease in payroll and fringe benefits was due to management's conscious decision to not fill certain positions as they became available. The increase in depreciation expense was due to $3,239,551 of additions to depreciable assets during 2003, which received a full year of depreciation in 2004.

The operating loss for the year decreased as a result of the excellent 2003 Ohio State Fair in conjunction with aggressive cost-cutting strategies primarily related to payroll and fringe benefits expense as previously discussed. The effect of these two items was a $1,525,798 decrease in the operating loss for 2004.

State capital contributions increased $1,756,721 during the year, which is mainly a function of the completion of capital projects that 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.

Management Operational Analysis

At June 30, 2004, the Commission had total assets of $44,553,864 and total net assets of $39,300,683. The largest portion of the Commission's assets is comprised of the capital assets that make up this large, multi-event facility. The Commission's mission is "to professionally operate and maintain for public benefit a year-round, service oriented event facility and produce the annual Ohio State Fair."

The Commission's prudent management of resources is evident in the cost reduction that has taken place over the last eight years. The Commission's operating expenses, excluding depreciation, are actually much less ($12,002,700) in fiscal year 2004 than in fiscal year 1996 ($13,403,449), because of cost reductions that have been put in place over the years. These cost containment thoughts and ideas continue to be looked at and analyzed. In addition to measures taken on the expense side, the Commission continues to analyze opportunities for growth on the revenue side of the equation.

The 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 and non-Fair clients and their visitors.

The annual Fair must meet all developmental, social and political expectations while maintaining a reasonable pricing system. The Fair's primary fiscal and programmatic challenge is to achieve public expectations, such as providing a great deal of support to the Jr. Fair, while not negatively impacting the Commission's annual operating budget.

Many Fair visitors believe that prices for entry, admission and midway rides should be nominal. While this is not 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 Commission relies on strong non-Fair operations to financially buffer the Fair's revenues and support the Commission's total annual operation.

The Commission continues to face challenges in the area of the Fair's featured entertainment. With increased local competition for big-name entertainment, from other government-supported agencies (Columbus Zoo, Schottenstein Center and Cooper Stadium) and private venues (Nationwide Arena and Germain Amphitheater), it had become difficult to fill the Celeste Center with entertainment for a 17-day fair. Management is currently exploring different scenarios for presenting high-level entertainment while maintaining fiscal responsibility. The most significant change made by management was to produce a 12-day Fair in 2004. The goal for the 12-day Fair was to maintain the revenues of a 17-day Fair, while reducing the expenses, in order to produce a revenue-generating event.

The Commission also continues to face increasing challenges on non-Fair events as well. The event facility business has become extremely competitive, especially in the Columbus area. In just the past seven years, Columbus has constructed a modern convention center and a 20,000-seat amphitheater. There are two ultra-modern arenas competing 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 address its facility's image if it is to remain competitive in this marketplace. The Commission's facility is old and in need of repair, but it is imperative that the Commission also act to improve the appearance of the Ohio Expo Center and the impression it makes on its guests and potential contractors. The facelift to improve and modernize the entire gate and access structures will continue with the capital improvements project to upgrade and modernize the 17th Avenue entrance to the Ohio Expositions Center as well as the electrical upgrade project.

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
(A COMPONENT UNIT OF THE STATE OF OHIO)

STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 999,108	$ 361,510
Restricted cash and cash equivalents	449,850	459,857
Accounts receivable	110,472	80,842
Intergovernmental receivable	505,400	142,466
Prepaid fair expenses	297,067	149,890
Total Current Assets	2,361,897	1,194,565
NON-CURRENT ASSETS		
Capital assets, net of accumulated depreciation	42,191,967	40,825,132
Total Non-Current Assets	42,191,967	40,825,132
Total Assets	$ 44,553,864	$ 42,019,697
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 812,128	$ 568,663
Accrued liabilities	323,586	272,473
Obligation under capital leases	103,311	100,422
Deferred income	1,881,099	1,718,046
Due to others	449,850	459,857
Workers' compensation liability	44,576	30,962
Total Current Liabilities	3,614,550	3,150,423
NON-CURRENT LIABILITIES		
Compensated absences	493,055	536,287
Obligation under capital leases	188,916	292,227
Workers' compensation liability	956,660	1,204,516
Total Non-Current Liabilities	1,638,631	2,033,030
Total Liabilities	5,253,181	5,183,453
NET ASSETS		
Invested in capital assets	42,191,967	40,825,132
Restricted for harness racing	449,850	459,857
Unrestricted	(3,341,134)	(4,448,745)
Total Net Assets	$ 39,300,683	$ 36,836,244

See accompanying notes to basic financial statements.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
OPERATING REVENUE		
Fair sources	$ 7,546,363	$ 7,151,105
Nonfair sources	5,134,267	4,951,657
Total	12,680,630	12,102,762
OPERATING EXPENSES		
Payroll and fringe benefits	4,844,450	6,028,589
Purchased services	2,723,734	2,707,163
Depreciation	2,185,827	1,953,810
Utilities	1,410,233	1,427,342
Maintenance and repair	843,949	791,689
Premiums	819,594	675,075
Printing and advertising	462,227	509,031
Supplies and materials	313,580	333,756
Rentals	200,702	212,669
Meals	179,479	179,157
Motor vehicle	75,271	90,164
Communication and postage	39,841	148,691
Refunds	35,904	14,331
Travel	25,284	14,031
Contracted commissions	22,427	50,959
Court of claims	6,025	-
Total Operating Expenses	14,188,527	15,136,457
Operating Loss	(1,507,897)	(3,033,695)
NONOPERATING REVENUES (EXPENSES)		
State assistance	437,165	589,687
Loss on disposal of equipment	(40,048)	-
Loss before capital contributions	(1,110,780)	(2,444,008)
State capital contributions	3,575,219	1,818,498
Change in net assets	2,464,439	(625,510)
NET ASSETS - BEGINNING OF FISCAL YEAR	36,836,244	37,461,754
NET ASSETS - END OF FISCAL YEAR	$ 39,300,683	$ 36,836,244

See accompanying notes to basic financial statements.

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

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from fair sources	$ 7,659,689	$ 7,044,168
Cash received from nonfair sources	4,974,224	4,874,269
Cash received from other sources	185,421	214,967
Cash received for harness racing funds	449,850	459,857
Cash payments for harness racing funds	(459,857)	(487,918)
Cash payments for payroll and personal services	(7,848,934)	(8,270,304)
Cash payments for utilities and maintenance	(2,231,992)	(2,193,976)
Cash payments for other services and charges	(2,420,062)	(2,429,195)
Net Cash Provided By (Used In) Operating Activities	308,339	(788,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State operating assistance received	437,165	589,687
Net Cash Provided By Noncapital Financing Activities	437,165	589,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital assistance received	3,575,219	1,818,498
Acquisition and construction of equipment	(3,592,710)	(1,832,232)
Payments on capital leases	(100,422)	(95,433)
Net Cash Used In Capital And Related Financing Activities	(117,913)	(109,167)
Net Increase (Decrease) In Cash And Cash Equivalents	627,591	(307,612)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	821,367	1,128,979
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,448,958	$ 821,367
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$ (1,507,897)	$ (3,033,695)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,185,827	1,953,810
(Increase)/decrease in assets:		
Accounts receivable	(29,630)	8,687
Prepaid fair expenses	(147,177)	(84)
Increase/(decrease) in liabilities:		
Accounts payable	(119,470)	55,976
Accrued liabilities	7,882	(79,818)
Deferred income	163,053	31,384
Due to others	(10,007)	(28,061)
Workers' compensation liability	(234,242)	303,669
Total Adjustments	1,816,236	2,245,563
Net Cash Provided By (Used In) Operating Activities	$ 308,339	$ (788,132)

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES

During 2004 and 2003, capital asset additions of $505,000 and $142,000, respectively, were financed with accounts payable.

During 2004 capital assets were disposed of, resulting in a $40,048 loss.

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 1 - ORGANIZATION AND REPORTING ENTITIY

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

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

The Commission is not subject to federal or state income taxes.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Sick leave benefits are accrued as a liability using the vesting method. The liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the 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 Assets - Equity is displayed in three components as follows:

- Invested in Capital Assets - This consists of capital assets, net of accumulated depreciation, that are attributable to the acquisition, construction or improvement of those assets.
- Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Commission's policy to use restricted resources first, then unrestricted resources when they are needed.
- Unrestricted - This consists of net 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 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.

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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications - Certain reclassifications have been made to the 2003 financial statements to conform to the current year's presentation.

NOTE 3 - CASH

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

Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation, or may pledge a pool of government securities valued at least 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 2004 and 2003, the Commission complied with the provisions of these statutes.

Deposits - The majority of the Commission's cash is in the State Rotary Fund, which commingles State funds invested by the Treasurer of State. At June 30, 2004, the carrying amount of the Commission's deposits with the Treasurer of State was approximately $1,445,000. In addition, the Commission had approximately $4,000 of cash on hand.

At June 30, 2003, the carrying amount of the Commission's deposits with the Treasurer of State was approximately $817,000. In addition, the Commission had approximately $4,000 of cash on hand.

Restricted Cash - At June 30, 2004, $449,850 was collected from harness racing participants registering for the 2004 Fair; and at June 30, 2003, $459,857 was collected from harness racing participants registering for the 2003 Fair. These monies are held in the State Rotary Fund and will be remitted to others who manage the Fair harness racing event.

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

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deletions and Transfers	Balance June 30, 2004
Capital Assets Not Being Depreciated:				
Land	$ 2,930,999	-	-	$ 2,930,999
Construction in Progress	1,968,437	$ 3,575,219	$ 1,597,913	3,945,743
Total Capital Assets Not Being Depreciated	4,899,436	3,575,219	1,597,913	6,876,742
Capital Assets Being Depreciated:				
Land Improvements	3,947,960	252,799	-	4,200,759
Buildings and Improvements	58,066,959	1,286,984	98,370	59,255,573
Equipment, Furniture and Fixtures	2,052,251	75,621	186,091	1,941,781
Vehicles	44,404	-	-	44,404
Total Capital Assets Being Depreciated	64,111,574	1,615,404	284,461	65,442,517
Less Accumulated Depreciation:				
Land Improvements	1,899,187	152,858	-	2,052,045
Buildings and Improvements	24,898,560	1,856,167	59,613	26,695,114
Equipment, Furniture and Fixtures	1,346,062	176,136	184,800	1,337,398
Vehicles	42,069	666	-	42,735
Total Accumulated Depreciation	28,185,878	2,185,827	244,413	30,127,292
Total Capital Assets Being Depreciated, Net	35,925,696	(570,423)	40,048	35,315,225
Total Capital Assets, Net	$40,825,132	$ 3,004,796	$ 1,637,961	$ 42,191,967

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

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Capital Assets Not Being Depreciated:				
Land	$ 2,930,999	-	-	$ 2,930,999
Construction in Progress	3,375,756	$ 1,818,497	$ 3,225,816	1,968,437
Total Capital Assets Not Being Depreciated	6,306,755	1,818,497	3,225,816	4,899,436
Capital Assets Being Depreciated:				
Land Improvements	3,947,960	-	-	3,947,960
Buildings and Improvements	55,063,805	3,003,154	-	58,066,959
Equipment, Furniture and Fixtures	1,867,663	236,397	51,809	2,052,251
Vehicles	44,404	-	-	44,404
Total Capital Assets Being Depreciated	60,923,832	3,239,551	51,809	64,111,574
Less Accumulated Depreciation:				
Land Improvements	1,752,649	146,538	-	1,899,187
Buildings and Improvements	23,265,669	1,632,891	-	24,898,560
Equipment, Furniture and Fixtures	1,224,156	173,715	51,809	1,346,062
Vehicles	41,403	666	-	42,069
Total Accumulated Depreciation	26,283,877	1,953,810	51,809	28,185,878
Total Capital Assets Being Depreciated, Net	34,639,955	1,285,741	-	35,925,696
Total Capital Assets, Net	$40,946,710	$ 3,104,238	$ 3,225,816	$ 40,825,132

Construction in progress at June 30, 2004 consisted of the Restroom Renovation Project, the Electric and Lighting Upgrade Project, and the Facility Improvement Plan.

Construction in progress at June 30, 2003 consisted of the Facility Improvement Plan, the Electric and Lighting Upgrade Project, the Campground Renovation Project.

The construction is funded by the State and recorded as capital contributions on the Commission's financial statements.

NOTES 5 - CAPITAL LEASES

The Commission is leasing certain equipment under capital leases. The interest rate for the capital leases ranged between approximately 4.64% to 8.05% at June 30, 2004. The net book value of this equipment at June 30, 2004 was approximately $300,000.

Changes in capital leases for the years ended June 30, 2004 and 2003 were as follows:

	2004	2003
Beginning balance	$ 392,649	$ 488,082
Additions	-	-
Deductions	(100,422)	(95,433)
Ending balance	292,227	392,649
Amount due within one year	$ 103,311	$ 100,422

Future minimum payments, by fiscal year, and in the aggregate, under these leases with initial or remaining terms of one year or more, consisted of the following at June 30, 2004:

Year	Capital leases
2005	$ 116,598
2006	101,150
2007	101,150
Total minimum lease payments	318,898
Less amount representing interest	26,671
Present value of minimum lease payments under capital leases	$ 292,227

NOTE 6 - LEASED PROPERTY

In May 1998, the Commission entered into an operating lease with the Crew Soccer Stadium Limited Liability Company (the Crew) for a period of 25 years. The Commission leased land, which has a cost and carrying value of approximately $111,000, on which the Crew designed and constructed a stadium. The Commission is entitled to an annual rent payment of $56,000 through the year ending March 31, 2009. Thereafter, rent shall be adjusted by the Consumer Price Index adjustment, effective on April 1, 2009 and every fifth anniversary thereafter during the lease term. The Commission will retain 30 percent of all parking revenue collected for the Crew sponsored events at the stadium.

NOTE 6 - LEASED PROPERTY (Continued)

The Commission also has operating leases with Days Inn and McDonalds. 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 $28,752. This lease has scheduled increases relating to the Consumer Price Index every 5 years with the next increase scheduled for 2006. The Days Inn lease commenced in December 1986 and is for a period of 30 years. The Commission is entitled to 4% of the gross room rent, which amounted to $27,807 and $28,873 for the years ended June 30, 2004 and 2003, respectively.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Commission contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns authority to establish and amend benefit provisions to the PERS Board of Trustees. PERS issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215 or by calling 614-222-6705 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%, and the employer contribution rate for state employers is 13.31% of covered payroll. 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 PERS for the years ended June 30, 2004, 2003 and 2002 were approximately $542,000, $600,000 and $704,000, respectively, equal to the required contributions for each year.

Other Post-Employment Benefits - PERS provides postretirement healthcare coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients is available. The healthcare coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB), as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement healthcare. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The number of active contributing participants at December 31, 2003 was 364,881.

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

The assumptions and calculations below were based on the System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

The investment assumption rate for 2002 was 8.00%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases over and above the 4.00% base increase were assumed to range from 0.50% to 6.3%.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial value of the retirement system's net assets available for OPEB at December 31, 2002 is $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.

The PERS employer contribution rate to fund healthcare for 2003 was 5.0%. Healthcare costs were assumed to increase 4.00% annually.

The actuarially determined and statutorily required contribution requirements from the Commission to PERS for post-employment benefits for the years ended June 30, 2004 and 2003 were $203,440 and $227,350, respectively. The amounts are included in the Commission contribution totals of $541,497 and $600,301, respectively.

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 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 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, 2004 and 2003 are as follows:

	2004	2003
Beginning balance	$ 591,213	$ 672,432
Additions	406,463	435,085
Deductions	(438,311)	(516,304)
Ending balance	$ 559,365	$ 591,213
Amount due within one year (included in accrued liabilities on the statement of net assets)	$ 66,310	$ 54,926

NOTE 9 - CONTINGENCIES

At June 30, 2004 and 2003, the Commission has been named in various public liability and property damage claims and suits. It is the opinion of management that any resulting liability to the Commission will not have a material adverse effect on the Commission's financial position as of June 30, 2004.

NOTE 10 - RELATED PARTY TRANSACTIONS

During fiscal years 2004 and 2003, the Commission had, and expects to have in the future, transactions with other State agencies. The Commission recognized approximately $200,000 and $185,000 in rental fee revenues from other agencies of the State during fiscal years 2004 and 2003, respectively. State agencies are charged essentially the same rental fees as those charged to third parties.

In addition, the Commission paid other State agencies for processing of payroll, general ledger and fixed-asset ledger. The Commission expensed approximately $179,000 and $161,000 during fiscal years 2004 and 2003, 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.

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 11 - STATE FAIR RESERVE

The Ohio Legislature passed a House Bill (Am. Sub. H.B. No. 283, Section 49), which established a State Fair Reserve of $700,000. The reserve may be used if admission revenues for the Ohio State Fair are less than 90 percent of the projected admission revenues. The Commission must declare a state of fiscal exigency and request a release of funds by the Director of Budget and Management. The Director of Budget and Management then must approve the release of funds, and may make changes or stipulations before release of the funds. During fiscal year 2003, approximately $125,000 of these funds were used in connection with the 2002 Ohio State Fair. The outstanding balance of available funds was approximately $125,000 at June 30, 2004 and 2003.

NOTE 12 - RISK MANAGEMENT

The State retains the risk associated with claims arising from vehicle liability, property loss and tort liability. The State also maintains a public employees' blanket bond through a private carrier. However, the Commission is responsible for the replacement of equipment that may be lost or damaged as a result of the operations of the Commission. In addition, employees of the Commission have the option of participating in the Ohio Med Health Plan, a self-insured health benefit plan of the State. The Commission pays a premium each month to the State based on the number of employees opting for plan participation and the types of coverage selected by its employees. At the end of the year, the State allocates the incurred but not reported (IBNR) health benefits claim liability (actuarial determined) or refund to its departments based upon the department's percent of total monthly premiums. The IBNR claim liability was included in accrued liabilities at June 30, 2004. Additional disclosures are expected to be found in the State's CAFR for the fiscal year ended June 30, 2004.

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, 2004.

NOTE 13 - WORKERS' COMPENSATION

The Commission participates in a plan that pays workers' compensation benefits to beneficiaries who have been injured on the job with any of certain state agencies and state universities. The Ohio Bureau of Workers' Compensation 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. The Commission's pro-rata share of this estimated liability for such future payments has been calculated by the State of Ohio Office of Budget and Management and allocated among the various state agencies and state universities using a new method effective in fiscal year 2003. The table below illustrates the effect of this change in estimate.

Changes in workers' compensation liabilities for the years ended June 30, 2004 and 2003 are as follows:

	2004	2003
Beginning balance	$ 1,235,478	$ 931,809
Change in estimate	-	313,130
Deductions, net of additions	(234,242)	(9,461)
Ending balance	$ 1,001,236	$ 1,235,478
Amount due within one year	$ 44,576	$ 30,962

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

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

Ohio Expositions Commission and
Betty Montgomery, Auditor of State
Columbus, Ohio

We have audited the financial statements of The Ohio Expositions Commission (the Commission) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 20, 2004. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Schneider Downs & Co., Inc.

Columbus, Ohio
October 20, 2004

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

Agreed-Upon Procedures

August 4 through August 15, 2004

Ohio Expositions Commission and
Betty Montgomery, 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) 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 2004 Ohio State Fair, an event sponsored by the Commission, from August 4, 2004 through August 15, 2004. 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) Reconcile 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., we noted one instance where credit sales were credited to the improper person on August 5th.

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

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

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

      With respect to procedure 1.c., we noted one instance where the cumulative total was incorrect (addition error) for August 5th. It was off by $5,401. This mistake was communicated to OEC management and was corrected the next day.

d) Ascertained the arithmetic accuracy of the daily 2004 Ohio State Fair Sky Glider Daily Recap Reports and agreed-upon amounts to Skyfair, Inc. calculation sheet and amounts remitted to the Ohio Expo Commission from Skyfair, Inc. to within $1.

   With respect to procedure 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 and agreed amounts to the daily Vendor Percentage Reconciliation Sheet.

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

f) Recalculated all computations used in the State Fair 2004 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., 17 instances of discrepancies between the Ohio State Fair Seller's Reports and associated "z" tapes were noted throughout the fair. The discrepancies were as follows: $2 and $6 on August 5th; $2, $6, and $14 on August 6th; $2, $2, and $6 on August 10th; $1 and $2 on August 12th; $2, $4, $4, $6, and $18 on August 13th; $6, and $8 on August 15th.

h) Agreed the total cash collected from the State Fair 2004 Revenue Receipts Reports to the validated Key Bank deposit ticket.

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

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

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

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

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

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

   b) We selected ten sets of residual tickets on the day after the fair ends from all types of tickets available and agreed the quantity remaining to the Commission's ending ticket inventory without exception.

      With respect to procedure 2.b., we noted one instance where the ending ticket inventory was two less than reported on the Commission's ending ticket inventory.

3) Verified the frontage measurement for vendors with contracts based in frontage. We participated in the measurement of all vendor booth frontage 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 $1,205,000 to be spent on contracts for the 2004 Ohio State Fair.

With respect to procedure 4., no exceptions were noted.

5) Determined that total payments made against contracts of $1,103,400 (per the 2004 Ohio State Fair attraction and entertainment contract payments schedule) agreed with the amount in the contracts. We read the attraction and entertainment contracts and noted that the amounts paid by the Commission per the above-mentioned attraction and entertainment contract payments schedule were in agreement with the contracts approved by the Commission.

With respect to procedure 5, no exceptions were noted.

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
October 20, 2004

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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
DECEMBER 7, 2004