



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE April 16, 2004

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Auditor of State David A. Vaudt today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2003. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$13,350,962 for fiscal year 2003, a decrease of less than one percent from 2002. Revenues included \$5,164,380 from Fair admissions, \$1,674,337 from Fair entertainment, \$2,027,933 from Fair concessions and \$1,564,464 from interim events. Operating expenses of the Fair Authority for fiscal year 2003 totaled \$13,369,766, a 4% increase from the prior year, which resulted in an operating loss of \$18,804 for the year ended October 31, 2003.

Foundation revenues were \$2,163,074, including operating grants and contributions of \$1,066,073, charges for service of \$565,480 and an appropriation of \$500,000 from the State of Iowa for capital improvements. The Foundation spent \$939,666 for administration and promotion and provided capital contributions of \$1,755,041 to the Fair Authority from contributions and legislative appropriations.

A copy of the audit report is available for review in the Office of Auditor of State.

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IOWA STATE FAIR AUTHORITY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

OCTOBER 31, 2003

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Iowa State Fair Authority

Officials

Name

Title

State

Honorable Thomas J. Vilsack	Governor
Honorable Michael L. Fitzgerald	Treasurer of State
Cynthia P. Eisenhauer	Director, Department of Management
Dennis C. Prouty	Director, Legislative Services Agency

Board Members

David Huinker	President/Director, Northeast District
C.W. Thomas	Vice President/Director, Southwest District
Jerry Parkin	Treasurer/Director, South Central District
Honorable Patty Judge	Secretary of Agriculture
Dr. Gregory L. Geoffroy	Iowa State University
Don Greiman	Director, North Central District
James Romer	Director, North Central District
Paul Vaassen	Director, Northeast District
Bill Neubrand	Director, Northwest District
Jeanne Partlow	Director, Northwest District
Randy Brown	Director, South Central District
Bob Schlutz	Director, Southeast District
Willard Hoskin	Director, Southeast District
Gary VanAernam	Director, Southwest District
Gary Slater	Chief Executive Officer/Manager

Iowa State Fair Authority



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Independent Auditor's Report

To the Board Members of the Iowa State Fair Authority:

We have audited the accompanying financial statements of the governmental activities and the business type activities of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2003, which collectively comprise the Iowa State Fair Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Iowa State Fair Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Iowa State Fair Authority are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities and business type activities of the State that is attributable to the transactions of the Iowa State Fair Authority. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of October 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business type activities of the Iowa State Fair Authority as of October 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also included our report dated February 26, 2004 on our consideration of the Iowa State Fair Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 7 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Iowa State Fair Authority's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information included in Schedules 1 through 4 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The supplementary information presented in Schedule 5 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 26, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Iowa State Fair Authority provides this Management's Discussion and Analysis of the Iowa State Fair's annual financial statements. This narrative overview and analysis of the financial activities of the Iowa State Fair is for the fiscal year ended October 31, 2003. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Fair operating revenue decreased approximately \$18,000 from 2002 to 2003. The majority of the decrease came from miscellaneous revenue, which included a drop in sales tax reimbursement and, telephone and cookbook sales. However, most revenue sources, such as admissions, concessions, entry, camping, and interim events, showed moderate increases.
- Operating expenses for the fair were approximately \$550,000 more in 2003 than in 2002. Fair services, grandstand and racetrack, and maintenance and utilities showed the greatest increases.
- The \$11.6 million Varied Industries Building renovation project was completed in 2003. The fair invested another \$54,000 in 2003 compared to \$2.95 million in 2002.
- The Fair received a federal grant to construct a safe shelter in the campgrounds. This \$927,000 project (\$698,000 federal funded) was completed in 2003.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Iowa State Fair Authority's basic financial statements. The Fair's basic financial statements consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 through 17) provide information about the activities of the Fair Authority as a whole and present a longer-term view of the Fair Authority's finances. Governmental financial statements show the activity of the Iowa State Fair Blue Ribbon Foundation. These statements tell how the Foundation raised and used funds for the purpose of renovation projects at the Iowa State Fairgrounds. These basic financial statements also include the notes to financial statements that explain some of the information in the statements and provide more detail. Supplementary information is also in schedule form and begins on page 31.

REPORTING THE FAIR AUTHORITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Fair's finances is "Is the Fair as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Fair as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The entity-wide financial statements include two statements.

The Statement of Net Assets presents all of the Fair's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Fair's net assets may serve as a useful indicator of whether the financial position of the Fair Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Fair's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Both the above financial statements have separate sections for two different types of activities. These two types of activities are:

Governmental Activities – These statements represent information on the Iowa State Fair Blue Ribbon Foundation activities. The Foundation, founded in 1993, was created to launch a major capital campaign for the renovation of the Iowa State Fairgrounds. These renovation efforts are supported by money raised through contributions, in-kind services, and state appropriations. Governmental activities include administration and promotion.

Business type Activities – These statements represent information on the Iowa State Fair's operating and non-operating activities. The Iowa State Fair is one of the leading tourist attractions in the state. The Fair is Iowa's great celebration to the best in agriculture, industry, entertainment and achievement. In 2003, it marked its largest attendance in the history of this 149-year-old event of 1.012 million visitors. The activities in the business type category normally are intended to recover all or a significant portion of their costs through fees and charges from the annual Fair and other interim events. These departmental activities of the Fair include administration, admissions, concessions, entry and competitive events, fair services, grandstand and racetrack, maintenance, marketing and promotion, public safety, special entertainment, and interim events.

Fund Financial Statements

The fund financial statements focus on individual parts of the Fair, reporting the Fair's operations in more detail than the entity-wide statements. The funds of the Fair can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

Governmental Fund Financial Statements – The Blue Ribbon Foundation activities are reported through a governmental fund called a special revenue fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements except the governmental fund financial statements focus on the near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Fair Authority's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Fair Authority.

Because the focus of governmental funds is narrower than that of the entity-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the Fair Authority's near-term financing decisions. Both the special revenue fund balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the bottom of each governmental fund financial statement.

Proprietary Fund Financial Statements – The Iowa State Fair's activities are reported through this fund. This fund is used to show activities that operate more like those of commercial enterprises. Because this fund charges fees for services provided to outside customers, including local government, it is known as an enterprise fund. Proprietary fund financial statements provide the same type of information as the entity-wide financial statements, only in more detail.

Like the entity-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the entity-wide financial statements for business type activities and the proprietary fund financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found beginning on page 23.

Supplementary Information

The supplementary information begins on page 31 and provides detailed information about expenditures or expenses by object and other financial data, including revenue comparisons for the past 5 years.

GOVERNMENTAL FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Fair Authority's combined net assets (government and business type activities) totaled \$50.8 million at the end of 2003 compared to \$49.4 million at the end of the previous year.

Fair Authority Net Assets	Governmental Activities		Business type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$2,781,103	3,034,136	6,384,326	5,362,573	9,165,429	8,396,709
Capital assets	44,416	9,081	42,774,757	42,345,870	42,819,173	42,354,951
Total assets	<u>\$2,825,519</u>	<u>3,043,217</u>	<u>49,159,083</u>	<u>47,708,443</u>	<u>51,984,602</u>	<u>50,751,660</u>
Current liabilities	\$ 394,300	85,203	592,735	1,066,769	987,035	1,151,972
Long-term liabilities	7,833	2,995	197,203	194,359	205,036	197,354
Total liabilities	<u>\$ 402,133</u>	<u>88,198</u>	<u>789,938</u>	<u>1,261,128</u>	<u>1,192,071</u>	<u>1,349,326</u>
Net Assets:						
Invested in capital assets	\$ 44,416	9,081	42,774,757	42,345,870	42,819,173	42,354,951
Restricted for capital improvement	1,477,143	1,705,000	-	-	1,477,143	1,705,000
Unrestricted	901,827	1,240,938	5,594,388	4,101,445	6,496,215	5,342,383
Total net assets	<u>\$2,423,386</u>	<u>2,955,019</u>	<u>48,369,145</u>	<u>46,447,315</u>	<u>50,792,531</u>	<u>49,402,334</u>

The largest portion of the Fair Authority's net assets (84%) reflects its investment in capital assets, such as land, buildings, equipment, vehicles and infrastructure (road, utilities and other immovable assets), less any related depreciation. The Fair Authority uses these capital assets to provide services. Consequently, these assets are not available for future spending. \$464,000 of the net increase in capital assets from year 2002 to year 2003 is mainly due to the new roof on the stock pavilion and the new safe shelter.

Unrestricted net assets (13%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors. The remaining balance (3%) represents resources that are subject to external restrictions on how they may be used. These restricted net assets will eventually be paid to the business side of the Fair to invest in capital assets.

Fair Authority Changes in Net Assets	Governmental Activities		Business type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for service	\$ 565,480	272,881	12,834,594	12,877,509	13,400,074	13,150,390
Operating grants and contributions	1,066,073	495,432	516,368	491,060	1,582,441	986,492
Capital grants and contributions	-	-	165,528	506,140	165,528	506,140
General revenues:						
State appropriation	500,000	500,000	-	-	500,000	500,000
Investment in earnings	31,521	59,220	20,065	54,415	51,586	113,635
Total revenues	2,163,074	1,327,533	13,536,555	13,929,124	15,699,629	15,256,657
Expenses:						
Blue Ribbon Foundation fund raising	939,666	649,515	-	-	939,666	649,515
State Fair and other events	-	-	13,369,766	12,819,991	13,369,766	12,819,991
Disposal of fixed assets	-	-	-	164,722	-	164,722
Total expenses	939,666	649,515	13,369,766	12,984,713	14,309,432	13,634,228
Increase (decrease) in net assets before transfers	1,223,408	678,018	166,789	944,411	1,390,197	1,622,429
Transfers	(1,755,041)	(2,313,906)	1,755,041	2,313,906	-	-
Increase (decrease) in net assets	(531,633)	(1,635,888)	1,921,830	3,258,317	1,390,197	1,622,429
Net assets beginning of year	2,955,019	4,590,907	46,447,315	43,188,998	49,402,334	47,779,905
Net assets end of year	<u>\$2,423,386</u>	<u>2,955,019</u>	<u>48,369,145</u>	<u>46,447,315</u>	<u>50,792,531</u>	<u>49,402,334</u>

The Fair Authority's net assets increased by \$1.4 million, or 3%. Transfers of \$1.76 million relate to the unexpended appropriation at October 31, 2002, which was spent renovating the new roof at the stock pavilion, a land improvement project called Legacy Terrace and the museum. The Iowa State Legislature granted appropriations of \$500,000 to the Fair in years 2001, 2002 and 2003 for various renovation projects.

Approximately 87% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 13% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 39% comes from admission, while concessions and attractions contribute 21% and entertainment accounts for 13% of the operating revenues. Revenues of \$1.56 million, or 12%, were from off-season rental of our facilities.

For governmental activities, the Foundation revenue consists primarily of contributions and sale of promotional items. The Fair received a \$500,000 appropriation from the Iowa State Legislature to be used for capital improvement projects.

The largest business type expense is payroll, which accounts for 37% of all expenses. The Fair employs approximately 1,600 people at different times during the year, with the majority working during the 11-day event. Contractual services accounts for 19% of all expenses. Examples of contractual services are utilities, including electricity and water, waste and garbage removal and contract services as needed throughout the year. Grandstand performers and other entertainment expenses during the fair account for 12% of all expenses.

In comparison to the prior year, the Fair Authority's business type operating revenue decreased by approximately \$18,000. In 2003, the Fair generated an increase in its overall fair time revenues, mainly through admissions and concessions. However, a decrease came from miscellaneous revenues, specifically sales tax reimbursement from capital projects, which showed a \$150,000 decrease from the previous year. The Fair Authority's business type activities expenses increased by \$550,000. The Fair's total governmental activities revenue increased by \$661,000, or 41%. Contributions showed the greatest dollar increase. However, sale of promotional items showed a large percentage increase of 147% due to adding the Fair logo to the line of merchandise sales.

FINANCIAL ANALYSIS OF THE FAIR AUTHORITY'S INDIVIDUAL FUNDS

Governmental Fund:

The Iowa State Fair Blue Ribbon Foundation's activity is shown in the governmental activities side of the Fair Authority's total activities. The focus of the Fair Authority's governmental fund is to provide information on the inflows, outflows, and balances of spendable resources. The Foundation raises money through contributions from individuals, corporations, in-kind services, and state appropriations. Tracking such information is useful in assessing the Fair Authority's capital improvement project resources.

As of the end of the current fiscal year, the Fair's governmental fund reported an ending fund balance of \$1.8 million, a decrease of \$439,000 in comparison with the prior year. 58% of the fund balance is reserved, which indicates it is not available for spending because it has already been committed to pay for the renovation of specific projects or is subject to other donor imposed restrictions.

Proprietary Fund:

The Fair's proprietary fund provides information on the Fair's operating and non-operating activities. For the year ended October 31, 2003, the Fair's proprietary fund reported an operating loss of \$18,804. Overall increase in fair attendance contributed to the increase in fair revenue. However the decrease in sales tax reimbursement is the main reason for the overall decrease in revenue. The proprietary fund reported a \$48.4 million net asset balance for the year, an increase of \$1.9 million from the prior year. The majority of the increase in net assets is directly attributable to the increased value of the newly renovated capital projects.

CAPITAL ASSETS

The Fair Authority's investment in capital assets for its governmental and business type activities at October 31, 2003 was \$59 million, net of accumulated depreciation of \$16.2 million, leaving a net book value of \$42.8 million. This investment in capital assets includes land, buildings, infrastructure, equipment, vehicles and construction in progress. Infrastructure assets are items that are normally immovable, such as streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the Fair Authority's investment in capital assets for the current fiscal year was about \$2.3 million, with the majority used to renovate the stock pavilion roof and the newly built safe shelter.

The Fair Authority's fiscal year 2004 capital budget includes \$1.2 million for capital projects, principally for the completion of the museum, renovation of the 4-H building and continued upgrade of additional buildings and infrastructure. Funds to pay for the completion of these projects will come from the Fair Authority's revenues, as well as contributions and the \$500,000 state appropriation received in fiscal year 2003. More detailed information about the Fair Authority's capital assets is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fair Authority's elected officials and management considered many factors when setting the 2004 fiscal year budget and fees that will be charged for the various Fair activities. Some budgeted disbursements are expected to rise. Increased wage and cost of living adjustments, and increases in maintenance and entertainment, represent the largest increments. The Fair will celebrate its 150th anniversary August 12-22, 2004 and has budgeted \$350,000 for new programs. If these estimates are realized, the Fair Authority's fund balance is expected to modestly increase by the close of 2004.

CONTACTING THE FAIR AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, citizens of the state of Iowa and creditors with a general overview of the Fair Authority's finances and to show the Fair Authority's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Iowa State Fair Authority, P.O. Box 57130, Des Moines, IA 50317.

Basic Financial Statements

Iowa State Fair Authority

Iowa State Fair Authority

Statement of Net Assets

October 31, 2003

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 1,142,286	5,835,037	6,977,323
Unexpended appropriation	663,735	-	663,735
Accounts receivable	-	163,275	163,275
Interest receivable	5,410	-	5,410
Pledges receivable	380,683	-	380,683
Due from other funds	-	386,014	386,014
Inventories	163,989	-	163,989
Total current assets	<u>2,356,103</u>	<u>6,384,326</u>	<u>8,740,429</u>
Noncurrent assets:			
Pledges receivable	425,000	-	425,000
Capital assets (net of accumulated depreciation):			
Land	-	3,387,124	3,387,124
Buildings	-	34,929,140	34,929,140
Equipment	44,416	524,874	569,290
Vehicles	-	76,243	76,243
Infrastructure	-	3,367,855	3,367,855
Construction in progress	-	489,521	489,521
Total noncurrent assets	<u>469,416</u>	<u>42,774,757</u>	<u>43,244,173</u>
Total assets	<u>2,825,519</u>	<u>49,159,083</u>	<u>51,984,602</u>
Liabilities			
Current liabilities:			
Accounts payable	-	258,954	258,954
Due to other funds	386,014	-	386,014
Salaries payable	4,282	75,370	79,652
Compensated absences	4,004	203,196	207,200
Refundable deposits	-	55,215	55,215
Total current liabilities	<u>394,300</u>	<u>592,735</u>	<u>987,035</u>
Noncurrent liabilities:			
Compensated absences	7,833	160,657	168,490
Accounts payable	-	36,546	36,546
Total noncurrent liabilities	<u>7,833</u>	<u>197,203</u>	<u>205,036</u>
Total liabilities	<u>402,133</u>	<u>789,938</u>	<u>1,192,071</u>
Net Assets			
Invested in capital assets	44,416	42,774,757	42,819,173
Restricted for capital improvements	1,477,143	-	1,477,143
Unrestricted	901,827	5,594,388	6,496,215
Total net assets	<u>\$ 2,423,386</u>	<u>48,369,145</u>	<u>50,792,531</u>

See notes to financial statements.

Iowa State Fair Authority
Statement of Activities
Year ended October 31, 2003

<u>Functions</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>
Governmental activities:				
Blue Ribbon Foundation fund raising	\$ 939,666	565,480	1,066,073	-
Business type activities:				
State Fair and other events	<u>13,369,766</u>	<u>12,834,594</u>	<u>516,368</u>	<u>165,528</u>
Total	<u>\$ 14,309,432</u>	<u>13,400,074</u>	<u>1,582,441</u>	<u>165,528</u>

General revenues:
 State appropriation
 Investment earnings
Transfers
 Total general revenues and transfers
Change in net assets
Net assets beginning of year
Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Change in Net Assets		
Governmental Activities	Business type Activities	Total
691,887	-	691,887
-	146,724	146,724
691,887	146,724	838,611
500,000	-	500,000
31,521	20,065	51,586
(1,755,041)	1,755,041	-
(1,223,520)	1,775,106	551,586
(531,633)	1,921,830	1,390,197
2,955,019	46,447,315	49,402,334
<u>\$ 2,423,386</u>	<u>48,369,145</u>	<u>50,792,531</u>

Exhibit C

Iowa State Fair Authority

Balance Sheet

Special Revenue Fund

October 31, 2003

Assets

Assets:

Cash and investments	\$ 1,142,286
Unexpended appropriation	663,735
Interest receivable	5,410
Pledges receivable	805,683
Inventories	163,989
Total assets	\$ 2,781,103

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$ 386,014
Salaries payable	4,282,000
Deferred revenue	628,908
Total liabilities	1,019,204

Fund balance:

Reserved for:	
Inventories	163,989
Capital improvements	852,143
Unreserved	745,767
Total fund balance	1,761,899

Total liabilities and fund balance**\$ 2,781,103****Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets****Fund balance - Special Revenue Fund** \$ 1,761,899

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Equipment	\$ 52,717	
Less accumulated depreciation	<u>(8,301)</u>	44,416

Certain Foundation revenues will be collected after year-end but will not be available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

628,908

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of compensated absences.

(11,837)**Net assets of governmental activities****\$ 2,423,386**

See notes to financial statements.

Iowa State Fair Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
Year ended October 31, 2003

Revenues:		
State appropriation	\$	500,000
Contributions		1,109,514
Sales of promotional items		382,472
Other sales		183,008
In-kind support		78,235
Interest on investments		31,521
Total revenues		<u>2,284,750</u>
Expenditures:		
Administration		391,758
Promotion		<u>576,851</u>
Total expenditures		<u>968,609</u>
Excess of revenues over expenditures		1,316,141
Other financing uses:		
Transfers out		<u>(1,755,041)</u>
Net change in fund balance		(438,900)
Fund balance beginning of year		<u>2,200,799</u>
Fund balance end of year		<u>\$ 1,761,899</u>
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities		
Net change in fund balance - Special Revenue Fund	\$	(438,900)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Contributions are reported in the Statement of Activities when pledged to the Foundation. They are not reported as revenues in the funds until available.		(121,676)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	\$	37,000
Depreciation expense		<u>(1,665)</u>
		35,335
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
		<u>(6,392)</u>
Change in net assets of governmental activities	\$	<u>(531,633)</u>

See notes to financial statements.

Exhibit E

Iowa State Fair Authority

Statement of Net Assets

Enterprise Fund

October 31, 2003

Assets

Current assets:

Cash and investments	\$ 5,835,037
Accounts receivable	163,275
Due from other funds	<u>386,014</u>
Total current assets	<u>6,384,326</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation):

Land	3,387,124
Buildings	34,929,140
Equipment	524,874
Vehicles	76,243
Infrastructure	3,367,855
Construction in progress	<u>489,521</u>
Total noncurrent assets	<u>42,774,757</u>

Total assets49,159,083**Liabilities**

Current liabilities:

Accounts payable	258,954
Salaries payable	75,370
Compensated absences	203,196
Refundable deposits	<u>55,215</u>
Total current liabilities	<u>592,735</u>

Noncurrent liabilities:

Compensated absences	160,657
Accounts payable	<u>36,546</u>
Total noncurrent liabilities	<u>197,203</u>

Total liabilities789,938**Net Assets**

Invested in capital assets	42,774,757
Unrestricted	<u>5,594,388</u>
Total net assets	<u><u>\$ 48,369,145</u></u>

See notes to financial statements.

Iowa State Fair Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Fund
Year ended October 31, 2003

Operating revenues:	
Admissions	\$ 5,164,380
Attractions	831,107
Commercial exhibitors	531,997
Concessions	2,027,933
Entertainment	1,674,337
Entry fees	284,589
Campground fees and services	636,286
Sponsorships	516,368
Interim events	1,564,464
Printshop	6,170
Miscellaneous	<u>113,331</u>
Total operating revenues	<u>13,350,962</u>
Operating expenses:	
Administration	2,076,876
Admissions	371,197
Concessions	104,021
Entry and competitive events	972,795
Fair services	1,279,422
Grandstand and racetrack	1,545,738
Utilities and maintenance	3,282,634
Marketing and promotion	466,486
Public safety	641,654
Sponsorship	38,685
Special entertainment	446,623
Treasurer	34,631
Depreciation	1,960,672
Interim events	<u>148,332</u>
Total operating expenses	<u>13,369,766</u>
Operating loss	(18,804)
Non-operating revenues:	
Interest income	<u>20,065</u>
Income before capital contributions and transfers	1,261
Operating transfers in	1,755,041
Capital grants	<u>165,528</u>
Change in net assets	1,921,830
Net assets beginning of year	<u>46,447,315</u>
Net assets end of year	<u>\$ 48,369,145</u>

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows

Enterprise Fund

Year ended October 31, 2003

Cash flows from operating activities:		
Cash received from events	\$ 13,901,497	
Cash payments to suppliers	(7,374,358)	
Cash payments to employees	<u>(4,505,926)</u>	
Net cash provided by operating activities		<u>\$ 2,021,213</u>
Cash flows from non-capital financing activities:		
Interfund transfers in from other funds		<u>1,448,117</u>
Cash flows from capital and related financing activities:		
Acquisition of property and equipment		(2,389,559)
Capital grants		<u>165,528</u>
Net cash used by capital and related financing activities		<u>(2,224,031)</u>
Cash flows from investing activities:		
Interest on investments		<u>20,065</u>
Net increase in cash and cash equivalents		1,265,364
Cash and cash equivalents beginning of year		<u>4,569,673</u>
Cash and cash equivalents end of year		<u>\$ 5,835,037</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		\$ (18,804)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	\$ 1,960,672	
Changes in assets and liabilities:		
Decrease in accounts receivable	550,535	
(Decrease) in accounts payable	(536,588)	
Increase in salaries payable	16,465	
(Decrease) in refundable deposits	(1,975)	
Increase in compensated absences	<u>50,908</u>	
Total adjustments		<u>2,040,017</u>
Net cash provided by operating activities		<u>\$ 2,021,213</u>
See notes to financial statements.		

Iowa State Fair Authority
Notes to Financial Statements

October 31, 2003

(1) Summary of Significant Accounting Policies

The Iowa State Fair Authority, a component unit of the State of Iowa, is governed by the provisions of Chapter 173 of the Code of Iowa. The Fair Authority is mandated by statute to conduct an annual State Fair and Exposition on the Iowa State Fairgrounds and to conduct other interim events.

The Fair Authority's board consists of fifteen members. The fifteen members consist of the Governor, Secretary of Agriculture, the President of Iowa State University, or their qualified representatives, two elected directors from each of the five Iowa State Fair Board districts, and a secretary and treasurer elected by the Iowa State Fair Board. A president and vice president are elected from the twelve elected directors.

The Iowa State Fair Authority includes the Iowa State Fair Blue Ribbon Foundation (Chapter 173.22 of the Code of Iowa). The Foundation may solicit or accept gifts and moneys appropriated by the Legislature to be used for administration or capital projects or major maintenance improvements at the Iowa state fairgrounds.

The financial statements of the Iowa State Fair Authority have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the Fair Authority's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Iowa State Fair Authority has included all funds and organizations, boards, commissions and authorities. The Fair Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Fair Authority are such that exclusion would cause the Fair Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Fair Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Fair Authority. The Fair Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Entity-wide and fund financial statements

The entity-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Iowa State Fair Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase,

use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Fair Authority's governmental fund and proprietary fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The entity-wide financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources measurement focus" and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fair Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Contributions, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Fair Authority.

The Fair Authority reports the following major governmental fund:

A Special Revenue Fund is used to account for the activities of the Foundation, including contributions and specific revenue sources restricted to expenditures for specified purposes.

The Fair Authority reports the following major proprietary fund:

An Enterprise Fund is used to account for the activities of the Iowa State Fair. It includes the 11-day fair activities as well as other events during the year.

In reporting the financial activity in the entity-wide and proprietary fund financial statements, the Fair Authority applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets, Budgetary Accounting and State Appropriations

The Iowa State Fair Authority staff prepare an annual budget for the Fair Authority's general operations. This budget is approved and monitored by the Iowa State Fair Board.

The Legislature has made appropriations from the Rebuild Iowa Infrastructure Fund to the Iowa State Fair Foundation to be used for renovation, restoration and improvement projects, including the grandstand, the cattle barn, the horse barn, the swine barn and for improvements to sewer, water, and electrical systems located on the state fairgrounds. The unencumbered or unobligated balance of the appropriation may be expended during the following fiscal year for the same purpose.

State appropriations received by the Foundation that are unexpended as of October 31, 2003 are classified as restricted net assets on the Statement of Net Assets because their use is restricted to reimbursement to the Fair Authority for capital improvements.

E. Assets, Liabilities and Net Assets/Fund Balance

The following accounting policies are followed in preparing the basic financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balance of the Foundation is pooled and invested by the Treasurer of State.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Pledges Receivable - Pledges receivable in the Special Revenue Fund are accounted for using the modified accrual basis of accounting and are shown net of an allowance for uncollectibles.

Pledges receivable are recognized when pledged. In the fund financial statements, only the pledges collected during the fiscal year and within 60 days of the end of the fiscal year are recognized as revenue. The remaining balance is reported as deferred revenue.

Inventories - Inventories are valued at cost which approximates market. The first-in/first-out (FIFO) cost flow method is used. Inventories in the Special Revenue Fund consist of items purchased and held for resale. The cost is recorded as an expenditure at the time individual inventory items are purchased. Expenditures are adjusted at fiscal year-end to correlate with the consumption method.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the Fair Authority), are reported in the applicable governmental or business type activities columns in the entity-wide financial statements. Capital assets are defined by the Fair Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the year ended October 31, 2003, no interest costs were capitalized since the Fair Authority's policy is not to capitalize interest costs on assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	20-40
Equipment	5-10
Vehicles	5-10
Infrastructure	20-40

Compensated Absences - Employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, death, or retirement. The cost of earned vacation, sick and compensatory pay are recorded as liabilities. These liabilities for compensated absences are based on current rates of pay.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose.

(2) Cash and Investments

The Iowa State Fair Authority's deposits in banks and with the Treasurer of State throughout the period and at October 31, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Fair Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Iowa State Fair Board; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Fair Authority's investments are categorized to give an indication of the level of risk assumed by the Fair Authority at year end. The Fair Authority's investments are all Category 1, which means the investments are insured or registered or the securities are held by the Fair Authority or its agent in the Fair Authority's name.

Investments are stated at cost which approximates fair value.

The Fair Authority's investments at October 31, 2003 are as follow:

<u>Type</u>	<u>Cost</u>
Commercial paper	<u>\$ 811,324</u>

(3) Capital Assets

Capital assets activity for the year ended October 31, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Equipment	\$ 15,717	37,000	-	52,717
Less accumulated depreciation	(6,636)	(1,665)	-	(8,301)
Governmental activities capital assets, net	<u>\$ 9,081</u>	<u>35,335</u>	<u>-</u>	<u>44,416</u>
Business type activities:				
Land, not being depreciated	\$ 3,115,336	271,788	-	3,387,124
Buildings	34,627,065	13,906,448	(145,289)	48,388,224
Equipment	1,351,415	49,674	-	1,401,089
Vehicles	474,302	35,566	-	509,868
Infrastructure	4,574,587	232,770	-	4,807,357
Construction in progress, not being depreciated	12,596,208	459,572	(12,566,259)	489,521
Total capital assets	<u>56,738,913</u>	<u>14,955,818</u>	<u>(12,711,548)</u>	<u>58,983,183</u>
Less accumulated depreciation:				
Buildings	(12,067,247)	(1,537,126)	145,289	(13,459,084)
Equipment	(761,556)	(114,659)	-	(876,215)
Vehicles	(418,818)	(14,807)	-	(433,625)
Infrastructure	(1,145,422)	(294,080)	-	(1,439,502)
Total accumulated depreciation	<u>(14,393,043)</u>	<u>(1,960,672)</u>	<u>145,289</u>	<u>(16,208,426)</u>
Business type activities capital assets, net	<u>\$ 42,345,870</u>	<u>12,995,146</u>	<u>(12,566,259)</u>	<u>42,774,757</u>

(4) Pension and Retirement Benefits

The Iowa State Fair Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Fair Authority is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Fair Authority's contribution to IPERS for the years ended October 31, 2003, 2002, and 2001 were \$173,712, \$166,602, and \$166,062, respectively, equal to the required contributions for each year.

(5) Other Post Employment Benefits

On November 8, 2001, the Legislature passed an Early Retirement Termination Program during the special legislative session. The program required the sum of the number of years of credited service (service under the Iowa Public Employee's Retirement System or the Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2002, to equal or exceed seventy-five. Employees were required to sign up on or before January 31, 2002 and leave State employment on or before February 1, 2002. Participants may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

The early retirement incentive is calculated as the total dollar value of accrued vacation and sick leave balances at the time of termination. However, the sick leave cannot exceed 2080 hours (the amount of annual salary). The vacation and sick leave will be paid out in five installments, with 10 percent paid with the last regular payroll warrant, 20 percent paid each August in 2002, 2003, and 2004, and the remaining 30 percent paid to the employee or their beneficiary in August 2005.

Early retirement costs for the year ended October 31, 2003 totaled \$24,364 for two participants. The balance remaining at October 31, 2003 of \$60,911 has been accrued in the Enterprise Fund.

(6) Contractual Commitments

The Iowa State Fair Authority has entered into contracts for planned capital improvement projects throughout the fairgrounds and has spent approximately \$3,898,000 under these contracts as of October 31, 2003. The remaining contractual obligation as of October 31, 2003 for current projects already in progress totals approximately \$45,000.

(7) Risk Management

State employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. There were no significant reductions in insurance coverage for the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

Supplementary Information

Iowa State Fair Authority

Iowa State Fair Authority
 Expenditures by Object
 Special Revenue Fund
 Year ended October 31, 2003

	Adminis- tration	Promotion	Total
Personal services	\$ 268,486	-	268,486
Travel	8,226	-	8,226
Supplies and materials	57,748	-	57,748
Contractual services	8,183	-	8,183
Miscellaneous	6,726	-	6,726
Equipment	42,389	-	42,389
Marketing	-	463,971	463,971
Donor promotion	-	112,880	112,880
Total	<u>\$ 391,758</u>	<u>576,851</u>	<u>968,609</u>

See accompanying independent auditor's report.

Iowa State Fair Authority
Expenses by Object
Enterprise Fund
Year ended October 31, 2003

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack
Personal services	\$ 1,543,741	316,616	27,613	211,659	82,338	105,318
Travel and conferences	82,966	-	-	6,515	-	-
Supplies and materials	141,410	4,775	71,115	102,102	208,962	-
Judging	-	-	-	157,261	-	-
Contractual services	168,685	37,573	2,500	43,990	984,205	184,248
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	1,114,651
Other grandstand events	-	-	-	-	-	136,855
Advertising	-	-	-	495	-	-
Claims and miscellaneous	140,074	12,233	2,793	30,695	3,917	4,666
Premiums	-	-	-	420,078	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 2,076,876	371,197	104,021	972,795	1,279,422	1,545,738

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
1,992,594	3,951	588,550	-	6,032	12,762	-	-	4,891,174
-	-	-	-	1,095	-	-	-	90,576
307,841	-	6,442	38,685	1,458	-	-	24,201	906,991
-	-	-	-	1,305	-	-	-	158,566
947,539	4,574	46,531	-	55,024	-	-	117,992	2,592,861
15,868	-	-	-	-	-	-	-	15,868
-	-	-	-	348,935	-	-	-	1,463,586
-	-	-	-	-	-	-	-	136,855
-	441,355	-	-	-	-	-	-	441,850
18,792	16,606	131	-	32,774	21,869	-	6,139	290,689
-	-	-	-	-	-	-	-	420,078
-	-	-	-	-	-	1,960,672	-	1,960,672
<u>3,282,634</u>	<u>466,486</u>	<u>641,654</u>	<u>38,685</u>	<u>446,623</u>	<u>34,631</u>	<u>1,960,672</u>	<u>148,332</u>	<u>13,369,766</u>

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2003

Fiscal Year		Operating Revenues	Operating Income (Loss)	State Fair Attendance (Unaudited)
1999	\$	10,473,274	36,636	969,000
2000		10,417,274	(1,205,618)	979,000
2001		10,706,254	(841,123)	986,000
2002		13,368,569	548,578	1,008,000
2003		13,350,962	(18,804)	1,012,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2003

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Kenny Chesney	10,637	\$ 296,060	235,901	60,159
Crosby, Stills, & Nash	6,177	154,425	137,500	16,925
Rock 'N' Roll Reunion XXIV	4,773	109,779	60,000	49,779
Uncle Kracker and Everclear	3,821	76,420	75,000	1,420
Goo Goo Dolls and Lisa Marie Presley	4,891	122,275	130,000	(7,725)
Chris LeDoux and PRCA Rodeo	7,608	117,848	42,500	75,348
Montgomery Gentry and Trick Pony	5,732	131,836	80,000	51,836
Boston	5,952	166,656	150,000	16,656
Alan Jackson	<u>9,049</u>	<u>253,732</u>	<u>200,000</u>	<u>53,732</u>
Total	<u>58,640</u>	<u>\$ 1,429,031</u>	<u>1,110,901</u>	<u>318,130</u>

This information is included on Exhibit F in entertainment revenue and grandstand and racetrack expenses.

See accompanying independent auditor's report.

Schedule 5

Iowa State Fair Authority

Concessionaire Sales

For the Five Years Ended October 31, 2003
(Unaudited)

Year Ending Oct 31,	Sales Reported by Vendor *		
	Food	Beer	Merchandise
1999	\$ 6,235,117	-	1,639,804
2000	6,410,785	-	1,715,020
2001	5,482,493	484,000	1,764,222
2002	5,908,943	539,250	1,848,177
2003	5,966,939	578,250	1,881,310

This information is provided for comparative purposes only. The Iowa State Fair Authority receives a varying percentage of vendor proceeds.

* For the year ended October 31, 2001, the Fair changed the method that vendors pay for beer. Previously, vendors paid a flat rate of \$125 per keg rather than 25% of sales. Therefore, the reported food amounts for 1999 and 2000 include beer sales.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Auditor of State

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Board Members of the
Iowa State Fair Authority:

We have audited the financial statements of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2003, and have issued our report thereon dated February 26, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 Iowa State Fair Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance 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 non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa State Fair Authority, citizens of the State of Iowa and other parties to whom the Iowa State Fair Authority may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa State Fair Authority during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

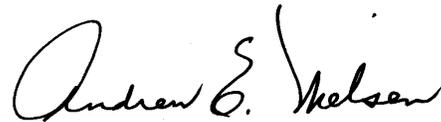
February 26, 2004

Iowa State Fair Authority

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Karen L. Brustkern, CPA Senior Auditor
Jill M. Bergantzel, CPA, Staff Auditor
Kristen E. Harang, CPA, Staff Auditor
Jason R. Matter, Staff Auditor
Jodi L. Simon, CPA, Staff Auditor
Brad T. Holtan, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State