



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

April 18, 2006

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2005. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$14,161,542 for fiscal year 2005, a decrease of 4% from 2004. Revenues included \$5,219,568 from Fair admissions, \$2,263,884 from Fair concessions, \$1,759,615 from Fair entertainment and \$1,627,874 from interim events. Operating expenses of the Fair Authority for fiscal year 2005 totaled \$14,049,287, a 0.5% decrease from the prior year. The Fair Authority reported operating income of \$112,255 for the year ended October 31, 2005 compared to operating income of \$628,841 for the prior year.

Foundation revenues were \$2,304,664 for fiscal year 2005, a 3.5% increase over the prior year. Revenues included operating grants and contributions of \$1,091,770, charges for service of \$423,802 and an appropriation of \$750,000 from the State of Iowa for capital improvements. The Foundation had expenses during fiscal year 2005 of \$839,086 for administration and promotion, a 20.3% decrease from the prior year. The Foundation also provided capital contributions of \$1,599,705 to the Fair Authority from contributions and legislative appropriations.

A copy of the audit report is available for review in the Iowa State Fair Authority's Office, in the Office of Auditor of State and on the Auditor of State's website <http://auditor.iowa.gov/reports/reports.htm>.

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

OCTOBER 31, 2005

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Iowa State Fair Authority

Officials

Name

Title

State

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

Board Members

C.W. Thomas	President/Director, Southwest District
Jerry Parkin	Vice President/Director, South Central District
Jeanne Partlow	Treasurer, Director, Northwest 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
David Huinker	Director, Northeast District
Paul Vaassen	Director, Northeast District
Bill Neubrand	Director, Northwest District
Randy Brown	Director, South Central District
Willard Hoskin	Director, Southeast District
Bob Schlutz	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, the business type activities and each major fund of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2005, which collectively comprise the Iowa State Fair Authority's basic financial statements 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 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 our audit provides a reasonable basis for our opinions.

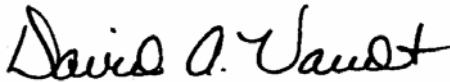
As discussed in Note 1, the financial statements of the Iowa State Fair Authority are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business type activities and each major fund 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, 2005, 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, the business type activities and each major fund of the Iowa State Fair Authority as of October 31, 2005, 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 issued our report dated March 7, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa State Fair Authority's basic financial statements. The supplementary 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 our 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 our 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

March 7, 2006

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, 2005. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Fair operating revenue decreased approximately \$582,000 from 2004 to 2005. The decrease was due largely to coming off our extraordinary year in 2004 when we celebrated our 150th fair and had record attendance. In 2005, the attendance was down 49,000 people. Some departments, such as attractions, space rental, entry fees and camping, did report some increases in revenue.
- Operating expenses for the fair were approximately \$66,000 less in 2005 than in 2004. Administration, fair services and grandstand and racetrack reported the greatest decreases.
- Three major capital projects were started in 2005. The swine barn underwent the first phase of restoration and a new 3,500 seat amphitheater and restroom began construction in heritage village. The renovation of the museum was completed in 2005, at a cost of \$1.2 million for the building and exhibit hall.

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 fund 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 the 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 33.

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 of 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 of 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 2004, we celebrated our sesquicentennial fair and marked our largest attendance in the history of this 150-year-old event with 1.050 million visitors. The activities in this 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. The departmental activities of the Fair include administration, admissions, concessions, entry and competitive events, fair services, grandstand and racetrack, utilities and 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 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 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 statements, 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 balances 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 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 schedules begin on page 33 and provide 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 a government’s financial position. The Fair Authority’s combined net assets (government and business-type activities) totaled \$54.4 million at the end of 2005 compared to \$52.6 million at the end of the previous year.

Fair Authority Net Assets	Governmental Activities		Business type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$2,498,873	2,741,226	10,258,212	8,480,409	12,757,085	11,221,635
Capital assets	37,388	40,902	43,195,874	42,840,912	43,233,262	42,881,814
Total assets	\$2,536,261	2,782,128	53,454,086	51,321,321	55,990,347	54,103,449
Current liabilities	\$ 445,151	548,250	855,017	619,971	1,300,168	1,168,221
Long-term liabilities	5,713	14,354	240,618	276,995	246,331	291,349
Total liabilities	\$ 450,864	562,604	1,095,635	896,966	1,546,499	1,459,570
Net Assets:						
Invested in capital assets	\$ 37,388	40,902	43,195,874	42,840,912	43,233,262	42,881,814
Restricted for capital improvements	973,886	1,378,622	-	-	973,886	1,378,622
Unrestricted	1,074,123	800,000	9,162,577	7,583,443	10,236,700	8,383,443
Total net assets	\$2,085,397	2,219,524	52,358,451	50,424,355	54,443,848	52,643,879

The largest portion of the Fair Authority’s net assets (79%) 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.

Unrestricted net assets (19%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors. The remaining balance (2%) represents resources 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 for more investment in its capital assets.

Fair Authority Changes in Net Assets	Governmental Activities		Business type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service	\$ 423,802	630,752	13,537,520	14,039,520	13,961,322	14,670,272
Operating grants and contributions	1,091,770	1,326,004	624,022	704,228	1,715,792	2,030,232
Capital grants and contributions	-	-	100,000	-	100,000	-
General revenues:						
State appropriation	750,000	250,000	-	-	750,000	250,000
Investment earnings	39,092	20,692	120,136	48,264	159,228	68,956
Gain on sale of capital assets	-	-	2,000	-	2,000	-
Total revenues	2,304,664	2,227,448	14,383,678	14,792,012	16,688,342	17,019,460
Expenses:						
Blue Ribbon Foundation fund raising	839,086	1,053,125	-	-	839,086	1,053,125
State Fair and other events	-	-	14,049,287	14,114,987	14,049,287	14,114,987
Total expenses	839,086	1,053,125	14,049,287	14,114,987	14,888,373	15,168,112
Increase in net assets before transfers	1,465,578	1,174,323	334,391	677,025	1,799,969	1,851,348
Transfers	(1,599,705)	(1,378,185)	1,599,705	1,378,185	-	-
Increase (decrease) in net assets	(134,127)	(203,862)	1,934,096	2,055,210	1,799,969	1,851,348
Net assets beginning of year	2,219,524	2,423,386	50,424,355	48,369,145	52,643,879	50,792,531
Net assets end of year	\$2,085,397	2,219,524	52,358,451	50,424,355	54,443,848	52,643,879

The Fair Authority's net assets increased by \$1.8 million, or 3.4%. The majority of the increase is attributed to the governmental type activities increase in overall revenue and decrease in overall expenses. The business type activities revenues decreased \$408,000 and expenses decreased by \$66,000 in comparison to 2004. In 2005, the Fair came off from celebrating its 150th Fair. The revenues and expenses were less due to celebrating this special event in 2004.

Approximately 88% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 12% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 37% comes from admissions, while concessions, exhibitors and attractions contribute 26% and entertainment 12%. Revenues of \$1.6 million, or 11%, were from off-season rental of our facilities.

For governmental activities, the Foundation's revenue consists primarily of contributions and sale of promotional items. Contributions decreased in 2005 due to specific contributions received from donors for the museum project in 2004. Sale of promotional items also showed a decrease due to selling more merchandise in 2004 during our sesquicentennial celebration. The Fair received a \$750,000 appropriation in 2005, compared to a \$250,000 appropriation in 2004, from the Iowa State Legislature to be used for capital improvement projects.

On the expense side, the Fair Authority's expenses decreased approximately \$280,000. The majority of this decrease is attributed to the governmental type activities which decreased \$214,000. The decrease was due primarily to merchandise purchases in 2004 for the sesquicentennial Fair.

The largest business type activities expense is payroll, which accounts for 36% of all expenses. The Fair employs approximately 1,550 people at different times during the year, with the majority working during the 11-day event. Contractual services account 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. Payments made to grandstand performers and other entertainment during the fair account for 11% of all expenses.

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 activity 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, approximately the same as the prior year. 51% 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 Authority's operating and non-operating activities. For the year ended October 31, 2005, the Fair's proprietary fund reported operating income of \$112,255. The proprietary fund reported a \$52.4 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 transfers from the governmental fund for reimbursement of certain capital expenses.

CAPITAL ASSETS

The Fair Authority's investment in capital assets for its governmental and business-type activities at October 31, 2005 was \$63.7 million, net of accumulated depreciation of \$20.5 million, leaving a net book value of \$43.2 million. This investment in capital assets includes land, buildings, infrastructures, 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 \$355,000.

The Fair Authority's fiscal year 2006 capital budget includes \$2 million for capital projects, principally for the completion of phase 1 of the swine barn renovation, adding a new restroom and amphitheater in heritage village 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 \$750,000 state appropriation received in fiscal year 2005. 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 BUDGET AND RATES

The Fair Authority's elected officials and management considered many factors when setting the 2006 fiscal year budget and fees charged for the various Fair activities. Some budgeted disbursements are expected to rise. Increased wage and cost of living adjustments, increases in maintenance and utilities, and entertainment represent the largest increments. Revenues are expected to rise as well. Our admission price will increase for the first time since 2001. Grandstand revenue is expected to increase due to a strong lineup planned for the 2006 Fair. Increased fair camping rates and a new cookbook will also bring in additional revenue. If these estimates are realized, the Fair Authority's fund balance is expected to moderately increase by the close of 2006.

Today the Fair is an 11-day economic boom for the city and state. It annually attracts more than one million people who enjoy the Fair and its neighboring attractions, events and restaurants during their visit, resulting in more than a \$150 million total economic impact to Central Iowa.

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, 2005

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 1,309,461	9,613,578	10,923,039
Unexpended appropriation	684,006	-	684,006
Accounts receivable	-	210,588	210,588
Interest receivable	9,659	-	9,659
Pledges receivable	177,341	-	177,341
Due from other funds	-	434,046	434,046
Inventories	216,386	-	216,386
Total current assets	2,396,853	10,258,212	12,655,065
Noncurrent assets:			
Pledges receivable	102,020	-	102,020
Capital assets (net of accumulated depreciation):			
Land	-	3,843,785	3,843,785
Buildings	-	34,239,044	34,239,044
Equipment	37,388	722,062	759,450
Vehicles	-	120,893	120,893
Infrastructure	-	3,703,859	3,703,859
Construction in progress	-	566,231	566,231
Total noncurrent assets	139,408	43,195,874	43,335,282
Total assets	2,536,261	53,454,086	55,990,347
Liabilities			
Current liabilities:			
Accounts payable	-	523,925	523,925
Due to other funds	434,046	-	434,046
Salaries payable	5,312	81,957	87,269
Compensated absences	5,793	193,390	199,183
Refundable deposits	-	55,745	55,745
Total current liabilities	445,151	855,017	1,300,168
Noncurrent liabilities:			
Accounts payable	-	64,193	64,193
Compensated absences	5,713	176,425	182,138
Total noncurrent liabilities	5,713	240,618	246,331
Total liabilities	450,864	1,095,635	1,546,499
Net Assets			
Invested in capital assets	37,388	43,195,874	43,233,262
Restricted for capital improvements	973,886	-	973,886
Unrestricted	1,074,123	9,162,577	10,236,700
Total net assets	\$ 2,085,397	52,358,451	54,443,848

See notes to financial statements.

Iowa State Fair Authority
Statement of Activities
Year ended October 31, 2005

Functions	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants
Governmental activities:				
Blue Ribbon Foundation fundraising	\$ 839,086	423,802	1,091,770	-
Business type activities:				
State Fair and other events	14,049,287	13,537,520	624,022	100,000
Total	\$ 14,888,373	13,961,322	1,715,792	100,000

General revenues:
State appropriation
Investment earnings
Gain on sale of capital assets
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
676,486	-	676,486
-	212,255	212,255
676,486	212,255	888,741
750,000	-	750,000
39,092	120,136	159,228
-	2,000	2,000
(1,599,705)	1,599,705	-
(810,613)	1,721,841	911,228
(134,127)	1,934,096	1,799,969
2,219,524	50,424,355	52,643,879
\$ 2,085,397	52,358,451	54,443,848

Exhibit C

Iowa State Fair Authority

Balance Sheet
Special Revenue Fund

October 31, 2005

Assets

Assets:

Cash and investments	\$ 1,309,461
Unexpended appropriation	684,006
Interest receivable	9,659
Pledges receivable	279,361
Inventories	216,386
Total assets	\$ 2,498,873

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$ 434,046
Salaries payable	5,312
Deferred revenue	279,361
Total liabilities	718,719

Fund balance:

Reserved for:	
Inventories	216,386
Capital improvements	698,886
Unreserved	864,882
Total fund balance	1,780,154

Total liabilities and fund balance**\$ 2,498,873****Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets****Fund balance - Special Revenue Fund** \$ 1,780,154Amounts 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 fund. These assets consist of:

Equipment	\$ 52,717	
Less accumulated depreciation	(15,329)	37,388

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 fund.

279,361

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

(11,506)

Net assets of governmental activities**\$ 2,085,397**

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, 2005

Revenues:	
State appropriation	\$ 750,000
Contributions	1,167,829
Sales of promotional items	250,032
Other sales	173,770
In-kind support	77,301
Interest on investments	39,092
Total revenues	<u>2,458,024</u>
Expenditures:	
Administration	405,296
Promotion	437,181
Total expenditures	<u>842,477</u>
Excess of revenues over expenditures	1,615,547
Other financing uses:	
Transfers out	<u>(1,599,705)</u>
Net change in fund balance	15,842
Fund balance beginning of year	<u>1,764,312</u>
Fund balance end of year	<u>\$ 1,780,154</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	\$ 15,842
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 fund until available.	(153,360)
The governmental fund reports capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense in the current year was \$3,514.	(3,514)
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 fund.	6,905
Change in net assets of governmental activities	<u>\$ (134,127)</u>

See notes to financial statements.

Iowa State Fair Authority

Statement of Net Assets
Enterprise Fund

October 31, 2005

Assets

Current assets:	
Cash and investments	\$ 9,613,578
Accounts receivable	210,588
Due from other funds	434,046
Total current assets	<u>10,258,212</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	3,843,785
Buildings	34,239,044
Equipment	722,062
Vehicles	120,893
Infrastructure	3,703,859
Construction in progress	566,231
Total noncurrent assets	<u>43,195,874</u>
Total assets	<u>53,454,086</u>

Liabilities

Current liabilities:	
Accounts payable	523,925
Salaries payable	81,957
Compensated absences	193,390
Refundable deposits	55,745
Total current liabilities	<u>855,017</u>
Noncurrent liabilities:	
Accounts payable	64,193
Compensated absences	176,425
Total noncurrent liabilities	<u>240,618</u>
Total liabilities	<u>1,095,635</u>

Net Assets

Invested in capital assets	43,195,874
Unrestricted	9,162,577
Total net assets	<u>\$ 52,358,451</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, 2005

Operating revenues:	
Admissions	\$ 5,219,568
Attractions	834,072
Commercial exhibitors	639,201
Concessions	2,263,884
Grandstand and racetrack entertainment	1,759,615
Entry fees	320,438
Campground fees and services	801,756
Sponsorships	624,022
Interim events	1,627,874
Miscellaneous	71,112
Total operating revenues	<u>14,161,542</u>
Operating expenses:	
Administration	2,181,825
Admissions	378,544
Concessions	89,640
Entry and competitive events	1,046,060
Fair services	1,016,377
Grandstand and racetrack	1,470,845
Utilities and maintenance	3,707,960
Marketing and promotion	553,978
Public safety	662,814
Sponsorship	41,484
Special entertainment	537,745
Treasurer	32,072
Depreciation	2,186,569
Interim events	143,374
Total operating expenses	<u>14,049,287</u>
Operating income	112,255
Non-operating revenues:	
Interest income	120,136
Gain on sale of capital assets	2,000
Income before capital grants and transfers	<u>234,391</u>
Operating transfers in	1,599,705
Capital grants	<u>100,000</u>
Change in net assets	1,934,096
Net assets beginning of year	<u>50,424,355</u>
Net assets end of year	<u><u>\$ 52,358,451</u></u>

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2005

Cash flows from operating activities:		
Cash received from events	\$ 14,258,261	
Cash paid to suppliers	(7,057,838)	
Cash paid to employees	(4,606,211)	
Net cash provided by operating activities		\$ 2,594,212
Cash flows from non-capital financing activities:		
Transfers in from other funds		1,705,441
Cash flows from capital financing activities:		
Acquisition of property and equipment		(2,539,531)
Capital grants		100,000
Net cash used by capital and related financing activities		<u>(2,439,531)</u>
Cash flows from investing activities:		
Interest on investments		<u>120,136</u>
Net increase in cash and cash equivalents		1,980,258
Cash and cash equivalents beginning of year		<u>7,633,320</u>
Cash and cash equivalents end of year		<u><u>\$ 9,613,578</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 112,255
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 2,186,569	
Changes in assets and liabilities:		
Decrease in accounts receivable	96,719	
Increase in accounts payable	174,243	
Increase in salaries payable	19,200	
(Decrease) in refundable deposits	(370)	
Increase in compensated absences	5,596	
Total adjustments		<u>2,481,957</u>
Net cash provided by operating activities		<u><u>\$ 2,594,212</u></u>

See notes to financial statements.

Iowa State Fair Authority

Notes to Financial Statements

October 31, 2005

(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 prescribed by the Governmental Accounting Standards Board. 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, 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 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 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 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 improvements to sewer, water and electrical systems located on the state fairgrounds. The unencumbered or unobligated balance of the appropriations 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, 2005 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 repair 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, 2005, 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, the governmental fund reports reservations of fund balance for amounts 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, 2005 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.

Investments are stated at fair value.

At October 31, 2005, the Fair Authority had the following investments:

Type	Fair Value	Maturity	Credit Risk
Money Market	\$ 99,788	N/A	N/A
Federal Home Loan			
Discount Note	935,595	November 2005	Aaa
Countrywide Home Loan Note	749,250	December 2005	A3
Kohls Corporation	903,870	February 2006	A3
Walt Disney Co.	398,476	March 2006	Baa1

Interest rate risk. The Fair Authority’s investment policy states each investment will typically have a short term maturity of six to nine months.

Credit risk. The Fair Authority’s credit risk ratings were determined by Moody’s.

Concentration of credit risk. The Fair Authority places no limit on the amount that may be invested in any one issuer. More than 5% of the Fair Authority’s investments are in the Federal Home Loan Discount Note, Countrywide Home Loan Note and Kohls Corporation. The Fair Authority’s investment in the Federal Home Loan Discount Note, Countrywide Home Loan Note and Kohls Corporation were 9.73%, 7.79% and 9.40%, respectively, of the Fair Authority’s investments.

(3) Capital Assets

Capital assets activity for the year ended October 31, 2005 is as follows:

	Balance			Balance
	Beginning			End
	of Year	Additions	Deletions	of Year
Governmental activities:				
Equipment	\$ 52,717	-	-	52,717
Less accumulated depreciation	(11,815)	(3,514)	-	(15,329)
Governmental activities capital assets, net	\$ 40,902	(3,514)	-	37,388
Business type activities:				
Land, not being depreciated	\$ 3,843,785	-	-	3,843,785
Buildings	49,549,291	1,515,757	-	51,065,048
Equipment	1,657,641	197,960	(18,437)	1,837,164
Vehicles	542,539	57,647	(20,876)	579,310
Infrastructure	4,989,931	768,980	-	5,758,911
Construction in progress, not being depreciated	565,044	566,233	(565,046)	566,231
Total capital assets	61,148,231	3,106,577	(604,359)	63,650,449
Less accumulated depreciation for:				
Buildings	(15,106,146)	(1,719,858)	-	(16,826,004)
Equipment	(1,004,578)	(128,961)	18,437	(1,115,102)
Vehicles	(453,895)	(25,398)	20,876	(458,417)
Infrastructure	(1,742,700)	(312,352)	-	(2,055,052)
Total accumulated depreciation	(18,307,319)	(2,186,569)	39,313	(20,454,575)
Business type activities capital assets, net	\$42,840,912	920,008	(565,046)	43,195,874

(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 for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The Fair Authority's contributions to IPERS for the years ended October 31, 2005, 2004 and 2003 were \$184,433, \$187,419 and \$173,712, 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 Employees 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.

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.

On April 2, 2004, the Governor signed into law a sick leave and vacation incentive program for eligible executive branch employees. The program requires the sum of the number of years of credited service (service under the Iowa Public Employees Retirement System or the Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2004, equals or exceeds seventy-five. Employees were required to sign up by May 21, 2004 and to leave State employment no earlier than July 2, 2004, but no later than August 12, 2004.

The incentive is calculated as the total dollar of accrued vacation at the time of termination plus the lesser of 75 percent of the employee's accumulated and unused sick leave or 75 percent of the employee's annual salary. The vacation and sick leave will be paid out in five installments, with 30 percent paid with the employee's last regular payroll warrant, 20 percent paid each August in 2005, 2006 and 2007 and the remaining 10 percent in August 2008. In the event a program participant dies prior to receiving the total cash value of the incentive, the participant's designated beneficiary or beneficiaries shall receive the remaining payments on the schedule developed for such payments.

Participants of all of the programs may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

All incentives are financed on a pay-as-you-go basis. Early retirement costs for the year ended October 31, 2005 totaled \$79,342 for five participants in the Enterprise Fund. The balance remaining at October 31, 2005 of \$106,989 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 \$1,427,000 under these contracts as of October 31, 2005. The remaining contractual obligation as of October 31, 2005 for current projects already in progress totals approximately \$1,144,000.

(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).

Iowa State Fair Authority

Supplementary Information

Iowa State Fair Authority

Iowa State Fair Authority

Expenditures by Object
Special Revenue Fund

Year ended October 31, 2005

	Adminis- tration	Promotion	Total
Personal services	\$ 277,798	-	277,798
Travel	3,131	-	3,131
Supplies and materials	102,861	-	102,861
Contractual services	4,851	-	4,851
Miscellaneous	7,225	-	7,225
Equipment	9,430	-	9,430
Marketing	-	292,027	292,027
Donor promotion	-	145,154	145,154
	<hr/>		
Total	\$ 405,296	437,181	842,477

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2005

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack
Personal services	\$ 1,673,432	246,762	19,607	219,415	74,865	44,820
Travel and conferences	93,362	-	-	-	-	-
Supplies and materials	101,250	4,197	67,939	116,608	233,754	-
Judging	-	-	-	177,422	-	-
Contractual services	168,464	116,897	1,975	64,223	704,758	293,803
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	1,104,371
Other grandstand events	-	-	-	-	-	26,775
Advertising	-	-	-	860	-	-
Claims and miscellaneous	145,317	10,688	119	27,097	3,000	1,076
Premiums	-	-	-	440,435	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 2,181,825	378,544	89,640	1,046,060	1,016,377	1,470,845

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
2,126,248	3,231	612,697	-	10,679	13,473	-	-	5,045,229
-	-	-	-	-	-	-	-	93,362
398,282	-	4,820	41,484	4,841	-	-	37,443	1,010,618
-	-	-	-	1,605	-	-	-	179,027
1,090,910	35,281	45,297	-	60,461	-	-	99,036	2,681,105
64,288	-	-	-	-	-	-	-	64,288
-	-	-	-	413,421	-	-	-	1,517,792
-	-	-	-	-	-	-	-	26,775
-	486,188	-	-	-	-	-	-	487,048
28,232	29,278	-	-	46,738	18,599	-	6,895	317,039
-	-	-	-	-	-	-	-	440,435
-	-	-	-	-	-	2,186,569	-	2,186,569
3,707,960	553,978	662,814	41,484	537,745	32,072	2,186,569	143,374	14,049,287

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2005

Fiscal Year	Operating Revenues	Operating Income (Loss)	State Fair Attendance (Unaudited)
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
2004	14,743,748	628,841	1,054,000
2005	14,161,542	112,255	1,005,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2005

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Switchfoot	4,425	\$ 110,425	52,031	58,394
Brad Paisley & Sara Evans	10,136	253,400	188,400	65,000
Rock 'N' Roll Reunion XXVI	4,815	120,375	85,000	35,375
Garrison Keillor	7,482	134,676	70,975	63,701
Big & Rich and Cross Canadian Ragweed	9,321	279,630	202,686	76,944
Professional Bull Riding	2,328	58,200	43,650	14,550
ZZ Top	7,829	219,212	150,000	69,212
Keith Urban with Phil Vassar	10,912	300,756	222,893	77,863
Hoobastank and Donnas	2,328	65,184	82,700	(17,516)
Total	59,576	\$ 1,541,858	1,098,335	443,523

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

See accompanying independent auditor's report.

Schedule 5

Iowa State Fair Authority

Concessionaire Sales

For the Five Years Ended October 31, 2005
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
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
2004	7,176,188	644,875	2,162,481
2005	6,984,456	601,250	2,142,264

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

See accompanying independent auditor's report.



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board Members of the
Iowa State Fair Authority:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2005, which collectively comprise the Iowa State Fair Authority's basic financial statements listed in the table of contents, and have issued our report thereon dated March 7, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Iowa State Fair Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Iowa State Fair Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses.

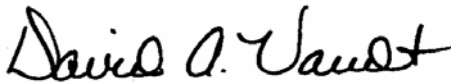
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa State Fair Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted an instance of non-compliance or other matters that is described in the accompanying Schedule of Findings.

Comments involving other matters about the Iowa State Fair Authority's operations for the year ended October 31, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Iowa State Fair Authority. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comment involving other legal matters is not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and 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

March 7, 2006

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2005

Findings Related to Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Blue Ribbon Foundation Expenditures – During our review of the internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee dishonesty or error and, therefore, maximizes the accuracy of the Blue Ribbon Foundation's financial statements.

One employee has the ability to purchase, approve and reconcile credit card receipts to credit card statements.

In addition, the Blue Ribbon Foundation incurs various expenditures, including meals, for fundraising and promotional activities. Supporting documentation for such activities should include the business purpose and the names of those individuals present at the event.

Recommendation – Duties should be segregated so one employee is not responsible for purchasing and reconciliation of credit card receipts to credit card statements.

Also, the Blue Ribbon Foundation's supporting documentation for fundraising and promotional activities should include the business purpose and the names of those individuals present at the event.

Response – Procedures are already in place to ensure compliance with internal controls. Proper documentation will support all expenses for fundraising and promotional activities in the future.

Conclusion – Response accepted.

- (B) Credit Cards – Various Iowa State Fair Authority employees use the credit card issued to the State Fair. Certain purchases with the credit card were noted which were not in compliance with the travel or credit card policy. In addition, detailed credit card receipts were not always available to support credit card charges and were not always reconciled to the credit card statements from which payment was made.

Recommendation – The Iowa State Fair Authority should ensure all expenditures are in compliance with travel and credit card policies. Also, credit card receipts should be maintained and reconciled to credit card statements prior to payment.

Response – The Iowa State Fair will develop procedures to reconcile credit card receipts to the statements prior to payment. We will also work towards making sure all expenses are in compliance with our travel and credit card policies.

Conclusion – Response accepted.

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2005

- (C) Timeliness of Deposits – Collections are received by various departments within the Iowa State Fair Authority and the Blue Ribbon Foundation. Certain receipts were not deposited timely.

Recommendation – To strengthen internal control, all receipts should be deposited timely.

Response – The Iowa State Fair will implement new procedures to ensure all receipts are deposited timely.

Conclusion – Response accepted.

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2005

Other Findings:

Questionable Expenditures – The Iowa State Fair Authority hosted a Christmas party for employees and guests at a cost of \$3,275. This expenditure may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The State Fair Board should determine and document the public purpose served by such expenditures before authorizing any further payments. If this practice is continued, the Fair Authority should establish written policies and procedures.

Response – Procedures are currently in place to ensure public purpose is documented for such expenses.

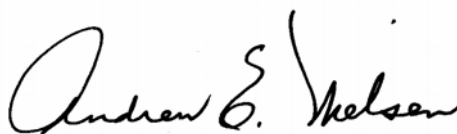
Conclusion – Response acknowledged. Written policies which support the current procedures should be established.

Iowa State Fair Authority

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor
Brad T. Holtan, Senior Auditor
Karen J. Kibbe, Staff Auditor
Melissa J. Knoll, 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