



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

April 29, 2009

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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, 2008. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$17,520,625 for fiscal year 2008, an increase of 17.1% over 2007. Revenues included \$6,335,828 from Fair admissions, \$2,926,761 from Fair concessions, \$1,752,668 from Fair entertainment and \$1,735,399 from interim events. Operating expenses of the Fair Authority for fiscal year 2008 totaled \$16,715,791, a 7.7% increase over the prior year. The Fair Authority reported operating income of \$804,834 for the year ended October 31, 2008 compared to an operating loss of \$556,244 for the prior year.

Foundation revenues were \$12,021,086 for fiscal year 2008, a 60.8% increase over the prior year. Revenues included operating grants and contributions of \$1,949,280, capital grants and contributions of \$4,500,000, charges for service of \$532,405 and an appropriation of \$5,000,000 from the State of Iowa for capital improvements. The Foundation had expenses during fiscal year 2008 of \$1,126,509 for administration and promotion, a 13.1% increase over the prior year. The Foundation also provided capital contributions of \$8,491,733 to the Fair Authority from contributions and the appropriation from the State of Iowa.

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 at <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, 2008

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Iowa State Fair Authority

Officials

Name

Title

State

Honorable Chester J. Culver
Honorable Michael L. Fitzgerald
Charles J. Krogmeier
Glen P. Dickinson

Governor
Treasurer of State
Director, Department of Management
Director, Legislative Services Agency

Board Members

Gary VanAernam
Randy Brown
Jeanne Partlow
Honorable Bill Northey
Dr. Gregory L. Geoffroy
Don Greiman
James Romer
David Huinker
Paul Vaassen
Bill Neubrand
Jerry Parkin
Gary McConnell
Bob Schlutz
C. W. Thomas
Gary Slater

President/Director, Southwest District
Vice President/Director, South Central District
Treasurer, Director, Northwest District
Secretary of Agriculture
President, Iowa State University
Director, North Central District
Director, North Central District
Director, Northeast District
Director, Northeast District
Director, Northwest District
Director, South Central District
Director, Southeast District
Director, Southeast District
Director, Southwest District
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, 2008, 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 of Iowa 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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, 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 April 9, 2009 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

April 9, 2009

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, 2008. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Fair operating revenue increased 17.1% from 2007 to 2008. All revenue categories, except one, increased. Increases were due to price increases for advance admission and parking as well as concession space rental and camping rates. The temperatures were mild compared to the extreme heat of 2007. This helped increase attendance and food and beer concession revenue. The Iowa State Fair also took ownership of the grandstand concession which created a new revenue source.
- Operating expenses for the Fair increased 7.7% from 2007 to 2008, mainly due to increases in payroll, interim events, concessions and fair services. Increases in the cost of fuel, bedding, supplies and garbage impacted the Fair, as well as first-time expenses in taking ownership of the grandstand concession.
- Major capital projects were in the second year of construction. The Agricultural Exhibition Center will be a state of the art indoor arena. It is a three phase construction project with completion projected by the 2010 Fair. Along with this new facility will be a stalling barn, outdoor arena, ice and feed building, new street development and a 300 stall car parking lot. This entire project is estimated at \$24 million. The renovation of the existing Iowa Tourism building is a 2 year phase construction project estimated to be completed by the 2009 Fair. The transformation will rename the building as the Elwell Family Food Center and will make a more spacious environment for all competitive food judging and displays. Projects completed in 2008 consisted of the Animal Learning Center, a practice arena, animal washing stations and improvements to the campground.

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. The business type financial statements show the activity of the Iowa State Fair itself. 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 35.

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 present 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, sale of promotional items and state appropriations. Governmental expenses include administration and promotion.

Business Type Activities – These statements present 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, attracting over a million visitors each year. The Fair is Iowa's great celebration to the best in agriculture, industry, entertainment and achievement. In 2004, we celebrated our sesquicentennial fair. 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. These 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, sponsorship, special entertainment, treasurer 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's 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 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 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 service 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 35 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 (governmental and business-type activities) totaled approximately \$77.9 million at the end of 2008 compared to approximately \$65.9 million at the end of the previous year, as follows:

Fair Authority Net Assets	Governmental Activities		Business type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 9,237,405	7,659,654	12,420,346	11,793,713	21,657,751	19,453,367
Capital assets	118,727	30,359	58,013,109	48,568,152	58,131,836	48,598,511
Total assets	<u>\$ 9,356,132</u>	<u>7,690,013</u>	<u>70,433,455</u>	<u>60,361,865</u>	<u>79,789,587</u>	<u>68,051,878</u>
Current liabilities	\$ 24,671	798,648	1,150,881	1,056,602	1,175,552	1,855,250
Long-term liabilities	49,434	12,182	665,416	277,514	714,850	289,696
Total liabilities	<u>\$ 74,105</u>	<u>810,830</u>	<u>1,816,297</u>	<u>1,334,116</u>	<u>1,890,402</u>	<u>2,144,946</u>
Net Assets:						
Invested in capital assets	\$ 118,727	30,359	58,013,109	48,568,152	58,131,836	48,598,511
Restricted for:						
Capital improvements	7,171,859	5,412,042	-	-	7,171,859	5,412,042
Other purposes	1,991,441	1,436,782	-	-	1,991,441	1,436,782
Unrestricted	-	-	10,604,049	10,459,597	10,604,049	10,459,597
Total net assets	<u>\$ 9,282,027</u>	<u>6,879,183</u>	<u>68,617,158</u>	<u>59,027,749</u>	<u>77,899,185</u>	<u>65,906,932</u>

The largest portion of the Fair Authority’s net assets (74%) 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 (14%) represent assets used to meet the Fair Authority's ongoing obligations to vendors and creditors. The remaining balance (12%) 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	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service	\$ 532,405	483,381	16,638,720	14,173,102	17,171,125	14,656,483
Operating grants and contributions	1,949,280	2,791,503	881,905	793,762	2,831,185	3,585,265
Capital grants and contributions	4,500,000	1,100,000	-	-	4,500,000	1,100,000
General revenues:						
State appropriation	5,000,000	3,000,000	-	-	5,000,000	3,000,000
Investment earnings	39,401	103,062	315,497	372,251	354,898	475,313
Total revenues	12,021,086	7,477,946	17,836,122	15,339,115	29,857,208	22,817,061
Expenses:						
Blue Ribbon Foundation fund raising	1,126,509	995,697	-	-	1,126,509	995,697
State Fair and other events	-	-	16,738,446	15,565,048	16,738,446	15,565,048
Total expenses	1,126,509	995,697	16,738,446	15,565,048	17,864,955	16,560,745
Increase in net assets before transfers	10,894,577	6,482,249	1,097,676	(225,933)	11,992,253	6,256,316
Transfers	(8,491,733)	(5,020,588)	8,491,733	5,020,588	-	-
Increase in net assets	2,402,844	1,461,661	9,589,409	4,794,655	11,992,253	6,256,316
Net assets beginning of year	6,879,183	5,417,522	59,027,749	54,233,094	65,906,932	59,650,616
Net assets end of year	\$ 9,282,027	6,879,183	68,617,158	59,027,749	77,899,185	65,906,932

The Fair Authority's net assets increased approximately \$12 million, or 18%. The majority of the increase comes from the increase in capital assets. The business type activities purchased additional property and completed phase 1 of the Agriculture Exhibition Center and the Elwell Food Center projects. On the governmental side of things, the state appropriated \$5 million and contributors donated or pledged \$4.5 million towards the Agricultural Exhibition Center and other projects.

The Fair Authority showed an overall increase in revenue of approximately \$7 million. The majority of the increase came from the governmental activities side. The Foundation's revenue consists of contributions, sale of promotional items and state appropriated funds. Contributions showed an increase in 2008 due to specific contributions received or pledged from donors for the agricultural exhibition project, food center and other projects. Sale of promotional items also showed an increase in 2008. The Fair is also scheduled to receive a \$5,000,000 appropriation, compared to a \$3,000,000 appropriation in 2007, from the Iowa State Legislature to be used for Agricultural Exhibition Center project.

The Fair Authority's business type activities revenues also showed an increase of approximately \$2.5 million. The majority of the increase was due to increases in advance admission and parking prices as well as increases in concession space rental and camping fees. The Fair also took over the concession in the grandstand which created a new source of revenue.

Approximately 89% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 11% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 36% comes from admissions, while concessions and attractions contribute 29.5% and entertainment contributes 10%. Revenues of approximately \$1.7 million, or 10%, were from off-season rental of our facilities.

On the expense side of things, the Fair Authority expenses increased approximately \$1,304,000. The majority of this increase is attributed to the business type activities, which increased almost \$1.2 million. The increase was mainly due to the startup costs of the grandstand concession, increases in fuel, bedding, supplies and higher payroll costs. Approximately \$457,000 is attributed to the SLIP and OPEB liabilities recorded for the first time.

The largest business type activities expense is payroll, which accounts for 37% 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 9% 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 approximately \$1.9 million, a decrease of approximately \$2.0 million from the prior year. Approximately 91% 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. The decrease in the ending fund balance is attributed to the transfers made to the business side for the costs associated mainly with the agricultural exhibition project.

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, 2008, the Fair's proprietary fund reported an ending net asset balance of approximately \$68.6 million, an increase of approximately \$10 million over the prior year. The majority of the increase in net assets is directly attributable to the investment in capital assets.

CAPITAL ASSETS

The Fair Authority's investment in capital assets for its governmental and business type activities at October 31, 2008 was approximately \$85 million, net of accumulated depreciation of approximately \$27 million, leaving a net book value of approximately \$58 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 \$9.5 million. The major additions to this increase include property purchases, the Agriculture Exhibition Center project and the Elwell Family Food Center.

The Fair Authority's fiscal year 2009 capital budget is approximately \$16 million, principally for the Agricultural Exhibition Center and the Elwell Family Food Center projects. Funds to pay for the completion of these projects will come from the Fair Authority's revenues as well as contributions and the \$5,000,000 state appropriation yet to be received in fiscal year 2008 and an additional \$3,000,000 anticipated to be received in 2009. 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 2009 fiscal year budget and fees charged for the various Fair's activities. Our greatest increase in budget will be in capital improvements. The Fair anticipates spending an additional \$4.7 million in capitals in comparison to the prior year. Operating expenses are expected to decrease in 2009. Revenues are expected to decrease or be comparable to 2008. With the depressed economy and school start dates affecting this year's Fair, the Fair Authority's net assets for fiscal year 2009 are expected to only increase by the amount of the capital asset reimbursement from the Blue Ribbon Foundation.

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 \$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, 2008

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 1,380,707	7,247,417	8,628,124
Unexpended appropriation	5,000,000	-	5,000,000
Accounts receivable	-	370,672	370,672
Interest receivable	7,832	-	7,832
Pledges receivable	2,331,298	-	2,331,298
Internal balances	(4,802,257)	4,802,257	-
Inventories	214,493	-	214,493
Total current assets	4,132,073	12,420,346	16,552,419
Noncurrent assets:			
Pledges receivable	5,105,332	-	5,105,332
Capital assets (net of accumulated depreciation):			
Land	87,000	5,170,531	5,257,531
Buildings	-	37,168,075	37,168,075
Equipment	31,727	883,461	915,188
Vehicles	-	144,330	144,330
Infrastructure	-	3,339,420	3,339,420
Construction in progress	-	11,307,292	11,307,292
Total noncurrent assets	5,224,059	58,013,109	63,237,168
Total assets	9,356,132	70,433,455	79,789,587
Liabilities			
Current liabilities:			
Accounts payable	-	628,774	628,774
Salaries payable	9,667	172,908	182,575
Compensated absences and OPEB	15,004	283,659	298,663
Capital lease	-	9,735	9,735
Refundable deposits	-	55,805	55,805
Total current liabilities	24,671	1,150,881	1,175,552
Noncurrent liabilities:			
Accounts payable	-	45,348	45,348
Compensated absences and OPEB	49,434	607,254	656,688
Capital lease	-	12,814	12,814
Total noncurrent liabilities	49,434	665,416	714,850
Total liabilities	74,105	1,816,297	1,890,402
Net Assets			
Invested in capital assets	118,727	58,013,109	58,131,836
Restricted for:			
Capital improvements	7,171,859	-	7,171,859
Other purposes	1,991,441	-	1,991,441
Unrestricted	-	10,604,049	10,604,049
Total net assets	\$ 9,282,027	68,617,158	77,899,185

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2008

<u>Functions</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Blue Ribbon Foundation fundraising	\$ 1,126,509	532,405	1,949,280	4,500,000
Business type activities:				
State Fair and other events	16,738,446	16,638,720	881,905	-
Total	<u>\$ 17,864,955</u>	<u>17,171,125</u>	<u>2,831,185</u>	<u>4,500,000</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
5,855,176	-	5,855,176
-	782,179	782,179
5,855,176	782,179	6,637,355
5,000,000	-	5,000,000
39,401	315,497	354,898
(8,491,733)	8,491,733	-
(3,452,332)	8,807,230	5,354,898
2,402,844	9,589,409	11,992,253
6,879,183	59,027,749	65,906,932
\$ 9,282,027	68,617,158	77,899,185

Iowa State Fair Authority

Balance Sheet
Special Revenue Fund

October 31, 2008

Assets

Assets:

Cash and investments	\$ 1,380,707
Unexpended appropriation	5,000,000
Interest receivable	7,832
Pledges receivable	7,436,630
Inventories	<u>214,493</u>
Total assets	<u><u>\$ 14,039,662</u></u>

Liabilities and Fund Balance

Liabilities:

Internal balances	\$ 4,802,257
Salaries payable	9,667
Deferred revenue	<u>7,269,463</u>
Total liabilities	<u><u>12,081,387</u></u>

Fund balance:

Reserved for:	
Inventories	214,493
Capital improvements	1,571,859
Unreserved	<u>171,923</u>
Total fund balance	<u><u>1,958,275</u></u>

Total liabilities and fund balance

\$ 14,039,662

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets

Fund balance - Special Revenue Fund \$ 1,958,275

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 governmental fund. These assets consist of:

Land	\$ 87,000	
Equipment	57,812	
Less accumulated depreciation	<u>(26,085)</u>	118,727

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 governmental fund.

7,269,463

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

(64,438)

Net assets of governmental activities

\$ 9,282,027

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, 2008

Revenues:		
State appropriation		\$ 5,000,000
Contributions		1,915,894
Sales of promotional items		336,867
Other sales		195,538
In-kind support		196,693
Interest on investments		39,401
Total revenues		<u>7,684,393</u>
Expenditures:		
Administration		450,383
Promotion		718,983
Total expenditures		<u>1,169,366</u>
Excess of revenues over expenditures		6,515,027
Other financing uses:		
Transfers out		<u>(8,491,733)</u>
Net change in fund balance		(1,976,706)
Fund balance beginning of year		<u>3,934,981</u>
Fund balance end of year		<u>\$ 1,958,275</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		\$ (1,976,706)
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.		4,336,693
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over the life of the assets as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	\$ 92,095	
Depreciation expense	<u>(3,727)</u>	88,368
Compensated absences and OPEB 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.		<u>(45,511)</u>
Change in net assets of governmental activities		<u>\$ 2,402,844</u>

See notes to financial statements.

Iowa State Fair Authority

Statement of Net Assets
Enterprise Fund

October 31, 2008

Assets

Current assets:	
Cash and investments	\$ 7,247,417
Accounts receivable	370,672
Internal balances	4,802,257
Total current assets	<u>12,420,346</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	5,170,531
Buildings	37,168,075
Equipment	883,461
Vehicles	144,330
Infrastructure	3,339,420
Construction in progress	11,307,292
Total noncurrent assets	<u>58,013,109</u>
Total assets	<u>70,433,455</u>

Liabilities

Current liabilities:	
Accounts payable	628,774
Salaries payable	172,908
Compensated absences and OPEB	283,659
Capital lease	9,735
Refundable deposits	55,805
Total current liabilities	<u>1,150,881</u>
Noncurrent liabilities:	
Accounts payable	45,348
Compensated absences and OPEB	607,254
Capital lease	12,814
Total noncurrent liabilities	<u>665,416</u>
Total liabilities	<u>1,816,297</u>

Net Assets

Invested in capital assets	58,013,109
Unrestricted	10,604,049
Total net assets	<u>\$ 68,617,158</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, 2008

Operating revenues:	
Admissions	\$ 6,335,828
Attractions	941,716
Commercial exhibitors	1,308,671
Concessions	2,926,761
Grandstand and racetrack entertainment	1,752,668
Entry fees	370,349
Campground fees and services	1,132,807
Sponsorships	881,905
Interim events	1,735,399
Miscellaneous	134,521
Total operating revenues	<u>17,520,625</u>
Operating expenses:	
Administration	2,782,196
Admissions	483,589
Concessions	310,332
Entry and competitive events	1,081,797
Fair services	1,292,838
Grandstand and racetrack	1,482,843
Utilities and maintenance	4,619,591
Marketing and promotion	591,155
Public safety	768,810
Sponsorship	18,047
Special entertainment	646,462
Treasurer	33,041
Depreciation	2,329,623
Interim events	275,467
Total operating expenses	<u>16,715,791</u>
Operating income	<u>804,834</u>
Non-operating revenues (expenses):	
Interest income	315,497
Interest expense	(1,257)
Loss on disposal of capital assets	(21,398)
Total non-operating revenues (expenses)	<u>292,842</u>
Income before transfers	1,097,676
Operating transfers in	<u>8,491,733</u>
Change in net assets	9,589,409
Net assets beginning of year	<u>59,027,749</u>
Net assets end of year	<u>\$ 68,617,158</u>

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2008

Cash flows from operating activities:		
Cash received from events	\$ 17,364,029	
Cash paid to suppliers	(8,741,547)	
Cash paid to employees	<u>(5,153,137)</u>	
Net cash provided by operating activities		\$ 3,469,345
Cash flows from non-capital financing activities:		
Transfers in from other funds		4,473,454
Cash flows from capital financing activities:		
Acquisition of property and equipment	(11,795,978)	
Principal paid on capital lease	(9,303)	
Interest paid on capital lease	<u>(1,257)</u>	
Net cash used by capital financing activities		(11,806,538)
Cash flows from investing activities:		
Interest on investments	315,497	
Proceeds from sale and maturities of investments	12,347,000	
Purchase of investments	<u>(10,310,179)</u>	
Net cash provided by investing activities		<u>2,352,318</u>
Net decrease in cash and cash equivalents		(1,511,421)
Cash and cash equivalents beginning of year		<u>5,351,305</u>
Cash and cash equivalents end of year		3,839,884
Investments		<u>3,407,533</u>
Cash and investments		<u>\$ 7,247,417</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 804,834
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 2,329,623	
Changes in assets and liabilities:		
(Increase) in accounts receivable	(156,596)	
(Decrease) in accounts payable	(29,677)	
Increase in salaries payable	32,631	
(Decrease) in refundable deposits	(1,980)	
Increase in compensated absences and OPEB	<u>490,510</u>	
Total adjustments		<u>2,664,511</u>
Net cash provided by operating activities		<u>\$ 3,469,345</u>

See notes to financial statements.

Iowa State Fair Authority

Notes to Financial Statements

October 31, 2008

(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, the Secretary of Agriculture and 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 fiscal year. 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 year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. 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 FY2009 Tax-Exempt Bond Proceeds Restricted Capitals Fund to the Iowa State Fair Foundation to be used for construction of the Agricultural Exhibition Center 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, 2008 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, 2008, 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 and Other Post Employment Benefits (OPEB) – Employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment of the employer portion of insurance premiums upon retirement or for payment upon termination, death, or retirement. The liabilities recorded for compensated absences are based on current rates of pay and current insurance rates.

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, Cash Equivalents and Investments

The Iowa State Fair Authority's deposits in banks and with the Treasurer of State throughout the year and at October 31, 2008 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, 2008, the Fair Authority had the following investments:

Type	Fair Value	Maturity	Credit Risk
US Bancorp	\$ 669,363	April 28, 2009	Aa2
Wells Fargo	622,638	April 1, 2009	Aa1
General Mills, Inc.	520,406	January 16, 2009	P-2
Associates Corp.	500,000	November 1, 2008	Aa3
John Deere	499,920	March 16, 2009	A2
Allstate	497,210	May 29, 2009	Aa2
Total	<u>\$ 3,309,537</u>		

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 cash and investments are in US Bancorp (9.24%), Wells Fargo (8.60%), General Mills (7.19%), Associates Corp (6.90%), John Deere (6.90%) and Allstate (6.87%).

(3) Capital Assets

Capital assets activity for the year ended October 31, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Land, not being depreciated	\$ -	87,000	-	87,000
Equipment	52,717	5,095	-	57,812
Less accumulated depreciation	(22,358)	(3,727)	-	(26,085)
Governmental activities capital assets, net	<u>\$ 30,359</u>	<u>88,368</u>	<u>-</u>	<u>118,727</u>
Business type activities:				
Land, not being depreciated	\$ 4,615,060	555,471	-	5,170,531
Buildings	55,558,884	3,631,445	(36,293)	59,154,036
Equipment	2,110,300	151,465	(22,201)	2,239,564
Vehicles	680,301	14,589	-	694,890
Infrastructure	6,091,726	363,309	-	6,455,035
Construction in progress, not being depreciated	4,233,593	10,702,133	(3,628,434)	11,307,292
Total capital assets	<u>73,289,864</u>	<u>15,418,412</u>	<u>(3,686,928)</u>	<u>85,021,348</u>
Less accumulated depreciation for:				
Buildings	(20,204,600)	(1,802,723)	21,362	(21,985,961)
Equipment	(1,251,979)	(125,858)	21,734	(1,356,103)
Vehicles	(509,069)	(41,491)	-	(550,560)
Infrastructure	(2,756,064)	(359,551)	-	(3,115,615)
Total accumulated depreciation	<u>(24,721,712)</u>	<u>(2,329,623)</u>	<u>43,096</u>	<u>(27,008,239)</u>
Business type activities capital assets, net	<u>\$48,568,152</u>	<u>13,088,789</u>	<u>(3,643,832)</u>	<u>58,013,109</u>

(4) Capital Lease Purchase Agreement

The Iowa State Fair Authority has entered into a capital lease purchase agreement for copiers. The following is a schedule of the future minimum lease payments, including interest at 4.55% per annum, and the present value of net minimum lease payments under the agreement in effect at October 31, 2008.

Year Ending October 31,	Amount
2009	\$ 10,560
2010	10,560
2011	2,640
Total minimum lease payments	<u>23,760</u>
Less amount representing interest	<u>1,211</u>
Present value of net minimum lease payments	<u>\$ 22,549</u>

The historical cost of equipment acquired under the capital lease and included in capital assets of the Enterprise Fund was \$47,150, with accumulated depreciation of \$12,966.

Payments under the capital lease purchase agreement totaled \$10,560 for the year ended October 31, 2008.

(5) 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 4.10% of their annual covered salary and the Fair Authority is required to contribute 6.35% of annual covered payroll, effective July 1, 2008. Between July 1, 2007 and July 1, 2008, plan members were required to contribute 3.90% and the Fair Authority was required to contribute 6.05%. Prior to July 1, 2007 and for the year ended October 31, 2006, plan members were required to contribute 3.70% and the Fair Authority was required to contribute 5.75%. Contribution requirements are established by state statute. The Fair Authority's contributions to IPERS for the years ended October 31, 2008, 2007 and 2006 were \$251,580, \$214,783 and \$198,661, respectively, equal to the required contributions for each year.

(6) Compensated Absences and Other Post Employment Benefits (OPEB)

Changes in compensated absences and other postemployment retirement benefit obligations for the year ended October 31, 2008 are summarized as follows:

	Governmental Activities			Business Type Activities		
	Compensated Absences	OPEB	Total	Compensated Absences	OPEB	Total
Beginning balance	\$ 18,927	-	18,927	412,585	-	412,585
Additions	61,158	1,695	62,853	603,324	32,205	635,529
Deletions	17,342	-	17,342	157,201	-	157,201
Ending balance	<u>\$ 62,743</u>	<u>1,695</u>	<u>64,438</u>	<u>858,708</u>	<u>32,205</u>	<u>890,913</u>
Due within one year	<u>\$ 15,004</u>	<u>-</u>	<u>15,004</u>	<u>283,659</u>	<u>-</u>	<u>283,659</u>

Early Retirement - On April 2, 2004, the Governor signed into law a sick leave and vacation incentive program for eligible executive branch employees. Under the program, 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 a participant's age in years as of December 31, 2004 must equal or exceed 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 value 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 paid 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 the program may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

The incentives are financed on a pay-as-you-go basis. Early retirement costs for the year ended October 31, 2008 totaled \$21,398 for three participants in the Enterprise Fund.

Sick Leave Insurance Program (SLIP) - Included in the accrued compensated absences liability for the year ended October 31, 2008 is the cost of a voluntary termination benefit program entitled Sick Leave Insurance Program (SLIP). The program is an opportunity for employees who are retirement-eligible to use the value of their unused sick leave to pay the employer share of the monthly premium of the state's group health insurance plan after their retirement.

Upon retirement, employees shall first receive a cash payment for accumulated, unused sick leave converted at the employee's current regular hourly rate of pay, up to \$2,000, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick leave hours the employee had before the cash payment:

If the sick leave balance is:	The conversion rate is:
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's SLIP account. Each month, the Iowa State Fair Authority will pay 100 percent of the employer's share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

The Iowa State Fair Authority will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, the employee waives the benefit or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and is not transferable to another use or to an heir. If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

All SLIP program benefits are financed on a pay-as-you-go basis. For the year ended October 31, 2008, two employees have retired and received benefits of \$15,754 under the SLIP program.

Other Postemployment Retirement Benefits - The Iowa State Fair Authority implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended October 31, 2008. This Statement establishes when other postemployment benefit liabilities are recorded under the accrual basis of accounting.

As a part of the State of Iowa, the Iowa State Fair Authority participates in the State of Iowa postretirement medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$220,000,000 for the State of Iowa as of June 30, 2008. The Iowa State Fair Authority's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2008. The report may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

The Iowa State Fair Authority recognized a net OPEB liability of \$33,900 for other postemployment benefits, which represents the Iowa State Fair Authority's portion of the State's net OPEB obligation. The Iowa State Fair Authority's portion of the net OPEB obligation was calculated using the ratio of full time equivalent employees of the Iowa State Fair Authority compared to full time equivalent employees of the State of Iowa.

(7) Contractual Commitments

The Iowa State Fair Authority has entered into contracts for planned capital improvement projects throughout the fairgrounds and has spent \$4,837,679 under these contracts as of October 31, 2008. The remaining contractual obligation as of October 31, 2008 for current projects already in progress totals \$1,153,466.

(8) 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, 2008

	Adminis- tration	Promotion	Total
Personal services	\$ 357,064	-	357,064
Travel	9,610	-	9,610
Supplies and materials	47,019	-	47,019
Contractual services	12,170	-	12,170
Miscellaneous	1,365	-	1,365
Equipment	23,155	-	23,155
Marketing	-	473,204	473,204
Donor promotion	-	245,779	245,779
Total	\$ 450,383	718,983	1,169,366

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2008

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack
Personal services	\$ 2,242,467	274,052	34,558	164,625	59,889	51,243
Travel and conferences	101,127	-	-	170	-	-
Supplies and materials	86,563	66,646	273,679	124,027	358,158	-
Judging	-	-	-	190,428	-	-
Contractual services	224,779	132,002	1,975	55,059	853,709	301,487
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	1,097,946
Advertising	-	-	-	445	-	-
Claims and miscellaneous	127,260	10,889	120	120,160	21,082	32,167
Premiums	-	-	-	426,883	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 2,782,196	483,589	310,332	1,081,797	1,292,838	1,482,843

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
2,706,197	1,590	687,241	-	8,773	13,121	-	-	6,243,756
-	-	-	-	-	-	-	-	101,297
590,626	-	15,651	18,047	12,611	-	-	97,988	1,643,996
-	-	-	-	1,365	-	-	-	191,793
1,273,829	19,313	65,918	-	130,304	-	-	169,787	3,228,162
12,692	-	-	-	-	-	-	-	12,692
-	-	-	-	449,905	-	-	-	1,547,851
-	547,048	-	-	-	-	-	-	547,493
36,247	23,204	-	-	43,504	19,920	-	7,692	442,245
-	-	-	-	-	-	-	-	426,883
-	-	-	-	-	-	2,329,623	-	2,329,623
4,619,591	591,155	768,810	18,047	646,462	33,041	2,329,623	275,467	16,715,791

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2008

Fiscal Year	Operating Revenues	Operating Income (Loss)	State Fair Attendance (Unaudited)
2004	\$ 14,743,748	628,841	1,054,000
2005	14,161,542	112,255	1,005,000
2006	15,436,587	582,192	1,014,000
2007	14,966,864	(556,244)	1,002,000
2008	17,520,625	804,834	1,109,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2008

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Michael W. Smith with Natalie Grant and Matthew West	5,773	\$ 144,325	83,926	60,399
Josh Turner with Craig Morgan	5,875	188,000	128,050	59,950
Rick Springfield with Patty Smyth and Scandal	3,390	84,750	57,250	27,500
Foreigner with Night Ranger	4,556	113,900	72,500	41,400
Charlie Daniels Band, 38 Special and Shooter Jennings	3,528	112,896	80,000	32,896
Vanessa Hudgens and Corbin Bleu	4,526	135,780	100,000	35,780
Tracey Lawrence and Blake Shelton	5,378	150,584	88,246	62,338
Def Leppard with Everclear	9,921	446,445	391,445	55,000
The Rhubarb Tour with Garrison Keillor	5,277	131,925	70,886	61,039
Total	<u>48,224</u>	<u>\$ 1,508,605</u>	<u>1,072,303</u>	<u>436,302</u>

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, 2008
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2004	\$ 7,176,188	644,875	2,162,481
2005	6,984,456	601,250	2,142,264
2006	7,416,559	615,375	2,112,042
2007	7,145,029	520,750	1,929,972
2008	8,153,189	621,675	2,304,454

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

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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, 2008, 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 April 9, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa State Fair Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa State Fair Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Iowa State Fair Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Iowa State Fair Authority's financial statements that is more than inconsequential will not be prevented or detected by the Iowa State Fair Authority's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Iowa State Fair Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item (2) is a material weakness.

Compliance and Other Matters

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, 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.

Comments involving other matters about the Iowa State Fair Authority's operations for the year ended October 31, 2008 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.

The Iowa State Fair Authority's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Iowa State Fair Authority's responses, we did not audit the Iowa State Fair Authority's responses and, accordingly, we express no opinion on them.

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

April 9, 2009

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2008

Findings Related to Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (1) Credit Card – Various employees use the Iowa State Fair Authority’s and Foundation’s credit card. Detailed credit card receipts were not always available to support credit card charges. Supporting documentation did not always include the business purpose and the names of those individuals present at the event for several Foundation purchases. In addition, sales tax was paid on several Foundation purchases.

Recommendation – Credit card receipts should be maintained and reconciled to the detailed billing to support credit card charges. Supporting documentation should include the business purpose and the names of the individuals present at the event. In addition, the Foundation should not pay sales tax on purchases.

Foundation Response – The Foundation has reviewed the policy for maintaining credit card receipts and clarified the requirements for documenting the business purpose and the names of individuals present.

Emphasis has been placed on filling out proper tax exempt documentation at the time of purchase.

State Fair Authority Response – The Iowa State Fair Authority will work harder at making sure all credit card receipts are kept and filed and business purpose is always documented.

Conclusion – Responses accepted.

- (2) Financial Reporting - During the audit, we identified material amounts of receivables and payables not recorded in the Iowa State Fair Authority’s financial statements. Adjustments were subsequently made by the Iowa State Fair Authority to properly include these amounts in the financial statements.

Recommendation – The Iowa State Fair Authority should implement procedures to ensure all receivables and payables are identified and coded properly in the Iowa State Fair Authority’s financial statements.

Response – The Iowa State Fair Authority does have policies and procedures in place to ensure proper coding. These incidents were in part caused by poor invoicing by the vendor.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

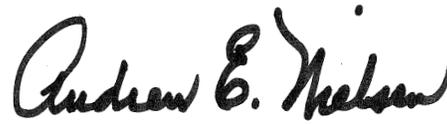
No matters were reported.

Iowa State Fair Authority

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor
Keith C. Kistenmacher, Staff Auditor
Jenny M. Podrebarac, Staff Auditor
Bryan S. Dopheide, CPA, Assistant Auditor
Joshua A. Pronk, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State