



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

June 11, 2010

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, 2009. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$17,966,604 for fiscal year 2009, an increase of 2.5% over 2008. Revenues included \$6,428,873 from Fair admissions, \$2,870,411 from Fair concessions, \$2,100,421 from Fair entertainment and \$1,673,579 from interim events. Operating expenses of the Fair Authority for fiscal year 2009 totaled \$16,742,483, a less than one percent increase over the prior year. The Fair Authority reported operating income of \$1,224,121 for the year ended October 31, 2009 compared to operating income of \$804,834 for the prior year.

Foundation revenues were \$1,945,315 for fiscal year 2009, an 83.8% decrease from the prior year. Revenues included operating grants and contributions of \$290,440, capital grants and contributions of \$600,000, charges for service of \$539,137 and an appropriation of \$500,000 from the State of Iowa for capital improvements. The Foundation had administration and promotion expenses of \$1,161,444 during fiscal year 2009, a 3.1% increase over the prior year. The Foundation also provided capital contributions of \$3,833,514 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/index.html>.

#

IOWA STATE FAIR AUTHORITY

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

OCTOBER 31, 2009

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis	7-12
 Basic Financial Statements:	 <u>Exhibit</u>
Entity-wide Financial Statements:	
Statement of Net Assets	A 15
Statement of Activities	B 16-17
Fund Financial Statements:	
Balance Sheet – Special Revenue Fund	C 18
Statement of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Fund	D 19
Statement of Net Assets – Enterprise Fund	E 20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Fund	F 21
Statement of Cash Flows – Enterprise Fund	G 22
Notes to Financial Statements	23-31
 Supplementary Information:	 <u>Schedule</u>
Expenditures by Object – Special Revenue Fund	1 35
Expenses by Object – Enterprise Fund	2 36-37
Summary of Operating Revenues and State Fair Attendance	3 38
Grandstand Performances	4 39
Concessionaire Sales	5 40
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 <u>Government Auditing Standards</u>	41-42
Schedule of Findings	43-44
Staff	45

Iowa State Fair Authority

Officials

Name

Title

State

Honorable Chester J. Culver
Honorable Michael L. Fitzgerald
Richard C. Oshlo, Jr.
Glen P. Dickinson

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

Board Members

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

President/Director, South Central District
Vice President/Director, Southeast 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, Southwest District
Director, Southwest District
Chief Executive Officer/Manager

Iowa State Fair Authority



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

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, 2009, 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, 2009, 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, 2009, 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 May 14, 2010 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

May 14, 2010

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, 2009. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Fair operating revenue increased 2.5% from 2008 to 2009. Admissions, attractions, commercial exhibits, grandstand, and camping fees and services increased while concessions, entry fees, sponsorships and interim events decreased slightly.
- Operating expenses for the fair were virtually the same overall from 2008 to 2009. Grandstand talent, concessions and depreciation expenses increased. Grandstand expenses vary from year to year depending on the strength of the entertainment schedule. It affects the cost of the show as well as the concession expense.
- A major capital project is in its third 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. Projects completed in 2009 consist of the Stalling Barn, relocation of the West Arena, new Ice and Feed facility, installation of heating and cooling in the Stock Pavilion and capital improvements to Grandfathers Barn.

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 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, 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 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 which 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 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 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 financial position. The Fair Authority's combined net assets (governmental and business type activities) totaled approximately \$80.3 million at the end of 2009 compared to approximately \$77.9 million at the end of the previous year.

Fair Authority Net Assets	Governmental Activities		Business type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 6,190,255	9,237,405	13,236,658	12,420,346	19,426,913	21,657,751
Capital assets	27,703	118,727	63,363,077	58,013,109	63,390,780	58,131,836
Total assets	<u>\$ 6,217,958</u>	<u>9,356,132</u>	<u>76,599,735</u>	<u>70,433,455</u>	<u>82,817,693</u>	<u>79,789,587</u>
Current liabilities	\$ 19,105	24,671	1,733,201	1,150,881	1,752,306	1,175,552
Long-term liabilities	53,468	49,434	714,529	665,416	767,997	714,850
Total liabilities	<u>\$ 72,573</u>	<u>74,105</u>	<u>2,447,730</u>	<u>1,816,297</u>	<u>2,520,303</u>	<u>1,890,402</u>
Net Assets:						
Invested in capital assets	\$ 27,703	118,727	63,363,077	58,013,109	63,390,780	58,131,836
Restricted for:						
Capital improvements	4,600,000	7,171,859	-	-	4,600,000	7,171,859
Other purposes	1,517,682	1,991,441	-	-	1,517,682	1,991,441
Unrestricted	-	-	10,788,928	10,604,049	10,788,928	10,604,049
Total net assets	<u>\$ 6,145,385</u>	<u>9,282,027</u>	<u>74,152,005</u>	<u>68,617,158</u>	<u>80,297,390</u>	<u>77,899,185</u>

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 (13%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors. The remaining balance (8%) 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	
	2009		2008		2009	
Revenues:						
Program revenues:						
Charges for service	\$ 539,137	532,405	17,157,698	16,638,720	17,696,835	17,171,125
Operating grants and contributions	290,440	1,949,280	808,906	881,905	1,099,346	2,831,185
Capital grants and contributions	600,000	4,500,000	296,233	-	896,233	4,500,000
General revenues:						
State appropriation	500,000	5,000,000	-	-	500,000	5,000,000
Investment earnings	15,739	39,401	114,857	315,497	130,596	354,898
Total revenues	<u>1,945,316</u>	<u>12,021,086</u>	<u>18,377,694</u>	<u>17,836,122</u>	<u>20,323,010</u>	<u>29,857,208</u>
Expenses:						
Blue Ribbon Foundation fund raising	1,161,444	1,126,509	-	-	1,161,444	1,126,509
State Fair and other events	-	-	16,763,361	16,738,446	16,763,361	16,738,446
Total expenses	<u>1,161,444</u>	<u>1,126,509</u>	<u>16,763,361</u>	<u>16,738,446</u>	<u>17,924,805</u>	<u>17,864,955</u>
Increase in net assets before transfers	783,872	10,894,577	1,614,333	1,097,676	2,398,205	11,992,253
Transfers	(3,920,514)	(8,491,733)	3,920,514	8,491,733	-	-
Increase (decrease) in net assets	(3,136,642)	2,402,844	5,534,847	9,589,409	2,398,205	11,992,253
Net assets beginning of year	<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>
Net assets end of year	<u>\$ 6,145,385</u>	<u>9,282,027</u>	<u>74,152,005</u>	<u>68,617,158</u>	<u>80,297,390</u>	<u>77,899,185</u>

The Fair Authority's net assets increased approximately \$2.4 million, or 3%. The net assets of the business type activities increased approximately \$5.5 million and the net assets of the governmental activities decreased approximately \$3.1 million. The majority of the increase comes from the increase in capital assets. The business type activities purchased additional property and completed phase 2 of the agricultural exhibition center. Also completed were a stalling barn, an outdoor arena, an ice and feed building, new streets and a 300 stall car parking lot. In governmental activities, an unexpended appropriation of \$5 million existed at the end of 2008, all of which was expended at the end of 2009. Contributors also paid towards their pledges, reducing the pledges receivable balance from 2008 to 2009.

The Fair Authority showed an overall decrease in revenue of approximately \$9.5 million. The majority of the decrease came from governmental activities. The Foundation's revenue consists of contributions, sale of promotional items and state appropriated funds. Contributions decreased in 2009 due to specific contributions received from pledges from donors for the Agricultural Exhibition Center project, Food Center and other projects. The appropriation received from the Iowa State Legislature was \$500,000 in 2009 versus \$5 million in 2008. These dollars are to be used for the Agricultural Exhibition Center project.

The Fair Authority's business type activities revenues increased minimally, mainly due to an increase in grandstand, admissions, commercial exhibitors, attractions and camping fees and services.

Approximately 91% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 9% 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 22% and entertainment 11.6%. Revenues of approximately \$1.67 million, or 9%, were from off-season rental of our facilities.

The largest business type activities expense is payroll, which accounts for 36% of all expenses. The Fair employs approximately 1,400 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 12% 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 activities side of the Fair Authority's total activities. The focus of the Fair Authority's governmental fund is to provide information on the inflows, outflows and balances of spendable resources. The Foundation raises money through contributions from individuals, corporations, in-kind services and state appropriations. Tracking such information is useful in assessing the Fair Authority's capital improvement project resources.

At the end of the current fiscal year, the Fair's governmental fund reported an ending fund balance of approximately \$1.46 million, a decrease from the prior year. 92% 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 type activities for the costs mainly associated with the Agricultural Exhibition Center 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, 2009, the Fair's proprietary fund reported an ending net asset balance of approximately \$74 million, an increase of approximately \$5.5 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, 2009 was approximately \$92 million, net of accumulated depreciation of approximately \$29 million, leaving a net book value of approximately \$63 million. This investment in capital assets includes land, buildings, infrastructure, equipment, vehicles and construction in progress. Infrastructure assets are items which are normally immovable, such as streets and sidewalks, drainage systems, lighting systems and similar items.

The net increase in the Fair Authority's investment in capital assets for the current fiscal year was approximately \$5.35 million. The major additions to this increase include property purchases, the Agricultural Exhibition Center project and the Elwell Food Center.

The Fair Authority's fiscal year 2010 capital budget includes \$10.25 million, principally for the agricultural exhibition center. Funds to pay for the completion of these projects will come from the Fair Authority's revenues as well as contributions and the \$2,500,000 state appropriation anticipated to be received in fiscal year 2010. 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 fiscal year 2010 budget and fees charged for the various Fair's activities. Operating expenses are expected to be similar in 2010 as they were in 2009. Revenues are expected to also be similar to 2009. With the depressed economy still looming, the Fair Authority's net assets for fiscal year 2010 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, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 939,820	12,728,777	13,668,597
Accounts receivable	-	441,527	441,527
Interest receivable	1,533	-	1,533
Pledges receivable	2,316,709	-	2,316,709
Internal balances	(66,354)	66,354	-
Inventories	305,881	-	305,881
Total current assets	3,497,589	13,236,658	16,734,247
Noncurrent assets:			
Pledges receivable	2,692,666	-	2,692,666
Capital assets (net of accumulated depreciation):			
Land	-	5,556,909	5,556,909
Buildings	-	41,186,436	41,186,436
Equipment	27,703	818,050	845,753
Vehicles	-	101,969	101,969
Infrastructure	-	6,244,980	6,244,980
Construction in progress	-	9,454,733	9,454,733
Total noncurrent assets	2,720,369	63,363,077	66,083,446
Total assets	6,217,958	76,599,735	82,817,693
Liabilities			
Current liabilities:			
Accounts payable	-	1,072,720	1,072,720
Salaries payable	11,938	193,598	205,536
Compensated absences and OPEB	7,167	278,053	285,220
Bid bond deposit	-	131,520	131,520
Refundable deposits	-	57,310	57,310
Total current liabilities	19,105	1,733,201	1,752,306
Noncurrent liabilities:			
Accounts payable	-	29,945	29,945
Compensated absences and OPEB	53,468	684,584	738,052
Total noncurrent liabilities	53,468	714,529	767,997
Total liabilities	72,573	2,447,730	2,520,303
Net Assets			
Invested in capital assets	27,703	63,363,077	63,390,780
Restricted for:			
Capital improvements	4,600,000	-	4,600,000
Other purposes	1,517,682	-	1,517,682
Unrestricted	-	10,788,928	10,788,928
Total net assets	\$ 6,145,385	74,152,005	80,297,390

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2009

Functions	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Blue Ribbon Foundation fundraising	\$ 1,161,444	539,137	290,440	600,000
Business type activities:				
State Fair and other events	16,763,361	17,157,698	808,906	296,233
Total	<u>\$ 17,924,805</u>	<u>17,696,835</u>	<u>1,099,346</u>	<u>896,233</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
268,133	-	268,133
-	1,499,476	1,499,476
<u>268,133</u>	<u>1,499,476</u>	<u>1,767,609</u>
500,000	-	500,000
15,739	114,857	130,596
(3,920,514)	3,920,514	-
(3,404,775)	4,035,371	630,596
(3,136,642)	5,534,847	2,398,205
9,282,027	68,617,158	77,899,185
\$ 6,145,385	74,152,005	80,297,390

Exhibit C

Iowa State Fair Authority

Balance Sheet
Special Revenue Fund

October 31, 2009

Assets

Assets:

Cash and investments	\$ 939,820
Interest receivable	1,533
Pledges receivable	5,009,375
Inventories	305,881
Total assets	\$ 6,256,609

Liabilities and Fund Balance

Liabilities:

Internal balances	\$ 66,354
Salaries payable	11,938
Deferred revenue	4,709,375
Total liabilities	4,787,667

Fund balance:

Reserved for:	
Inventories	305,881
Capital improvements	1,050,000
Unreserved	113,061
Total fund balance	1,468,942
Total liabilities and fund balance	\$ 6,256,609

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets**Fund balance - Special Revenue Fund** \$ 1,468,942

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:

Equipment	\$ 57,812
Less accumulated depreciation	(30,109)

27,703

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.

4,709,375

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.

(60,635)

Net assets of governmental activities

\$ 6,145,385

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, 2009

Revenues:	
State appropriation	\$ 500,000
Contributions	3,334,015
Sales of promotional items	428,907
Other sales	110,230
In-kind support	116,512
Interest on investments	15,739
Total revenues	4,505,403

Expenditures:	
Administration	483,444
Promotion	677,778
Total expenditures	<u>1,161,222</u>
Excess of revenues over expenditures	3,344,181
Other financing uses:	
Transfers out	(3,833,514)
Net change in fund balance	(489,333)
Fund balance beginning of year	<u>1,958,275</u>
Fund balance end of year	\$ 1,468,942

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

\$ (489,333)

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.

(2,560,088)

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 \$4,024.

(4,024)

Land donated to the Iowa State Fair Authority from the Blue Ribbon Foundation.

(87,000)

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.

3,803

Change in net assets of governmental activities

\$ (3,136,642)

See notes to financial statements.

Exhibit E

Iowa State Fair Authority

Statement of Net Assets
Enterprise Fund

October 31, 2009

Assets

Current assets:

Cash and investments	\$ 12,728,777
Accounts receivable	441,527
Internal balances	66,354
Total current assets	<u>13,236,658</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation):	
Land	5,556,909
Buildings	41,186,436
Equipment	818,050
Vehicles	101,969
Infrastructure	6,244,980
Construction in progress	9,454,733
Total noncurrent assets	<u>63,363,077</u>
Total assets	<u>76,599,735</u>

Liabilities

Current liabilities:

Accounts payable	1,072,720
Salaries payable	193,598
Compensated absences and OPEB	278,053
Bid bond deposit	131,520
Refundable deposits	57,310
Total current liabilities	<u>1,733,201</u>

Noncurrent liabilities:

Accounts payable	29,945
Compensated absences and OPEB	<u>684,584</u>
Total noncurrent liabilities	<u>714,529</u>
Total liabilities	<u>2,447,730</u>

Net Assets

Invested in capital assets	63,363,077
Unrestricted	<u>10,788,928</u>
Total net assets	<u>\$ 74,152,005</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, 2009

Operating revenues:	
Admissions	\$ 6,428,873
Attractions	1,071,858
Commercial exhibitors	1,311,105
Concessions	2,870,411
Grandstand and racetrack entertainment	2,100,421
Entry fees	366,152
Campground fees and services	1,191,508
Sponsorships	808,906
Interim events	1,673,579
Miscellaneous	143,791
Total operating revenues	17,966,604
Operating expenses:	
Administration	2,712,566
Admissions	464,627
Concessions	352,983
Entry and competitive events	1,076,814
Fair services	1,141,023
Grandstand and racetrack	1,930,037
Utilities and maintenance	4,468,842
Marketing and promotion	575,065
Public safety	696,206
Sponsorship	20,999
Special entertainment	622,630
Treasurer	29,721
Depreciation	2,480,592
Interim events	170,378
Total operating expenses	16,742,483
Operating income	1,224,121
Non-operating revenues (expenses):	
Donated capital	383,233
Interest income	114,857
Loss on disposal of capital assets	(20,878)
Total non-operating revenues (expenses)	477,212
Income before transfers	1,701,333
Operating transfers in	3,833,514
Change in net assets	5,534,847
Net assets beginning of year	68,617,158
Net assets end of year	\$ 74,152,005

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2009

Cash flows from operating activities:

Cash received from events	\$ 17,895,749
Cash paid to suppliers	(8,059,656)
Cash paid to employees	(5,679,773)
Net cash provided by operating activities	\$ 4,156,320

Cash flows from non-capital financing activities:

Transfers in from other funds	8,569,417
Bid bond deposit	131,520
Net cash provided by non-capital financing activities	8,700,937

Cash flows from capital financing activities:

Acquisition of property and equipment	(7,468,203)
Principal paid on capital lease	(22,549)
Net cash used by capital financing activities	(7,490,752)

Cash flows from investing activities:

Interest on investments	114,857
Proceeds from sale and maturities of investments	6,467,000
Purchase of investments	(5,819,544)
Net cash provided by investing activities	762,313
Net increase in cash and cash equivalents	6,128,818
Cash and cash equivalents beginning of year	3,839,884
Cash and cash equivalents end of year	9,968,702
Investments	2,760,077
Cash and investments	\$ 12,728,779

Reconciliation of operating income to net cash provided by operating activities:

Operating income \$ 1,224,121

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	\$ 2,480,592
Changes in assets and liabilities:	
(Increase) in accounts receivable	(70,855)
Increase in accounts payable	428,543
Increase in salaries payable	20,690
Increase in refundable deposits	1,505
Increase in compensated absences and OPEB	71,724
Total adjustments	2,932,199

Net cash provided by operating activities

\$ 4,156,320

Non-cash capital financing activities:

During the year ended October 31, 2009, capital assets of \$87,000 were contributed by the Blue Ribbon Foundation and \$296,233 were donated by a vendor to the Iowa State Fair Authority.

See notes to financial statements.

Iowa State Fair Authority

Notes to Financial Statements

October 31, 2009

(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 appropriated funds from the FY2009 Tax-Exempt Bond Proceeds Restricted Capitals Fund to the Iowa State Fair Blue Ribbon Foundation to be used for construction of the Agricultural Exhibition Center on the state fairgrounds.

State appropriations received by the Foundation which are unexpended as of October 31, 2009 are classified as restricted net assets in 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 which 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, 2009, 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, 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.

The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 45 requires employers recognize the implicit rate subsidy in postretirement medical plans provided by governmental employers.

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, 2009 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, 2009, the Fair Authority had the following investments:

Investment	Fair Value	Maturity	Credit Risk
General Electric	\$ 505,839	December 15, 2009	Aa2
Wachovia Mortgage FSB	501,930	December 15, 2009	Aa2
Morgan Stanley	502,820	January 15, 2010	A2
Harley Davidson	<u>1,249,488</u>	December 14, 2009	A2
Total	<u><u>\$ 2,760,077</u></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 which may be invested in any one issuer. More than 5% of the Fair Authority's cash and investments are in Harley Davidson (9.8%).

(3) Capital Assets

Capital assets activity for the year ended October 31, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Land, not being depreciated	\$ 87,000	-	(87,000)	-
Equipment	57,812	-	-	57,812
Less accumulated depreciation	<u>(26,085)</u>	<u>(4,024)</u>	<u>-</u>	<u>(30,109)</u>
Governmental activities capital assets, net	<u>\$ 118,727</u>	<u>(4,024)</u>	<u>(87,000)</u>	<u>27,703</u>
Business type activities:				
Land, not being depreciated	\$ 5,170,531	386,378	-	5,556,909
Buildings	59,154,036	5,912,421	(18,233)	65,048,224
Equipment	2,239,564	95,036	(53,150)	2,281,450
Vehicles	694,890	-	-	694,890
Infrastructure	6,455,035	3,331,117	-	9,786,152
Construction in progress, not being depreciated	<u>11,307,292</u>	<u>6,713,397</u>	<u>(8,565,956)</u>	<u>9,454,733</u>
Total capital assets	<u>85,021,348</u>	<u>16,438,349</u>	<u>(8,637,339)</u>	<u>92,822,358</u>
Less accumulated depreciation for:				
Buildings	(21,985,961)	(1,889,875)	14,048	(23,861,788)
Equipment	(1,356,103)	(122,799)	15,502	(1,463,400)
Vehicles	(550,560)	(42,361)	-	(592,921)
Infrastructure	(3,115,615)	(425,557)	-	(3,541,172)
Total accumulated depreciation	<u>(27,008,239)</u>	<u>(2,480,592)</u>	<u>29,550</u>	<u>(29,459,281)</u>
Business type activities capital assets, net	<u>\$ 58,013,109</u>	<u>13,957,757</u>	<u>(8,607,789)</u>	<u>63,363,077</u>

(4) Operating Leases

The future minimum lease payments for operating leases is as follows:

Year Ending October 31,	Amount
2010	\$ 17,868
2011	17,868
2012	17,868
2013	17,868
2014	1,489
Total	<u>\$ 72,961</u>

Rental expense for the year ended October 31, 2009 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$16,379.

(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 4.30% of their annual covered salary and the Fair Authority is required to contribute 6.65% of annual covered payroll, effective July 1, 2009. Between July 1, 2008 and June 30, 2009, plan members were required to contribute 4.10% and the Fair Authority was required to contribute 6.35%. For the year ended October 31, 2007, plan members were required to contribute 3.90% and the Fair Authority was required to contribute 6.05%. Contribution requirements are established by state statute. The Fair Authority's contributions to IPERS for the years ended October 31, 2009, 2008 and 2007 were \$250,696, \$251,580 and \$214,783, 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 benefit obligations for the year ended October 31, 2009 are summarized as follows:

	Governmental Activities			Business Type Activities		
	Compensated Absences	OPEB	Total	Compensated Absences	OPEB	Total
Beginning balance	\$ 62,743	1,695	64,438	858,708	32,205	890,913
Additions	27,137	2,187	29,324	509,304	40,824	550,128
Deletions	33,127	-	33,127	478,404	-	478,404
Ending balance	\$ 56,753	3,882	60,635	889,608	73,029	962,637
Due within one year	\$ 7,167	-	7,167	278,053	-	278,053

Sick Leave Insurance Program (SLIP) – The Sick Leave Insurance Program is a voluntary termination benefit program. 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 retirement. A SLIP liability is reported for both current, active State Fair employees and retirees. The SLIP liability for current, active employees is included in compensated absences and the liability for retirees is included in accounts payable and accruals.

Upon retirement, employees 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 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, 2009, two employees have retired and received benefits of \$15,736 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 \$293,000,000 for the State of Iowa as of June 30, 2009. 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, 2009. 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 \$76,911 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 \$9,281,617 under these contracts as of October 31, 2009. The remaining contractual obligation as of October 31, 2009 for current projects already in progress totals \$5,536,059.

(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, 2009

	Adminis- tration	Promotion	Total
Personal services	\$ 388,875	-	388,875
Travel	3,633	-	3,633
Supplies and materials	62,177	-	62,177
Contractual services	11,820	-	11,820
Miscellaneous	456	-	456
Equipment	16,483	-	16,483
Marketing	-	437,797	437,797
Donor promotion	-	239,981	239,981
Total	<u>\$ 483,444</u>	<u>677,778</u>	<u>1,161,222</u>

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2009

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack
Personal services	\$ 2,192,309	255,228	28,098	158,006	52,598	63,677
Travel and conferences	95,976	-	-	-	-	-
Supplies and materials	44,979	58,913	322,810	124,882	267,680	-
Judging	-	-	-	179,903	-	-
Contractual services	230,444	139,916	1,975	58,718	793,653	325,440
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	1,510,958
Advertising	-	-	-	945	-	-
Claims and miscellaneous	148,858	10,570	100	104,653	27,092	29,962
Premiums	-	-	-	449,707	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 2,712,566	464,627	352,983	1,076,814	1,141,023	1,930,037

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
2,557,880	-	623,212	-	9,129	10,847	-	-	5,950,984
-	-	-	-	80	-	-	-	96,056
488,862	-	3,442	20,999	10,102	-	-	23,971	1,366,640
-	-	-	-	1,665	-	-	-	181,568
1,326,433	34,549	69,552	-	127,722	-	-	140,326	3,248,728
60,252	-	-	-	-	-	-	-	60,252
-	-	-	-	421,270	-	-	-	1,932,228
-	516,322	-	-	990	-	-	-	518,257
35,415	24,194	-	-	51,672	18,874	-	6,081	457,471
-	-	-	-	-	-	-	-	449,707
-	-	-	-	-	-	2,480,592	-	2,480,592
4,468,842	575,065	696,206	20,999	622,630	29,721	2,480,592	170,378	16,742,483

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2009

Fiscal Year	Operating Revenues	Operating Income (Loss)	State Fair Attendance (Unaudited)
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
2009	17,966,604	1,224,121	1,006,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2009

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Steven Curtis Chapman and Jeremy Camp	5,571	\$ 150,417	93,104	57,313
Gary Allan and Chuck Wicks	4,751	152,032	66,352	85,680
Peter Frampton with Gin Blossoms	3,291	101,592	71,500	30,092
Big & Rich with Cowboy Troy and Candy Coburn	3,996	142,722	155,000	(12,278)
Bret Michaels with Jackyl	2,442	75,876	90,000	(14,124)
Shinedown and Rev Theory	5,787	156,249	95,062	61,187
Brooks & Dunn	9,831	393,240	318,379	74,861
Kelly Clarkson and Eric Hutchinson	5,620	213,560	185,000	28,560
Journey and Heart	11,054	490,225	413,941	76,284
Total	52,343	\$ 1,875,913	1,488,338	387,575

This information is included in 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, 2009
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
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
2009	8,004,910	637,650	2,191,548

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, 2009, 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 May 14, 2010. 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.

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, we do not believe the significant deficiencies described above are material weaknesses.

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 about the Iowa State Fair Authority's operations for the year ended October 31, 2009 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 comments are not intended to constitute legal interpretations.

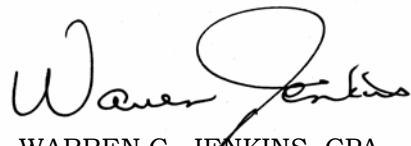
The Iowa State Fair Authority's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Iowa State Fair Authority's responses, we did not audit the Iowa State Fair Authority's responses and, accordingly, we express 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

May 14, 2010

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2009

Findings Related to Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (1) Vehicle Policy – The State Fair Manager is provided a vehicle as a part of his employment contract with the Iowa State Fair Authority. During the year ended October 31, 2009, the State Fair Manager was reimbursed \$1,247 for mileage for the use of a personal vehicle. The Iowa State Fair Authority does not have a policy to determine when personal vehicle mileage can be claimed rather than using the vehicle provided under the employment contract.

Recommendation – The State Fair Authority should develop a policy addressing reimbursement for personal vehicle usage when a vehicle is provided to the employee.

Response – The Iowa State Fair Authority has currently developed a vehicle policy and will implement it immediately.

Conclusion – Response accepted.

- (2) Questionable Expenses – Expenses were identified which we believe 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. For twelve items tested, the business purpose of the expense was not included on the supporting documentation. Additional information was obtained for six of the twelve claims through staff inquiry to identify the public purpose. Public purpose could not be identified for the following expenses:

Paid to	Purpose	Amount
Staples Promotional Products	Jackets given to employees and Board Members	\$ 5,453
Hy-Vee	Flowers for death/hospitalization	42
Hy-Vee Catering	Employee Appreciation Cookout	1,235
Holiday Inn	Lodging for Gary Slater within official domicile.	199

It is possible for such expenses 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 proper and an improper purpose is very thin.

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2009

Recommendation – The public purpose should be documented for all expenses. If these practices are continued, the Iowa State Fair Authority should establish written policies and procedures, including the requirement for proper documentation of public purpose. Public funds should not be expended unless a public purpose is documented.

Response – The Iowa State Fair Authority has currently expanded its current purchasing procedures to include public purpose.

Conclusion – Response accepted.

- (3) Blue Ribbon Foundation Credit Card – Various employees use the Blue Ribbon 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, sales tax should not be paid on purchases.

Response – The Foundation continues to emphasize proper documentation of credit card purchases, including detailed receipts and supporting documentation. Since the audit in March 2009 when more emphasis was placed on including the detailed receipts, significant improvements in documentation have been made.

The Foundation has registered as tax-exempt with the primary businesses where charges are made. Emphasis is placed on filling out proper tax exempt documentation at the time of purchase.

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
Ainslee M. Barnes, Assistant Auditor
Daniel W. Henaman, Assistant Auditor
Reza E. Sepehri, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State