



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 16, 2008

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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, 2007. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$14,966,864 for fiscal year 2007, a decrease of 3% from 2006. Revenues included \$5,812,973 from Fair admissions, \$2,187,139 from Fair concessions, \$1,584,027 from Fair entertainment and \$1,599,896 from interim events. Operating expenses of the Fair Authority for fiscal year 2007 totaled \$15,523,108, a 4.5% increase over the prior year. The Fair Authority reported an operating loss of \$556,244 for the year ended October 31, 2007 compared to operating income of \$582,192 for the prior year.

Foundation revenues were \$7,477,946 for fiscal year 2007, a 35% increase over the prior year. Revenues included operating grants and contributions of \$2,791,503, capital grants and contributions of \$1,100,000, charges for service of \$483,381 and an appropriation of \$3,000,000 from the State of Iowa for capital improvements. The Foundation had expenses during fiscal year 2007 of \$995,697 for administration and promotion, a 13.7% decrease from the prior year. The Foundation also provided capital contributions of \$5,020,588 to the Fair Authority from contributions and legislative appropriations.

A copy of the audit report is available for review in the Iowa State Fair Authority's Office, in the Office of Auditor of State and on the Auditor of State's website 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, 2007

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Iowa State Fair Authority

Officials

Name

Title

State

Honorable Chester J. Culver	Governor
Honorable Michael L. Fitzgerald	Treasurer of State
Charles J. Krogmeier	Director, Department of Management
Dennis C. Prouty	Director, Legislative Services Agency

Board Members

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

Iowa State Fair Authority



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Independent Auditor's Report

To the Board Members of the
Iowa State Fair Authority:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2007, which collectively comprise the Iowa State Fair Authority's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Iowa State Fair Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

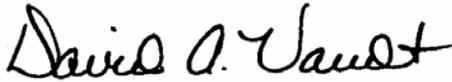
As discussed in Note 1, the financial statements of the Iowa State Fair Authority are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business type activities and each major fund of the State that is attributable to the transactions of the Iowa State Fair Authority. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of October 31, 2007, 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, 2007, 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 30, 2008 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 30, 2008

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, 2007. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Fair operating revenue decreased 3% from 2006 to 2007. Our 11-day event revenues contributed to the majority of the decrease. Extremely hot temperatures during the fair caused admission and concession revenue to be down. Grandstand revenues also decreased. Sponsorships and commercial space rental increased modestly. In 2007, attendance was down approximately 12,000 people.
- Operating expenses for the Fair were up 5% from 2006 to 2007 due to increases in payroll, maintenance and utility costs, and the implementation of our new animal learning center. Fair patrons were educated on the importance of animal husbandry in Iowa, including seeing live animal births.
- Major capital projects were started in 2007. The agricultural exhibition center will be a state of the art indoor arena. It is a three phase construction project with completion projected for the 2010 fair. Along with this new facility, with completion for the 2008 fair, will be a new outdoor arena, stalling barn, ice and feed building, new street development and a 300 stall car parking lot. This entire project is estimated at \$20 million. The renovation of the existing Iowa Tourism building is a 2 year phase construction project. 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. The stock pavilion is also being updated with a heating and cooling system. This project will be completed in 2008. In addition, the original state fair museum renovation project was completed in 2007 and the animal learning center was virtually completed in 2007.

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 Authority's basic financial statements consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 through 17) provide information about the activities of the Fair Authority as a whole and present a longer-term view of the Fair Authority's finances. Governmental fund financial statements show the activity of the Iowa State Fair Blue Ribbon Foundation. These statements tell how the Foundation raised and used funds for the purpose of renovation projects at the Iowa State Fairgrounds. These basic financial statements also include the notes to the financial statements that explain some of the information in the statements and provide more detail. Supplementary information is also in schedule form and begins on page 33.

REPORTING THE FAIR AUTHORITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Fair's finances is "Is the Fair as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Fair as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using

the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The entity-wide financial statements include two statements.

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

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

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

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

Business Type Activities – These statements represent information on the Iowa State Fair's operating and non-operating activities. The Iowa State Fair is one of the leading tourist attractions in the state. The Fair is Iowa's great celebration to the best in agriculture, industry, entertainment and achievement. In 2004, we celebrated our sesquicentennial fair and marked our largest attendance in the history of this 150-year-old event with 1.050 million visitors. The activities in this business type category normally are intended to recover all or a significant portion of their costs through fees and charges from the annual Fair and other interim events. These activities of the Fair include administration, admissions, concessions, entry and competitive events, fair services, grandstand and racetrack, utilities and maintenance, marketing and promotion, public safety, special entertainment and interim events.

Fund Financial Statements

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

Governmental Fund Financial Statements – The Blue Ribbon Foundation activities are reported through a governmental fund called a special revenue fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements, except the governmental fund financial statements focus on the near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. This approach is known as 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 the governmental activities. These reconciliations are presented on the bottom of each governmental fund financial statement.

Proprietary Fund Financial Statements – The Iowa State Fair’s activities are reported through this fund. This fund is used to show activities that operate more like those of commercial enterprises. Because this fund charges fees for services provided to outside customers, including local government, it is known as an enterprise fund. Proprietary fund financial statements provide the same type of information as the entity-wide financial statements, only in more detail. Like the entity-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the entity-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to Financial Statements

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

Supplementary Information

The supplementary schedules begin on page 33 and provide detailed information about expenditures or expenses by object and other financial data, including revenue comparisons for the past 5 years.

GOVERNMENTAL FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The Fair Authority’s combined net assets (government and business-type activities) totaled approximately \$65.9 million at the end of 2007 compared to approximately \$59.6 million at the end of the previous year, as follows:

Fair Authority Net Assets	Governmental Activities		Business type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$7,659,654	5,714,612	11,793,713	10,645,677	19,453,367	16,360,289
Capital assets	30,359	33,874	48,568,152	44,524,843	48,598,511	44,558,717
Total assets	\$7,690,013	5,748,486	60,361,865	55,170,520	68,051,878	60,919,006
Current liabilities	\$ 798,648	321,184	1,056,602	666,257	1,855,250	987,441
Long-term liabilities	12,182	9,779	277,514	271,170	289,696	280,949
Total liabilities	\$ 810,830	330,963	1,334,116	937,427	2,144,946	1,268,390
Net Assets:						
Invested in capital assets	\$ 30,359	33,874	48,568,152	44,524,843	48,598,511	44,558,717
Restricted for:						
Capital improvements	5,412,042	3,815,662	-	-	5,412,042	3,815,662
Other purposes	1,436,782	1,567,986	-	-	1,436,782	1,567,986
Unrestricted	-	-	10,459,597	9,708,251	10,459,597	9,708,251
Total net assets	\$6,879,183	5,417,522	59,027,749	54,233,094	65,906,932	59,650,616

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 (16%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors. The remaining balance (10%) 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for service	\$ 483,381	636,114	14,173,102	14,762,205	14,656,483	15,398,319
Operating grants and contributions	2,791,503	1,487,106	793,762	674,382	3,585,265	2,161,488
Capital grants and contributions	1,100,000	2,350,000	-	-	1,100,000	2,350,000
General revenues:						
State appropriation	3,000,000	1,000,000	-	-	3,000,000	1,000,000
Investment earnings	103,062	55,688	372,251	247,366	475,313	303,054
Gain on sale of capital assets	-	-	-	2,183	-	2,183
Total revenues	7,477,946	5,528,908	15,339,115	15,686,136	22,817,061	21,215,044
Expenses:						
Blue Ribbon Foundation fund raising	995,697	1,153,881	-	-	995,697	1,153,881
State Fair and other events	-	-	15,565,048	14,854,395	15,565,048	14,854,395
Total expenses	995,697	1,153,881	15,565,048	14,854,395	16,560,745	16,008,276
Increase in net assets before transfers	6,482,249	4,375,027	(225,933)	831,741	6,256,316	5,206,768
Transfers	(5,020,588)	(1,042,902)	5,020,588	1,042,902	-	-
Increase in net assets	1,461,661	3,332,125	4,794,655	1,874,643	6,256,316	5,206,768
Net assets beginning of year	5,417,522	2,085,397	54,233,094	52,358,451	59,650,616	54,443,848
Net assets end of year	\$6,879,183	5,417,522	59,027,749	54,233,094	65,906,932	59,650,616

The Fair Authority's net assets increased \$6.3 million, or 10.5%. The majority of the increase comes from the increase in capital assets. The business type activities completed the museum renovation, purchased additional property, started an agriculture exhibition center project and virtually completed a \$3.4 million animal learning center. On the governmental side of things, the state appropriated \$3 million towards the agricultural exhibition center project.

The Fair Authority reported an overall increase in revenue of \$1.6 million. The increase came from the governmental activities side. The Foundation's revenue consists of state appropriated funds, contributions and sale of promotional items. Contributions showed an increase in 2007 due to specific contributions received from donors for the museum, animal learning center, amphitheater, food center and stock pavilion. Sale of promotional items decreased in 2007. Extreme hot temperatures also affected people's desire to buy merchandise. The Fair also received a \$3,000,000 appropriation, compared to a \$1,000,000 appropriation in 2006, from the Iowa State Legislature to be used for the agricultural exhibition center project.

The Fair Authority's business type activities revenues decreased approximately \$347,000. The majority of the decrease was due to high temperatures during the 11-day event. The heat affected our attendance and concession 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 39% comes from admissions, while concessions, exhibitors and attractions contribute 25% and entertainment 11%. Revenues of \$1.6 million, or 11%, were from off-season rental of our facilities.

On the expense side of things, the Fair Authority reported an increase of \$552,000. The majority of this increase is attributed to the business type activities, which increased almost \$711,000. The increase was mainly due to the opening of our animal learning center, increased maintenance and utility costs and higher payroll costs. On the governmental activities side, expenses decreased \$158,000.

The largest business type activities expense is payroll, which accounts for 35% 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 20% of all expenses. Examples of contractual services are utilities, including electricity and water, waste and garbage removal and contract services as needed throughout the year. Payments made to grandstand performers and other entertainment during the fair account for 11% of all expenses.

FINANCIAL ANALYSIS OF THE FAIR AUTHORITY'S INDIVIDUAL FUNDS

Governmental Fund:

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

As of the end of the current fiscal year, the Fair's governmental fund reported an ending fund balance of approximately \$3.9 million, an increase over the prior year. 97% of the fund balance is reserved, which indicates it is not available for spending because it has already been committed to pay for the renovation of specific projects or is subject to other donor imposed restrictions.

Proprietary Fund:

The Fair's proprietary fund provides information on the Fair Authority's operating and non-operating activities. For the year ended October 31, 2007, the Fair's proprietary fund reported an ending net asset balance of approximately \$59 million, an increase of approximately \$4.8 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, 2007 was approximately \$73.3 million, net of accumulated depreciation of approximately \$24.7 million, leaving a net book value of approximately \$48.6 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 \$4 million. The major additions to this increase include the museum, animal learning center, property purchases and the start of the agriculture exhibition center project

The Fair Authority's fiscal year 2008 capital budget totals \$11.3 million, principally for the agricultural exhibition center and 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 \$3,000,000 state appropriation received in fiscal year 2007 and an additional \$5,000,000 anticipated to be received in 2008. 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 officials and management considered many factors when setting the 2008 fiscal year budget and the fees for various Fair activities. Our greatest increase in budget will be in capital improvements. The Fair anticipates spending an additional \$5.2 million in capitals in comparison to the prior year. Other increases are expected in wage and cost of living adjustments, employee health insurance costs, maintenance, utilities and entertainment. Revenues are expected to increase. Advance gate admission and parking ticket prices are increasing \$1 each over the prior year. Concession space rental rates are increasing as are camping rates. With the increase in revenues and with a portion of capital asset expenses reimbursed through the Blue Ribbon Foundation, the Fair Authority's net assets are expected to significantly increase by the close of 2008.

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

CONTACTING THE FAIR AUTHORITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Iowa State Fair Authority

Iowa State Fair Authority

Statement of Net Assets

October 31, 2007

	Governmental Activities	Business type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 1,099,364	10,795,659	11,895,023
Unexpended appropriation	3,000,000	-	3,000,000
Accounts receivable	-	214,076	214,076
Interest receivable	19,385	-	19,385
Pledges receivable	1,114,308	-	1,114,308
Due from other funds	-	783,978	783,978
Inventories	191,004	-	191,004
Total current assets	5,424,061	11,793,713	17,217,774
Noncurrent assets:			
Pledges receivable	2,235,593	-	2,235,593
Capital assets (net of accumulated depreciation):			
Land	-	4,615,060	4,615,060
Buildings	-	35,354,284	35,354,284
Equipment	30,359	858,321	888,680
Vehicles	-	171,232	171,232
Infrastructure	-	3,335,662	3,335,662
Construction in progress	-	4,233,593	4,233,593
Total noncurrent assets	2,265,952	48,568,152	50,834,104
Total assets	7,690,013	60,361,865	68,051,878
Liabilities			
Current liabilities:			
Accounts payable	-	641,948	641,948
Due to other funds	783,978	-	783,978
Salaries payable	7,925	140,277	148,202
Compensated absences	6,745	207,289	214,034
Capital lease	-	9,303	9,303
Refundable deposits	-	57,785	57,785
Total current liabilities	798,648	1,056,602	1,855,250
Noncurrent liabilities:			
Accounts payable	-	61,851	61,851
Compensated absences	12,182	193,114	205,296
Capital lease	-	22,549	22,549
Total noncurrent liabilities	12,182	277,514	289,696
Total liabilities	810,830	1,334,116	2,144,946
Net Assets			
Invested in capital assets	30,359	48,568,152	48,598,511
Restricted for:			
Capital improvements	5,412,042	-	5,412,042
Other purposes	1,436,782	-	1,436,782
Unrestricted	-	10,459,597	10,459,597
Total net assets	\$ 6,879,183	59,027,749	65,906,932

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2007

Functions	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Blue Ribbon Foundation fundraising	\$ 995,697	483,381	2,791,503	1,100,000
Business type activities:				
State Fair and other events	15,565,048	14,173,102	793,762	-
Total	<u>\$ 16,560,745</u>	<u>14,656,483</u>	<u>3,585,265</u>	<u>1,100,000</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
3,379,187	-	3,379,187
-	(598,184)	(598,184)
3,379,187	(598,184)	2,781,003
3,000,000	-	3,000,000
103,062	372,251	475,313
(5,020,588)	5,020,588	-
(1,917,526)	5,392,839	3,475,313
1,461,661	4,794,655	6,256,316
5,417,522	54,233,094	59,650,616
\$ 6,879,183	59,027,749	65,906,932

Exhibit C

Iowa State Fair Authority

Balance Sheet
Special Revenue Fund

October 31, 2007

Assets

Assets:

Cash and investments	\$ 1,099,364
Unexpended appropriation	3,000,000
Interest receivable	19,385
Pledges receivable	3,349,901
Inventories	191,004
Total assets	\$ 7,659,654

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$ 783,978
Salaries payable	7,925
Deferred revenue	2,932,770
Total liabilities	3,724,673

Fund balance:

Reserved for:	
Inventories	191,004
Capital improvements	3,612,042
Unreserved	131,935
Total fund balance	3,934,981

Total liabilities and fund balance**\$ 7,659,654****Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets****Fund balance - Special Revenue Fund** \$ 3,934,981

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 fund. These assets consist of:

Equipment	\$ 52,717	
Less accumulated depreciation	(22,358)	30,359

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

2,932,770

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

(18,927)

Net assets of governmental activities**\$ 6,879,183**

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, 2007

Revenues:	
State appropriation	\$ 3,000,000
Contributions	2,970,556
Sales of promotional items	232,280
Other sales	251,101
In-kind support	92,678
Interest on investments	103,062
Total revenues	<u>6,649,677</u>
Expenditures:	
Administration	408,439
Promotion	581,805
Total expenditures	<u>990,244</u>
Excess of revenues over expenditures	5,659,433
Other financing uses:	
Transfers out	<u>(5,020,588)</u>
Net change in fund balance	638,845
Fund balance beginning of year	<u>3,296,136</u>
Fund balance end of year	<u><u>\$ 3,934,981</u></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	\$ 638,845
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.	828,270
The governmental fund reports capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense in the current year was \$3,515.	(3,515)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(1,939)</u>
Change in net assets of governmental activities	<u><u>\$ 1,461,661</u></u>

See notes to financial statements.

Exhibit E

Iowa State Fair Authority

Statement of Net Assets
Enterprise Fund

October 31, 2007

Assets

Current assets:	
Cash and investments	\$ 10,795,659
Accounts receivable	214,076
Due from other funds	783,978
Total current assets	<u>11,793,713</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Land	4,615,060
Buildings	35,354,284
Equipment	858,321
Vehicles	171,232
Infrastructure	3,335,662
Construction in progress	4,233,593
Total noncurrent assets	<u>48,568,152</u>
Total assets	<u>60,361,865</u>

Liabilities

Current liabilities:	
Accounts payable	641,948
Salaries payable	140,277
Compensated absences	207,289
Capital lease	9,303
Refundable deposits	57,785
Total current liabilities	<u>1,056,602</u>
Noncurrent liabilities:	
Accounts payable	61,851
Compensated absences	193,114
Capital lease	22,549
Total noncurrent liabilities	<u>277,514</u>
Total liabilities	<u>1,334,116</u>

Net Assets

Invested in capital assets	48,568,152
Unrestricted	10,459,597
Total net assets	<u>\$ 59,027,749</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, 2007

Operating revenues:	
Admissions	\$ 5,812,973
Attractions	898,689
Commercial exhibitors	688,361
Concessions	2,187,139
Grandstand and racetrack entertainment	1,584,027
Entry fees	395,131
Campground fees and services	935,204
Sponsorships	793,762
Interim events	1,599,896
Miscellaneous	71,682
Total operating revenues	<u>14,966,864</u>
Operating expenses:	
Administration	2,516,214
Admissions	474,016
Concessions	113,327
Entry and competitive events	1,132,030
Fair services	1,131,597
Grandstand and racetrack	1,590,738
Utilities and maintenance	4,192,675
Marketing and promotion	606,946
Public safety	671,865
Sponsorship	12,778
Special entertainment	613,885
Treasurer	35,817
Depreciation	2,278,937
Interim events	152,283
Total operating expenses	<u>15,523,108</u>
Operating loss	<u>(556,244)</u>
Non-operating revenues (expenses):	
Interest income	372,251
Interest expense	(1,670)
Loss on disposal of capital assets	(40,270)
Total non-operating revenues (expenses)	<u>330,311</u>
Loss before transfers	(225,933)
Operating transfers in	<u>5,020,588</u>
Change in net assets	4,794,655
Net assets beginning of year	<u>54,233,094</u>
Net assets end of year	<u>\$ 59,027,749</u>

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2007

Cash flows from operating activities:		
Cash received from events	\$ 14,997,263	
Cash paid to suppliers	(7,947,451)	
Cash paid to employees	(4,891,141)	
Net cash provided by operating activities		\$ 2,158,671
Cash flows from non-capital financing activities:		
Transfers in from other funds		4,544,151
Cash flows from capital financing activities:		
Acquisition of property and equipment	(6,362,515)	
Principal paid on capital lease	(8,890)	
Interest paid on capital lease	(1,670)	
Net cash used by capital financing activities		(6,373,075)
Cash flows from investing activities:		
Interest on investments	372,251	
Proceeds from sale and maturities of investments	9,745,000	
Purchase of investments	(9,938,622)	
Net cash provided by investing activities		178,629
Net increase in cash and cash equivalents		508,376
Cash and cash equivalents beginning of year		4,842,929
Cash and cash equivalents end of year		5,351,305
Investments		5,444,354
Cash and investments		<u>\$ 10,795,659</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss		\$ (556,244)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	\$ 2,278,937	
Changes in assets and liabilities:		
Decrease in accounts receivable	30,399	
Increase in accounts payable	338,819	
Increase in salaries payable	21,860	
Increase in refundable deposits	150	
Increase in compensated absences	44,750	
Total adjustments		2,714,915
Net cash provided by operating activities		<u>\$ 2,158,671</u>

See notes to financial statements.

Iowa State Fair Authority

Notes to Financial Statements

October 31, 2007

(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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Fair Authority reports the following major governmental fund:

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

The Fair Authority reports the following major proprietary fund:

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

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

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

D. Budgets, Budgetary Accounting and State Appropriations

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

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

State appropriations received by the Foundation that are unexpended as of October 31, 2007 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, 2007, no interest costs were capitalized since the Fair Authority's policy is not to capitalize interest costs on assets.

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

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

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

Fund Balance – In the fund financial statements, the governmental fund reports reservations of fund balance for amounts legally restricted by outside parties for use for a specific purpose.

(2) Cash, Cash Equivalents and Investments

The Iowa State Fair Authority’s deposits in banks and with the Treasurer of State throughout the period and at October 31, 2007 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, 2007, the Fair Authority had the following investments:

Type	Fair Value	Maturity	Credit Risk
Merril Lynch & Co.	\$ 499,695	November 2007	Aa3
Occidental Petroleum Corp.	249,713	November 2007	A3
General Mills, Inc.	449,622	November 2007	Baa1
Wells Fargo	514,912	December 2007	Aa1
General Electric Corp.	200,302	December 2007	Aaa
Countrywide Home Loan	988,150	December 2007	A3
Rockwell Automation, Inc.	876,908	January 2008	A2
Verizon Communications	375,214	January 2008	A3
Goldman Sachs Group, Inc.	513,862	January 2008	Aa3
Diageo Capital, PLC	263,211	March 2008	A3
US Bank, NA	512,765	March 2008	Aa1
Total	<u>\$ 5,444,354</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 investments are in Rockwell Automation, Inc. and Countrywide Home Loan. The Fair Authority’s investment in Rockwell Automation, Inc. and Countrywide Home Loan were 8.12% and 9.15%, respectively, of the Fair Authority’s cash and investments.

(3) Capital Assets

Capital assets activity for the year ended October 31, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Equipment	\$ 52,717	-	-	52,717
Less accumulated depreciation	(18,843)	(3,515)	-	(22,358)
Governmental activities capital assets, net	<u>\$ 33,874</u>	<u>(3,515)</u>	<u>-</u>	<u>30,359</u>
Business type activities:				
Land, not being depreciated	\$ 3,990,895	624,165	-	4,615,060
Buildings	54,569,169	1,113,906	(124,191)	55,558,884
Equipment	1,919,888	200,412	(10,000)	2,110,300
Vehicles	617,388	69,833	(6,920)	680,301
Infrastructure	5,824,320	267,406	-	6,091,726
Construction in progress, not being depreciated	146,798	4,179,979	(93,184)	4,233,593
Total capital assets	<u>67,068,458</u>	<u>6,455,701</u>	<u>(234,295)</u>	<u>73,289,864</u>
Less accumulated depreciation for:				
Buildings	(18,522,305)	(1,766,215)	83,920	(20,204,600)
Equipment	(1,138,489)	(123,490)	10,000	(1,251,979)
Vehicles	(478,199)	(37,790)	6,920	(509,069)
Infrastructure	(2,404,622)	(351,442)	-	(2,756,064)
Total accumulated depreciation	<u>(22,543,615)</u>	<u>(2,278,937)</u>	<u>100,840</u>	<u>(24,721,712)</u>
Business type activities capital assets, net	<u>\$44,524,843</u>	<u>4,176,764</u>	<u>(133,455)</u>	<u>48,568,152</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, 2007.

Year Ending June 30,	Amount
2008	\$ 10,560
2009	10,560
2010	10,560
2011	2,640
Total minimum lease payments	<u>34,320</u>
Less amount representing interest	<u>2,468</u>
Present value of net minimum lease payments	<u>\$ 31,852</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 \$8,251.

Payments under the capital lease purchase agreement totaled \$10,560 for the year ended October 31, 2007.

(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 3.9% of their annual covered salary and the Fair Authority is required to contribute 6.05% of annual covered payroll, effective July 1, 2007. Prior to July 1, 2007 and for the years ended October 31, 2006 and 2005, plan members were required to contribute 3.7% 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, 2007, 2006 and 2005 were \$214,783, \$198,661 and \$184,433, respectively, equal to the required contributions for each year.

(6) Other Post Employment Benefits

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, 2007 totaled \$42,795 for three participants in the Enterprise Fund. The balance of \$21,398 remaining at October 31, 2007 has been accrued in the Enterprise Fund.

In accordance with Chapter 70A.23 of the Code of Iowa, the Iowa State Fair Authority provides, upon retirement, credit for all unused sick leave (commonly referred to as the SLIP program) as follows:

Accumulated, unused sick leave shall be converted at current value and credited to the employee's account for the purpose of paying the state portion of the employee's continuation of state group health insurance coverage.

The benefits are funded on a pay-as-you go basis for Iowa State Fair Authority retirees. For the year ended October 31, 2007, two retirees received benefits totaling \$13,159.

(7) Contractual Commitments

The Iowa State Fair Authority has entered into contracts for planned capital improvement projects throughout the fairgrounds and has spent approximately \$3,322,766 under these contracts as of October 31, 2007. The remaining contractual obligation as of October 31, 2007 for current projects already in progress totals \$1,344,935.

(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).

Supplementary Information

Iowa State Fair Authority

Iowa State Fair Authority

Expenditures by Object
Special Revenue Fund

Year ended October 31, 2007

	Adminis- tration	Promotion	Total
Personal services	\$ 335,549	-	335,549
Travel	4,783	-	4,783
Supplies and materials	39,151	-	39,151
Contractual services	12,509	-	12,509
Miscellaneous	401	-	401
Equipment	16,046	-	16,046
Marketing	-	354,579	354,579
Donor promotion	-	227,226	227,226
	<hr/>		
Total	\$ 408,439	581,805	990,244

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2007

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack
Personal services	\$ 1,922,882	254,341	22,873	221,698	57,710	47,288
Travel and conferences	102,235	-	-	-	-	-
Supplies and materials	86,520	54,353	88,359	122,543	266,236	-
Judging	-	-	-	170,280	-	-
Contractual services	257,297	154,582	1,975	56,102	784,751	297,485
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	1,214,405
Advertising	-	-	-	445	-	-
Claims and miscellaneous	147,280	10,740	120	119,603	22,900	31,560
Premiums	-	-	-	441,359	-	-
Depreciation	-	-	-	-	-	-
Total	<u>\$ 2,516,214</u>	<u>474,016</u>	<u>113,327</u>	<u>1,132,030</u>	<u>1,131,597</u>	<u>1,590,738</u>

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
2,303,484	3,250	619,672	-	9,765	13,826	-	-	5,476,789
-	-	-	-	1,773	-	-	-	104,008
537,760	-	5,524	12,778	9,759	-	-	18,825	1,202,657
-	-	-	-	1,740	-	-	-	172,020
1,208,439	24,644	46,669	-	120,108	-	-	127,937	3,079,989
97,205	-	-	-	-	-	-	-	97,205
-	-	-	-	442,230	-	-	-	1,656,635
-	554,277	-	-	-	-	-	-	554,722
45,787	24,775	-	-	28,510	21,991	-	5,521	458,787
-	-	-	-	-	-	-	-	441,359
-	-	-	-	-	-	2,278,937	-	2,278,937
4,192,675	606,946	671,865	12,778	613,885	35,817	2,278,937	152,283	15,523,108

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2007

Fiscal Year	Operating Revenues	Operating Income (Loss)	State Fair Attendance (Unaudited)
2003	13,350,962	(18,804)	1,012,000
2004	14,743,748	628,841	1,054,000
2005	14,161,542	112,255	1,005,000
2006	15,436,587	582,192	1,014,000
2007	14,966,864	(556,244)	1,002,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2007

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Gary Allen with Eric Church	4,254	\$ 119,112	65,000	54,112
Alice Cooper with Blue Oyster Cult	5,798	162,344	139,842	22,502
Rock 'N' Roll Reunion XXVIII	3,267	91,476	84,500	6,976
Corbin Bleu, Drake Bell, & Jordan Pruitt	5,067	126,675	82,500	44,175
Dierks Bentley with Chris Cagle	7,944	222,432	153,067	69,365
Casting Crowns with Tree63	8,741	218,525	147,996	70,529
Joe Walsh with Jim Dolan	5,487	153,636	101,000	52,636
Switchfoot with Cartell	2,887	80,836	75,000	5,836
American Idols Live 2007	4,895	205,590	360,000	(154,410)
 Total	 <u>48,340</u>	 <u>\$ 1,380,626</u>	 <u>1,208,905</u>	 <u>171,721</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, 2007
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2003	\$ 5,966,939	578,250	1,881,310
2004	7,176,188	644,875	2,162,481
2005	6,984,456	601,250	2,142,264
2006	7,416,559	615,375	2,112,042
2007	7,145,029	520,750	1,929,972

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
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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, 2007, 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 30, 2008. 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 a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency 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 deficiency described above 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, 2007 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.

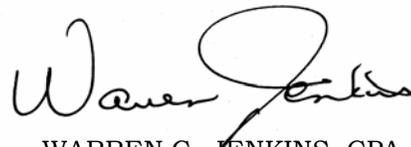
The Iowa State Fair Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Iowa State Fair Authority's response, we did not audit the Iowa State Fair Authority's response and, accordingly, we express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

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 30, 2008

Iowa State Fair Authority

Schedule of Findings

Year ended October 31, 2007

Findings Related to Financial Statements:

SIGNIFICANT DEFICIENCY:

Blue Ribbon Foundation Credit Card – Various Blue Ribbon Foundation employees use the Foundation’s credit card. Detailed credit card receipts were not always available to support credit card charges.

Recommendation – Credit card receipts should be maintained and reconciled to the detailed billing to support credit card charges.

Response – The Foundation will review the policy for maintaining credit card receipts and increase diligence in documenting the receipts collected.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

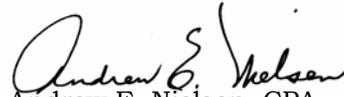
No matters were reported

Iowa State Fair Authority

Staff

This audit was performed by:

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Karen J. Kibbe, Senior Auditor
Tiffany A. Gossweiler, Staff Auditor
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