

Florida State Fair Authority

Financial Statements

For The Years Ended June 30, 2010 and 2009



Certified Public Accountants
Business Consultants
Limited Liability Company

Florida State Fair Authority
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June 30, 2010

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MISSION STATEMENT

Florida State Fair Authority

Mission Statement

The mission of the Florida State Fairgrounds is to create positive entertainment experiences through:

- ◆ the annual Florida State Fair
- ◆ a variety of year-round events
- ◆ quality competitive programs
- ◆ a commitment to agriculture, education, and community service
- ◆ a focus on new opportunities

HISTORY AND ORGANIZATION

Florida State Fair Authority

History and Organization

The history of the Florida State Fair is a microcosm of the History of Florida, with its fortunes rising and falling with the “booms and busts” of Florida’s often stormy development. Today, the Florida State Fair is one of the largest fairs and festivals in the United States and Canada.

No doubt, there were fairs, festivals and regional markets that took place under colonial rule of Florida. Early records reflect that on May 15, 1868, merchants in and around Jacksonville hosted the Grand Consolidation Festival, a bold gesture for Reconstruction Florida just after the conclusion of the Civil War.

By 1873, tourism was a big business in Jacksonville, but the Jacksonville Board of Trade came up with the idea of a state fair to increase tourism and combat the effects of the financial panic of 1873. The popularity of these preliminary fairs led to the establishment of a permanent fair building on a 20-acre site, which became known as Fairfield. The Florida Fruit Growers Association joined with the Duval County Agricultural and Horticultural Society as sponsors of the Florida State Fair, which opened February 22, 1876. Reportedly, 1,000 people attended the opening day festivities. Among the opening day dignitaries at the 1887 Florida State Fair was President Grover Cleveland, who proclaimed, “Floridians are a people who represent not only a new South, but a new era of American life.”

The success of the Florida State Fair waxed and waned, and the Jacksonville event was replaced by the Sub-Tropical Exposition from 1888 until 1892. These extravaganzas were open during tourist season (January-April) and attracted thousands of visitors. However, amid Yellow Fever epidemic and other issues, the gates closed the fourth season just 30 days after opening. The great Exposition Hall (reminiscent of London’s Crystal Palace), grounds and resident alligators were sold for \$1,800.

Fairs in Jacksonville continued irregularly. In 1901, the Board of Lady Managers formed to create a “first genuine state agricultural fair.” On May 3, 1901, Jacksonville was ravaged by a catastrophic fire, but six months later, the Florida State Fair opened as a symbol of the indomitable spirit of the people of Jacksonville.

Today’s Florida State Fair is part of the legacy railroad tycoon H.B. Plant bequeathed Florida. While similar activities were occurring in Jacksonville, in 1898, Plant inaugurated the Tampa Agricultural Racing and Fair Association as an event to promote his lavish Tampa Bay Hotel. In 1904, the event became formalized as the South Florida Fair Association, from which the modern Florida State Fair reportedly evolved. With several name changes over time, the Tampa Fair became the Florida State Fair when the Jacksonville Association sold the rights of the name to the Tampa organization in 1937. By 1961, the fair was listed as the Florida State Fair and Gasparilla Association, Inc.

Florida State Fair Authority

History and Organization

In 1974, by Florida Statutes 616, the Florida Legislature created the Florida State Fair Authority and reaffirmed the annual Tampa event as the official Florida State Fair. After being held for more than 70 years on a 27-acre plot adjoining the University of Tampa, which was the former Tampa Bay Hotel, the Florida State Fair moved to its current 330-acre site, the Florida State Fairgrounds, seven miles east of Downtown Tampa on Interstate 4 and U.S. Hwy 301. The first Florida State Fair was held at the new fairgrounds in February 1977. While the grounds were being developed, the 1976 Fair was held at the former Tampa Stadium.

Funding for the purchase and development of the Florida State Fairgrounds came from the State Legislature and revenue bonds issued by the Florida State Fair Authority. Initial operating monies were from funds accumulated by the former Florida State Fair and Gasparilla Association, Inc., and from other private sources. The Florida State Fair Authority holds title to the property.

Effective July 1, 1995, the Commissioner of Agriculture, in accordance with Senate Bill 932 (Chapter 95-220), was given sole responsibility to appoint a 21-member Florida State Fair Authority. The members serve a term of four years and may be appointed for more than one term.

With the assistance of the Department of Agriculture, the Florida State Fair Authority has worked to improve the financial position of the Florida State Fair, support a continuing capital maintenance program, and provide a wholesome, family-oriented annual program for the citizens of Florida and its many winter visitors. All elements of the organization have been scrutinized, and Florida State Fair programs have undergone a continuing review process in an effort to control costs and improve revenues. All Authority activities are conducted in compliance with the Florida Sunshine Law.

An August 2006 study conducted by the University of South Florida Center for Economic Development Research determined the activities of the Florida State Fair Authority supported a total of 1,267 jobs in the State of Florida, \$171.4 million in sales and \$43.4 million in wages and salaries.

In September 2006, the Florida State Fair Authority Board of Directors adopted a new Long Range Plan recommended by Bullock, Smith and Partners. Bullock, Smith and Partners is an architectural and planning firm with expertise in site analysis and programming, master planning, conceptual design and design development. This firm has completed more than 100 fairgrounds projects in 38 states and worldwide. The plan recommends a number of changes/improvements to the existing infrastructure and buildings at the Fairgrounds. Some of the components

of the Plan	Expansion/Renovation of Expo Hall	\$35.7 mil
along with the	Agricultural Building Additions	\$4.0 mil
estimated costs	Relocation/Expansion of RV Park	\$4.0 mil
include:	Other Building Renovations/Relocations/Additions	\$3.7 mil
	State Fair Plaza	\$1.0 mil
	Roads/Infrastructure/Other	\$3.5 mil
	Professional Services	\$6.5 mil
	Contingencies	<u>\$2.6 mil</u>
		\$61.0 mil

Florida State Fair Authority

History and Organization

The RV Park development feasibility study and report was completed first and presented to the board at its meeting on April 21, 2009. The board accepted the conceptual recommendations of the feasibility study. However, this plan has now been put on hold as the Authority researches a more comprehensive plan in developing the Fairgrounds.

The Authority Board at its meeting on August 4, 2010 decided to initiate a competitive solicitation with the intent of obtaining plans, concepts and ideas for developing a portion of its 330-acre site located in Tampa Florida. The board stipulated that the proposed development of the site must not jeopardize the mission of the Authority to conduct an annual state fair and must be in harmony with the Long Range Plan adopted by the board. Land and parking requirements in the study presented to the Board of Directors on August 4, 2010 by Populous must be included in any proposal. In addition, any proposed development must take into consideration existing Amphitheatre obligations of the Authority and must be consistent with applicable State Statutes.

Fair Activities

The 2010 Fair continued the 12-day format and offered the Fair patrons both free entertainment and headline artists. In the Sweetbay Entertainment Hall, our headline entertainers gave two or three performances daily.

The 2010 Fair adopted the theme of “Super Fair, Super Fun, Super Value”. “Celebrate!” – A Las Vegas style review – was a live show specially produced for the State Fair with shows during 10 days of the Fair. On Wednesday, February 10th, the Country Gold Tour performed for two concerts with admission at \$10 per person. Thursday, February 11th, a Salute to Veterans was held in the Sweetbay Entertainment Hall with free Fair gate admission to everyone after 4:00 p.m. The Elvis Extravaganza Impersonator National Finals took place on Saturday, February 13th and Sunday, February 14th. On Presidents’ Day, Monday, February 15th, the Sweetbay Entertainment Hall presented the FCW Wrestling featuring WWE Stars of tomorrow, with matches at 6 p.m. and 8 p.m.

The 2010 Fair had the State Cheerleading Competition and Sea Lion Splash, providing entertainment for the whole family. In addition, Circus Hollywood, Giraffic Exotic Menagerie, the Kachunga and the Alligator Show, the Welde Bear and Grizzly Falls Show, the Racing Pigs, and the Shark Encounter were well received by the patrons.

The World Village, offered fair goers food and music with a Latin and African American touch. The free entertainment continued with the Family Theater, presented by Chevy, featuring Dennis Lee, The Blues Brothers, and Candy Coburn, each performing three to four times daily. The Children’s Stage had daily entertainment with Doggies of the Wild West, and Washboard Willie. The Bacardi Stage and the Country & Bluegrass Music Stage offered continuous shows throughout the day with the Jay Taylor Band, Spanish Lyric Theatre, and other local talent.

Florida State Fair Authority

History and Organization

Fair Activities (Continued)

Equestrian events included the Equine Encounter—a hands-on, educational horse experience, Mounted Drill Team Competition, Draft Horse Show and Pull, American Driving Society Arena Driving Trial, Mounted Law Enforcement Clinic and Critique, Friends of Sound Horses (FOSH) All Breed Gaited Horse Show and Jack Russell Terrier Races.

Livestock events entertained and educated patrons with hands-on activities by patrons in the Ag-Venture building and the Salute to Ag/Mooternity Ward in the “Salute to Ag” tent. We held the 2nd Annual Florida Ranch Rodeo and in the Agriculture Hall of Fame building we showcased the Horse Show Jumping Hall of Fame and the Insect Encounter returned.

Free educational demonstrations and entertainment in The Cracker Country Museum included the antique printing press, model trains, blacksmith, and candle dipping. The Hands-On Farm Site allowed guests to participate in some of the hands-on activities that are so popular during school tours. The Cracker Country Museum entertainers included Pleasant Family Old-time String Band, and the Sweeny Family Band.

The 2010 Fair attendance of 354,000 was the lowest attendance level since the Commissioner of Agriculture was given oversight of the Fair Authority on July 1, 1995. Poor weather throughout the Fair – rainy, windy, overcast and cold – can be blamed for a majority of the attendance reduction.

The Authority and the Department of Agriculture and Consumer Services worked together to provide quality entertainment for the best possible price. The Florida State Fair Authority looks to the future with hope and excitement as the Florida Fair continues to be the best State Fair for everyone.

Florida State Fair Authority

History and Organization

Membership July 1, 2009 – June 30, 2010

Jack Amor
Tampa, Florida

Louis Betz
Tampa, Florida

William E. Bowman, Jr.
Tequesta, Florida

Honorable Charles H. Bronson
Tallahassee, Florida

Charles Bruno
Riverview, Florida

Jack Butcher
Brandon, Florida

Doyle E. Carlton, III
Wauchula, Florida

David Ericks
Tallahassee, Florida

Bernie Gellerman
Riverview, Florida

Preston Henn*
Fort Lauderdale, Florida

Lisa Rath Jensen
Lake Wales, Florida

Marcia Lightsey
Lake Wales, Florida

George Lorton
Gulfport, Florida

A.D. “Sandy” MacKinnon
Tampa, Florida

Olin Mott
Tampa, Florida

John Nicolette
San Antonio, Florida

Louis B. Parrish
Tallahassee, Florida

Jennifer Steinbrenner Swindal
Tampa, Florida

Linda Syfrett
Okeechobee, Florida

Robert M. Thomas
Thonotosassa, Florida

Joe Voskerichian
Tampa, Florida

Honorable Kevin White
Tampa, Florida

2009-2010 Officers

Chairman—A.D. “Sandy” MacKinnon

Vice Chairman—Doyle E. Carlton III

Treasurer—Robert M. Thomas

Secretary— Linda Syfrett

*Resigned July 20, 2009

Florida State Fair Authority

History and Organization

Management Staff as of June 30, 2010

Executive Director.....	Charles C. Pesano
Director of Finance / Controller.....	John Prestianni
Director of Operations.....	Fred Brown, CFE
Director of Agribusiness.....	Vina Jean Banks
Director of Marketing and Museum Operations.....	Byron "Rip" Stalvey
Director of Sales.....	Julie Palmer
Director of Event Services	Dennis McDermott
Director of Human Resources.....	Evelyn Torres
Director of Information Technology.....	Jeff Shreaves
Director of Equestrian Complex.....	Amy Uniss

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Florida State Fair Authority
Tampa, Florida

We have audited the accompanying basic financial statements of Florida State Fair Authority (the "Authority"), a special instrumentality of the State of Florida, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended June 30, 2009 were audited by other auditors, whose report dated October 27, 2009 expressed an unqualified opinion on these statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The introductory section, schedule of functional expenses, and 2010 fair statistics are presented for the purpose of additional analysis and are not a required part of the financial statements. The introductory section and supplemental section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Schedule of functional expenses has been subjected to the auditing procedures applied in the audit of the financial statements including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and fair statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them

A handwritten signature in blue ink that reads "Carr, Riggs & Ingram, LLC". The signature is written in a cursive style and is positioned above the printed name of the firm.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

October 6, 2010

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Florida State Fair Authority

Management Discussion Analysis

The following management's discussion and analysis (MD&A) of the financial performance and activity of the Florida State Fair Authority (Authority) is to provide management's analysis of the financial statements of the Authority for the years ended June 30, 2010 and 2009 and key operational developments that occurred in the 2010 fiscal year. The information presented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

Overview of Financial Activity

On June 23, 2009, the Authority approved an operational budget with net income of \$83,000 for fiscal year 2010. Due to extremely unfavorable weather and the below normal financial results from the February 2010 fair (see "Fair Activities" for more details), our financial statements reflect a loss of \$1,053,000 for fiscal year 2010. After the fair, the Authority took proactive steps to mitigate their losses, including the elimination of seven full time positions in April 2010.

The Authority also approved a capital budget in the amount of \$3,523,500 for fiscal year 2010, with the approval of all projects contingent upon funds being available. Approximately \$1,427,000 of capital purchases were incurred in fiscal year 2010.

The 2010 fair attendance of 354,000 was a decrease of 113,000 compared to the 2009 fair. This was also the lowest attendance level since the Commissioner of Agriculture was given oversight of the Fair Authority on July 1, 1995. Management attributes the poor weather throughout the fair – rainy, windy, overcast and cold temperatures – to a majority of the attendance reduction. The struggling economy also played a minor role, but that percentage is impossible to define. Overall, the 2010 fair net income was approximately \$1.2 million less than 2009 and \$1.4 million below the budgeted amount.

As of June 30, 2010, our unrestricted cash and cash equivalents balance was \$1,135,700, a decrease of \$830,300 from the prior year. Short-term investments decreased \$264,000 to a balance of \$2,235,000 at June 30, 2010. These resulted in a combined reduction in cash reserves of \$1,100,000.

The total cash reserves of \$3,371,000 provide the Authority with a strong cash position going into fiscal year 2011. As a precaution, however, the Authority may limit certain noncritical capital expenditures until after the 2011 fair at which time the cash position will be reassessed.

Florida State Fair Authority

Management Discussion Analysis

STATEMENTS OF NET ASSETS: Page 4 of the Audited Financial Statements

CATEGORY	BALANCES		<i>Notes on Category Changes</i>
	6/30/10	6/30/09	
Unrestricted Cash	\$1,135,700	\$1,966,000	Cash reduction is primarily due to current year loss.
Restricted Cash	48,100	105,700	Restricted Centerplate funds utilized for capital improvements
Investments	2,235,000	2,499,300	\$300,000 withdrawal to fund current year loss.
Gross Fixed Assets	54,279,800	52,703,100	Phone system (\$247,000); Waste Water Project (\$196,000); Electrical Equip (\$171,000); and JRW electrical equipment (\$144,000) comprise additions over \$100k individually.
Current Liabilities	1,880,400	1,545,800	Trade payables unusually low in 2009
LT Deferred Income	605,800	862,900	Normal amortization of Centerplate and Live Nation accounts
LT Capital Leases	3,494,600	3,747,800	Normal amortization of Debt instruments

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS: Page 5 of the Audited Financial Statements

The 2010 fair operations generated \$9,121,000 in revenue offset by fair operation expenses of \$6,567,000 for an operating income for fair operations of \$2,554,000. The 2009 fair operations generated \$11,189,000 in revenue and had associated expenses of \$7,426,000 for a net income for fair operations of \$3,763,000. Net income decreased by a total of \$1,209,000 due to the lower fair attendance.

The 2010 nonfair revenue was \$4,740,000 with \$2,560,000 in associated expenses for a net nonfair income of \$2,180,000. For fiscal year 2009, the nonfair revenue was \$4,813,000 and expenses were \$2,862,000 for a net nonfair income of \$1,951,000. Net income for nonfair operations increased \$228,000 mainly due to lower contracted services as the electrical work for the RV show was brought in-house with the termination of the JRW Generations contract.

Other operating revenue (amphitheatre, parking, interest income, etc.) was \$1,067,000. This represents an \$88,000 decrease compared to fiscal year 2009.

Florida State Fair Authority

Management Discussion Analysis

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS: Page 5 of the Audited Financial Statements (Continued)

General and administrative expenses for fiscal year 2010 were \$5,313,000 compared to \$5,372,000 for fiscal year 2009. This was a decrease of \$59,000 as a result of eliminating several positions for cost minimization.

Operating income before depreciation was \$488,000 for fiscal year 2010 as compared to \$1,498,000 for fiscal year 2009, a decrease of \$1,010,000.

Income from operations after depreciation for fiscal year 2010 was a loss of (\$975,000) compared to a gain of \$176,000 for fiscal year 2009. This was a \$1,151,000 decrease.

Other revenue (expense) totaled (\$78,000) in 2010 as compared to (\$154,000) in 2009, a \$76,000 decrease. This was due to lower interest income and by the change in fair value on investments in the state fund.

OPERATIONAL DEVELOPMENTS

The Authority executed a new five-year agreement with the Florida RV Trade Association in December 2009. The Florida RV Trade Association operates the single largest nonfair event at the Fairgrounds (RV SuperShow) in January of each year. This agreement will continue this relationship at similar terms with 3% annual escalation of their license fees.

Effective October 1, 2009, the Florida League of Cities became the insurance carrier for the Authority with regard to property and liability insurance. This change resulted in a savings of approximately \$60,000 or 10% on insurance costs in the first year. Management expects these savings to increase in fiscal year 2011.

On November 19, 2007, the Florida State Fair Authority entered into a five-year contract with JRW Generations LTD, to provide electrical service for the January RV SuperShow and State Fair. An agreement for equipment leasing was executed with JRW Generation on October 31, 2008. Effective December 11, 2009, the Florida State Fair Authority and JRW Generations LTD executed a settlement agreement to release both parties from any and all obligations under the contract and equipment lease.

For the 2010 RV SuperShow and the 2010 Florida State Fair, the Authority undertook the responsibility to deliver the electrical services in-house. The Authority hired various electrical professionals formerly employed with JRW Generations on a seasonal basis to deliver this service.

The amphitheatre operated 20 concerts during fiscal year 2010. A new Name-In-Title (NIT) sponsorship agreement was signed in June 2010 with 1-800-ASKGARY. The previous agreement with Ford expired in May 2009. The Authority will recognize revenue from this agreement as follows:

1. Fiscal Year 2010 - \$8,000
2. Fiscal Year 2011 - \$95,500
3. Fiscal Year 2012 - \$95,500
4. Fiscal Year 2013 - \$87,600

FINANCIAL STATEMENTS

Florida State Fair Authority

Statements of Net Assets

<i>June 30,</i>	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,135,744	\$ 1,966,036
Restricted cash	48,077	105,669
Short-term investments	2,235,219	2,499,250
Accounts receivable, net	288,079	352,305
Prepaid expenses and other assets	344,705	370,790
Current portion of net investment in direct financing lease	-	39,684
Total Current Assets	4,051,824	5,333,734
Restricted Cash	10,000	10,000
Net Investment in Direct Financing Lease	-	67,581
Property And Equipment, net	20,486,924	20,366,203
Total Assets	\$ 24,548,748	\$ 25,777,518

Florida State Fair Authority

Statements of Net Assets

<i>June 30,</i>	2010	2009
Liabilities And Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,476,374	\$ 1,291,810
Current portion of capital lease obligation	253,214	240,356
Unearned revenue	150,833	13,683
Total Current Liabilities	1,880,421	1,545,849
Capital Lease Obligation		
	3,494,562	3,747,789
Unearned Revenue		
	605,836	862,919
Total Liabilities	5,980,819	6,156,557
Net Assets		
Invested in capital assets, net of related debt	16,739,148	16,378,058
Unrestricted	1,795,546	3,209,668
Restricted - expendable		
Employee retirement	23,235	23,235
Restricted - nonexpendable		
Scholarship funds	10,000	10,000
Total Net Assets	18,567,929	19,620,961
Total Liabilities And Net Assets	\$ 24,548,748	\$ 25,777,518

Florida State Fair Authority

Statements of Revenues, Expenses and Changes in Net Assets

<i>Year ended June 30,</i>	2010	2009
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Operating Revenue		
Fair operations	\$ 9,121,075	\$ 11,189,241
Non-fair operations	4,739,748	4,813,198
Other	1,067,266	1,155,322
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Total Operating Revenue	14,928,089	17,157,761
Operating Expenses		
Fair operations	6,566,678	7,425,555
Non-fair operations	2,560,104	2,861,777
General and administrative expenses	5,313,201	5,371,967
Depreciation & amortization expense	1,462,943	1,322,351
<hr/>		
Total Operating Expenses	15,902,926	16,981,650
<hr/>		
Operating Income (Loss)	(974,837)	176,111
Other Revenue (Expenses)		
Interest income	53,152	100,125
Interest expense	(211,370)	(199,879)
Gain (loss) on investments	80,024	(54,393)
<hr/>		
Total Other Revenue (Expenses)	(78,194)	(154,147)
<hr/>		
Decrease in Net Assets	(1,053,031)	21,964
Net Assets At Beginning Of Year	19,620,960	19,598,996
<hr/>		
Net Assets At End Of Year	\$ 18,567,929	\$ 19,620,960
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Florida State Fair Authority

Statements of Cash Flows

<i>Year ended June 30,</i>	2010	2009
Cash Flows From Operating Activities		
Cash received from customers	\$ 14,822,381	\$ 17,342,728
Cash paid to suppliers	(9,287,538)	(10,713,663)
Cash paid to employees	(4,948,760)	(4,981,617)
<hr/>		
Net Cash Provided By Operating Activities	586,083	1,647,448
Cash Flows From Non-Capital Financing Activities		
Proceeds from borrowings	600,000	600,000
Payments on borrowings	(600,000)	(600,000)
Interest paid	(1,400)	(1,372)
<hr/>		
Net Cash Used By Non-Capital Financing Activities	(1,400)	(1,372)
Cash Flows From Capital And Related Financing Activities		
Acquisition of fixed assets	(1,427,364)	(3,569,932)
Proceeds from debt	-	1,080,000
Principal payments on debt	(240,369)	(222,096)
Interest paid	(209,972)	(198,507)
<hr/>		
Net Cash Used By Capital And Related Financing Activities	(1,877,705)	(2,910,535)
Cash Flows From Investing Activities		
Purchases of investments	(55,945)	(74,681)
Proceeds from sale of investments	400,000	600,000
Payments received from direct financing lease	-	50,000
Interest received	61,083	92,194
<hr/>		
Net Cash Provided By Investing Activities	405,138	667,513
<hr/>		
Decrease In Cash And Cash Equivalents	(887,884)	(596,946)
<hr/>		
Cash And Cash Equivalents At Beginning Of Year	2,081,705	2,678,651
<hr/>		
Cash And Cash Equivalents At End Of Year	\$ 1,193,821	\$ 2,081,705

Florida State Fair Authority

Statements of Cash Flows

<i>Year ended June 30,</i>	2010	2009
Reconciliation Of Operating Income (Loss)		
To Net Cash Provided By Operating Activities		
Operating income (loss)	\$ (974,837)	\$ 176,111
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	1,462,943	1,322,351
Gain from direct financing lease	(50,000)	-
Changes in operating assets and liabilities		
Accounts receivable, net	64,225	269,955
Prepaid expenses and other assets	19,121	97,176
Accounts payable and accrued liabilities	184,564	(36,227)
Deferred revenue	(119,933)	(181,918)
Net Cash Provided By Operating Activities	\$ 586,083	\$ 1,647,448

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida State Fair Authority (the “Authority”) was created in 1974 by Chapter 74-322, Laws of Florida, as a special instrumentality of the State of Florida (the “State”), and is now under the supervision of the State’s Commissioner of Agriculture. The Legislature charged the Authority with the responsibility of staging an annual fair to serve the state and operating the fair facilities as a self-supporting enterprise. In connection therewith, the Authority erected and maintains facilities on the Florida State Fairgrounds (the “Fairgrounds”) in Hillsborough County, Florida. The Authority is currently governed under Chapter 616 of the Florida Statutes.

During 1997, the Authority established the Florida State Fair Foundation (the “Foundation”) for the purpose of supporting the Authority and, as such, the Foundation represents a component unit under governmental accounting standards. Except for land and the related debt that the Foundation acquired and incurred, respectively, on behalf of the Authority for legal reasons in 2005, the Foundation’s assets, liabilities, net assets, and operations are not presented with the Authority’s, as the amounts are deemed immaterial. The Foundation’s land and the related debt are presented in the Authority’s financial statements for accounting purposes, as the land and the debt represent a capital asset and capital lease, respectively, of the Authority.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting coupled with an economic resources measurement focus.

The Authority applies accounting and financial reporting standards applicable to governmental entities. Accordingly, the Authority applies statements issued by the Governmental Accounting Standards Board and standards issued before November 30, 1989 by the Financial Accounting Standards Board and all applicable pronouncements required by the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash consists of checking accounts collectively designated as cash and cash equivalents. Cash and cash equivalents are carried at cost.

For purposes of financial statement presentation, cash equivalents are highly liquid investments with maturities of three months or less.

The statements of cash flows are presented using the direct method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The Authority deposits cash in qualified public depositories. However, the deposits were not established in the public fund to fully secure deposits by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes as of June 30, 2010. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities and if necessary, by assessments against other qualified public depositories. The Authority's cash is fully insured by the Federal Deposit Insurance Corporation and/or secured by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes as of the audit report date.

Florida Statutes, Section 218.415, authorizes the Authority to invest in obligations of the U.S. government, its agencies and instrumentalities, and certain other investments. Investments are stated at fair value.

Short-Term Investments

Short-term investments are carried at fair value, which is determined based on quoted market prices. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and realized gains.

Accounts Receivable

Accounts receivable are recorded at the amounts invoiced. The allowance for doubtful accounts represents an estimate of amounts considered uncollectible, which usually result from adverse changes in the customer situation affecting the customer's ability to repay.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided over the following estimated useful lives utilizing the straight-line method:

Buildings and land improvements 10 to 40 years

Furniture, fixtures and equipment 3 to 10 years

Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. The threshold for capitalization is generally \$1,000.

Florida State Fair Authority

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Nonoperating Revenue and Expenses

The Authority's principal operation is the Florida State Fair, held annually in February. The Authority's operations not related to the annual fair, such as facility rental and parking for special events, are generally classified as nonfair operations.

The Authority currently classifies fees earned related to the Amphitheatre Agreement (see Note 9), as well as rentals of certain properties, as other revenue.

The revenues and expenses of the fair and nonfair operations are presented separately in the financial statements. General and administrative and depreciation expenses are shown separately and are not allocated to fair and nonfair operations. Revenues are recognized when events are held.

Donated property received by the Authority is recorded as revenue at fair market value with a corresponding increase in property or inventory, as appropriate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Reclassification of prior year balances have occurred for presenting corresponding items in the comparative statements.

NOTE 2 – CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND SHORT-TERM INVESTMENTS

Cash and cash equivalents and short-term investments are summarized as follows at:

<i>June 30,</i>	2010	2009
Demand deposit accounts	\$ 1,131,524	\$ 1,961,816
Petty cash	4,220	4,220
Restricted cash	58,077	115,669
Total cash and cash equivalents	\$ 1,193,821	\$ 2,081,705
Total short-term investments	\$ 2,235,219	\$ 2,499,251

Florida State Fair Authority

Notes to Financial Statements

NOTE 2 – CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND SHORT-TERM INVESTMENTS (Continued)

Bank balances, which include restricted cash, were \$1,383,152 and \$2,206,094 at June 30, 2010 and 2009, respectively. Bank balances were not fully insured or collateralized in accordance with Florida Statute 280, which establishes the multiple financial institution collateral pool as of June 30, 2010 but is now fully insured as of the audit report date.

Investments of \$2,235,219 and \$2,499,251 at June 30, 2010 and 2009, respectively, represent an investment in the Florida Treasury Investment Pool and are carried at fair value. Members of the pool own a share of the pool, not the underlying securities. The short-term investment includes an unrealized gain as a result of the change in fair value of \$80,000 during 2010 and an unrealized loss of \$54,400 in 2009. Disclosures for the Treasury Investment Pool are made in Note 2 of the State of Florida Comprehensive Annual Financial Report (CAFR).

Credit risk – This risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pool is rated by Standard and Poor’s and has a rating of Af and A+f at June 30, 2010 and 2009, respectively.

Interest rate risk – The risk that changes in interest rates will adversely affect the fair value of an investment. The effective duration of the pool is 1.81 and 1.84 years at June 30, 2010 and 2009 respectively.

Restricted cash consists of the following at:

<u>June 30,</u>	<u>2010</u>	<u>2009</u>
Certificate of deposit for an employee's retirement benefit (a)	\$ 23,235	\$ 23,235
Cash held for the AgriScience Education Leadership Program (AELP) (b)	20,642	29,480
Capital Improvement fund ©	4,200	52,954
Charles Lykes Scholarship endowment fund (d)	10,000	10,000
Total Restricted Cash	\$ 58,077	\$ 115,669

- (a) Interest earned on the certificate of deposit is retained by the Authority.
- (b) Funds held by the Authority are used to pay certain expenditures on behalf of AELP (\$8,953 and \$6,376 in 2010 and 2009, respectively), at the direction of AELP’s administrator. During 2010 and 2009, \$-0- and \$800, respectively, was received from AELP. Accounts payable and accrued liabilities include \$19,323 and \$28,276 related to the remaining restricted cash balance as of June 30, 2010 and 2009, respectively.
- (c) The Authority received \$500,000 from Boston Culinary Group. Inc. (currently known as Centerplate Concessions, Inc.) (as described in Note 9) for agreed-upon capital improvements. The amount remaining at year-end represents the unspent portion of the original amount.
- (d) Interest earned on the Scholarship Fund is distributed to qualified students on an annual basis.

Notes to Financial Statements

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at:

<u>June 30,</u>	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 288,079	\$ 352,304
Allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 288,079	\$ 352,304
Expense for uncollectable amounts	\$ (17,102)	\$ (3,204)

NOTE 4 – INVESTMENT IN DIRECT FINANCING LEASE

The Authority entered into a direct financing lease for certain equipment and materials in October 2008. The lease was to originally expire in March 2011 and was secured by the property under lease. However, the lease contract was terminated and a settlement agreement was reached in December 2009. The settlement between the parties was a mutual release of all claims and terminated all contracts between the parties effective December 2009. All property was returned to the Authority. As a result of the termination and settlement of the agreement, the Authority recognized a gain of \$50,000.

The following lists the components of the net investment in direct financing lease as of June 30, 2010 and 2009 respectively:

<u>June 30,</u>	<u>2010</u>	<u>2009</u>
Minimum lease payments receivable	\$ -	\$ 122,000
Estimated residual value of leased property (unguaranteed)	-	1,000
Less unearned income	-	(19,715)
Net investment in direct financing lease	\$ -	\$ 103,285

Florida State Fair Authority

Notes to Financial Statements

NOTE 4 – INVESTMENT IN DIRECT FINANCING LEASE (Continued)

The following schedule provides an analysis of the Authority's investment in property held for lease and is included in property and equipment as of June 30, 2010 and 2009 respectively:

<i>June 30,</i>	2010	2009
Equipment	\$ -	\$ 149,334
Less accumulated depreciation	-	(49,778)
Net investment in property held for lease	\$ -	\$ 99,556

Florida State Fair Authority

Notes to Financial Statements

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment activity for the years ended June 30:

	2010				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Non-Depreciable Assets					
Land	\$ 2,826,750	\$ -	\$ -	\$ -	\$ 2,826,750
Capital leased asset, land	4,940,244	-	-	-	4,940,244
Construction in process	587,883	1,405,872	-	(1,881,348)	112,407
	8,354,877	1,405,872	-	(1,881,348)	7,879,401
Depreciable Assets					
Buildings	29,909,070	-	-	230,729	30,139,799
Capital leased asset, building	300,000	-	-	-	300,000
Land improvements	8,310,584	-	-	934,670	9,245,254
Furniture, fixtures, and equipment	5,828,583	170,828	-	715,949	6,715,360
	44,348,237	170,828	-	1,881,348	46,400,413
Total Property and Equipment	52,703,114	1,576,700	-	-	54,279,814
Less: Accumulated Depreciation	(32,336,911)	(1,455,979)	-	-	(33,792,890)
Total Property and Equipment, net	\$ 20,366,203	\$ 120,721	\$ -	\$ -	\$ 20,486,924

Florida State Fair Authority

Notes to Financial Statements

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment activity for the years ended June 30:

	2009				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Non-Depreciable Assets					
Land	\$ 2,826,750		\$ -	\$ -	\$ 2,826,750
Capital leased asset, land	3,890,244	1,050,000	-	-	4,940,244
Construction in process	368,349	1,445,809	-	(1,226,275)	587,883
	7,085,343	2,495,809	-	(1,226,275)	8,354,877
Depreciable Assets					
Buildings	29,809,511	-	-	99,559	29,909,070
Capital leased asset, building	-	300,000	-	-	300,000
Land improvements	7,382,723	52,856	-	875,005	8,310,584
Furniture, fixtures, and equipment	4,968,134	571,691	-	288,758	5,828,583
Capital lease, equipment	37,047	-	-	(37,047)	-
	42,160,368	924,547	-	1,226,275	44,348,237
Total Property and Equipment	49,245,711	3,420,356	-	-	52,703,114
Less: Accumulated Depreciation	(31,014,560)	(1,322,351)	-	-	(32,336,911)
Total Property and Equipment, net	\$ 18,231,151	\$ 2,098,005	\$ -	\$ -	\$ 20,366,203

Florida State Fair Authority

Notes to Financial Statements

NOTE 5 - PROPERTY AND EQUIPMENT (Continued)

In 2005, the Foundation, on behalf of the Authority, acquired land for \$3,890,244 including closing costs. To finance the purchase, the Foundation disbursed cash of approximately \$470,244, which was received from the Authority, and \$3,420,000 received from a borrowing from a local bank. The bank debt is scheduled to be paid off by 2015, at which time the property legally reverts to the Authority.

On October 31, 2008, the Foundation, on behalf of the Authority, acquired land and model homes from Jim Walter Homes for \$1,439,246 including closing costs. To finance the purchase, the Foundation disbursed cash of approximately \$359,246, which was received from the Authority, and \$1,080,000 received from a borrowing from a local bank. The bank debt is scheduled to be paid off in October 2028, at which time the property legally reverts to the Authority.

The Authority recognized \$1,456,000 and \$1,322,300 of depreciation expense for the years ended June 30, 2010 and 2009, respectively.

NOTE 6 – LINE OF CREDIT

The Authority obtained a line of credit in October 2003. The amount of the line varies depending on the time of year. The line is \$600,000 during the first calendar quarter coincident with the annual fair. The line is lowered to \$300,000 during the remainder of the year. The line of credit was established for additional working capital requirements and does not expire. The line is due on demand, bears interest at the bank's prime rate (3.25% at June 30, 2010) and is uncollateralized.

Balance				Balance
30-Jun-09	Additions	Payments		30-Jun-10
\$ -	\$ 600,000	\$ (600,000)	\$	-

Florida State Fair Authority

Notes to Financial Statements

NOTE 7 – CAPITAL LEASE OBLIGATION

Capital lease obligation consists of the following at:

<i>June 30,</i>	2010	2009
Capital lease for the land purchased in 2005 due in monthly installments of \$29,579 including principal plus interest at a variable annual rate equal to the rate of interest per annum as reported in the Wall Street Journal, but not lower than 5% per annum or higher than 9% per annum (5.0% at June 30, 2010 and 2009); due in full on February 1, 2015; secured by land and rental payments from the Amphitheater Agreement (see Note 5)	\$ 2,715,301	\$ 2,926,712
Capital lease for the land & buildings purchased on October 31, 2008 due in monthly installments of \$7,949 including principal plus interest at 6.25% per annum; due in full on October 31, 2028 (See Note 5)	1,032,475	1,061,433
Total Capital Lease Obligation	3,747,776	3,988,145
Less current portion	(253,214)	(240,356)
Capital Lease Obligation	\$ 3,494,562	\$ 3,747,789

**For legal reasons, the Foundation incurred this debt on behalf of the Authority to acquire certain land. The Authority uses the land and will obtain title to the land when the debt is paid off and leases the property from the Foundation, paying equivalent amounts to cover the related obligation's debt service requirements.*

Capital lease obligation activity for the year ended June 30, 2010:

	Beginning Balance	Additions	Payments	Ending Balance
Capital leases	\$ 3,988,145	\$ -	\$ (240,369)	\$ 3,747,776

Capital lease obligation and other long-term debt activity for the year ended June 30, 2010:

	Beginning Balance	Additions	Payments	Ending Balance
Capital leases	\$ 3,127,672	\$ 1,080,000	\$ (219,526)	\$ 3,988,146
Other obligation	2,570	-	(2,570)	-
	\$ 3,130,242	\$ 1,080,000	\$ (222,096)	\$ 3,988,146

Florida State Fair Authority

Notes to Financial Statements

NOTE 7 – CAPITAL LEASE OBLIGATION

Capital lease service requirements beyond June 30, 2010:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 253,214	\$ 197,126
2012	266,258	184,082
2013	281,015	169,325
2014	296,062	154,277
2015	1,794,167	112,230
2016 - 2020	240,480	236,484
2021 - 2025	330,033	146,931
2026 - 2029	286,547	32,364
	<u>\$ 3,747,776</u>	<u>\$ 1,232,819</u>

The Amended and Restated Lease-Purchase Agreement (the “Agreement”) dated February 1, 2005 between the Florida State Fair Foundation, Inc (the “Foundation”) and the Florida State Fair Authority (the “Authority”) is subject to the terms and conditions of the Promissory Note dated February 1, 2005 from Bay Cities Bank to the “Foundation”. The Promissory Note has a 10-year term with payments based on a 20-year amortization, resulting in a balloon amount due on January 31, 2015. Article 5 of the “Agreement” specifies that the “Authority” will pay for any liabilities of the leased premises, thus making it responsible for payment of the underlying note when it comes due.

NOTE 8 – DEFERRED COMPENSATION PLAN

The Authority's Deferred Compensation Plan (the 457 Plan) allows for employer matching of its employee contributions. The employer's contribution is a 50% match of the employee's contribution, up to a maximum of 3% of salary. The 457 Plan allows all employees who have reached the age of 21, with one year of service and who have worked 1,000 hours per year, to participate.

Employees participating in the Plan prior to June 1, 1997 are fully vested in the 457 Plan. All new employees participating in the 457 Plan vest ratably over the first five years of participation in the 457 Plan. The Authority contributed approximately \$39,400 and \$36,800 to the 457 Plan for the years ended June 30, 2010 and 2009, respectively.

NOTE 9 – CONTRACT AGREEMENTS

Centerplate Concessions

The Authority entered into the License Agreement for Food and Beverage Services ending October 31, 2015 with a third party, Boston Culinary Group, Inc. (BCG) who became later became Centerplate Concessions (Centerplate), to provide certain concession and catering services at the Fairgrounds for nonfair events. As defined in the Agreement, Centerplate remits a percentage of gross receipts to the Authority every month. Centerplate paid the Authority approximately \$325,100 and \$516,000 during the years ended June 30, 2010 and 2009, respectively, related to gross receipts.

Terms of the agreement called for Centerplate to remit a capital improvement fee of \$250,000 to the Authority in order for the Authority to make capital improvements at its sole discretion.

Additionally, the terms of the agreement called for Centerplate to provide an additional capital improvement fee of \$500,000 to make other capital improvements to be agreed upon by Authority and Centerplate. The resulting capital improvements are transferred to the Authority at the conclusion of the agreement. The unused portion of the \$500,000 capital improvement fee is recorded as restricted cash. The unused amount at June 30, 2010 and 2009 is \$4,200 and \$52,900, respectively.

The \$750,000 from Centerplate is recorded as deferred revenue and will be recognized on a straight-line basis over the next 10 years, the term of the agreement. Accordingly, \$75,000 was recognized during each of the years ending June 30, 2010 and 2009. Additionally, if the Authority terminates the contract before October 31, 2015, the Authority is obligated to reimburse Centerplate for the unamortized portion of the capital improvement fees, using a straight-line basis. The unamortized portion of the capital improvement fee is \$400,000 at June 30, 2010.

Amphitheatre Agreement

In June 2003, the Authority entered into an Amphitheatre Agreement with CC Entertainment Music – Tampa, LLC (CCE) also known as LiveNation Worldwide. The agreement provides for the Authority to lease certain real property to CCE for the construction and operation of an Amphitheatre. The term of the lease is 45 years, with an initial term of 15 years and three 10-year options.

Upon expiration or termination of the agreement, title to the Amphitheatre will automatically vest in the Authority. In the event of termination the Authority has several options to include re-letting to another operator, an accelerated payment schedule from CCE, and the sale of personal property.

Upon the lease commencement date (September 30, 2003), CCE provided a Rights Fee, as defined in the agreement, in the amount of \$1.5 million to the Authority.

NOTE 9 – CONTRACT AGREEMENTS (Continued)

The Rights Fee of \$1.5 million was allocated as a \$600,000 nonrefundable upfront fee and a \$900,000 advance of the variable parking rent, which is to be credited to amounts owed by CCE over a 10-year period, \$200,000 in each of the first two years followed by \$62,500 per year for the subsequent eight years. Accordingly, \$62,500 was credited to the amount owed to the Authority by CCE during each of the years ending June 30, 2010 and 2009.

In the initial year of the agreement, the Authority recognized a loss of approximately \$400,000 related to the removal and destruction of certain fixed assets of the Authority in order to make way for the Amphitheatre. A part of the \$600,000 nonrefundable upfront fee was considered reimbursement to the Authority for items such as the fixed asset disposal. Accordingly, in that year, the Authority recognized \$400,000 of the \$600,000 as revenue. The remaining \$200,000 of the nonrefundable upfront fee will be recognized on a straight-line basis over the remaining initial term of the lease agreement. \$13,333 was recognized in each of the years ending June 30, 2010 and 2009.

Upon termination of the Agreement, any balance due on the original \$900,000 advance parking fee must be repaid to CCE by the Authority. As of June 30, 2010, the remaining balance was \$250,000.

In addition, beginning in 2004 as defined in the agreement, the Authority received a minimum annual payment (\$316,250 and \$295,625 for the years ended June 30, 2010 and 2009 respectively), which escalates over the life of the agreement.

Furthermore, beginning in 2005, the Authority received a variable annual payment (known as the parking fee), as defined in the agreement, due from CCE to the Authority. The parking fee is based upon the number of chargeable tickets sold for each event at the rate of \$1.50 in calendar year 2008 and increasing to \$1.75 each in calendar year 2009 and 2010, escalating over the life of the agreement.

The Authority earned approximately \$423,900 and \$483,700 during the years ended June 30, 2010 and 2009, respectively, related to the parking fee. Of these amounts, \$116,100 and \$165,200 for the years ended June 30, 2010 and 2009, respectively, is estimated based upon the events that took place at the Amphitheatre between January and June of each respective agreement year that will not be paid until the subsequent respective agreement year.

Additionally, the Authority received 20% of the gross revenue of the name-in-title sponsorship beginning in year two of the agreement. The Authority also shares in any exterior advertising revenue generated by CCE at the Amphitheatre. The contract on the Naming Rights with Ford expired on May 9, 2009 and was replaced by 1-800 Ask Gary effective June 1, 2010. The name-in-title sponsorship revenue recognized per the agreement was \$8,000 and \$132,900 the years ended June 30, 2010 and 2009, respectively.

Florida State Fair Authority

Notes to Financial Statements

NOTE 9 – CONTRACT AGREEMENTS (Continued)

In summary, the Authority received cash and/or recognized revenue related to the CCE contract as follows during the years ended June 30:

	Cash Received	Revenue Recognized
<i>2010</i>		
Rights fee	\$ -	\$ 13,300
Minimum annual payment	316,250	316,250
Variable annual payment (parking fee)	410,600	423,900
Shared sponsorship and advertising revenues	-	8,000
	<u>\$ 726,850</u>	<u>\$ 761,450</u>
<i>2009</i>		
Rights fee	\$ -	\$ 13,300
Minimum annual payment	295,600	295,600
Variable annual payment (parking fee)	385,600	483,700
Shared sponsorship and advertising revenues	132,900	132,900
	<u>\$ 814,100</u>	<u>\$ 925,500</u>

NOTE 10 - RELATED PARTY TRANSATIONS

The Authority allows Hillsborough County agencies to use certain facilities on the Fairgrounds at no cost. Hillsborough County is represented on the Authority's board of directors.

During the fiscal years ended 2010 and 2009, certain members of the board or affiliated entities donated approximately \$100,000 and \$105,500, respectively, to the Authority. During the fiscal years ended 2010 and 2009, certain members of the board or affiliated entities donated approximately \$41,900 and \$58,500, respectively, to the Foundation. The Authority received \$101,000 and \$96,700 from the Foundation during fiscal years 2010 and 2009, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Authority is involved in claims and lawsuits arising from the ordinary course of business. It is the opinion of management that the impact of such claims will either be covered by insurance or will not significantly impact the financial position or results of operations of the Authority.

No outstanding construction commitments exist as of June 30, 2010.

Florida State Fair Authority
Notes to Financial Statements

NOTE 12 – Managements Review

For the year ended June 30, 2010, management of the Authority has evaluated events and transactions for potential recognition and disclosure through October 6, 2010, which is the date these financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Florida State Fair Authority

Schedule of Functional Expenses

Year ended June 30,

2010

	Fair Operations	Non-Fair Operations	General and Administrative	Total
Salaries and payroll-related expenses	\$ 1,239,745	\$ 1,199,145	\$ 2,528,143	\$ 4,967,033
Commissions	1,306,967	-	1,958	1,308,925
Shows and entertainment	674,389	-	-	674,389
Telephone and utilities	319,999	458,019	397,771	1,175,789
Insurance	-	-	543,245	543,245
Supplies	205,153	112,202	342,294	659,649
Professional fees	1,440	-	330,133	331,573
Prizes and premiums	436,047	-	-	436,047
Rentals	405,610	18,363	194,279	618,252
Advertising and signs	483,508	27,564	24,659	535,731
Travel	67,697	7,622	30,955	106,274
Postage and printing	155,512	8,155	24,662	188,329
Auto and equipment maintenance	362	-	112,608	112,970
Special events	342,990	-	-	342,990
Luncheons and committees	28,999	5,106	37,145	71,250
Contracted services	856,003	501,626	609,273	1,966,902
Other	42,257	22,302	136,076	200,635
	\$ 6,566,678	\$ 2,360,104	\$ 5,313,201	\$ 14,239,983

**Depreciation is not allocated and therefore will be a reconciling item between this statement and the total operating expenses reported on page 16

Florida State Fair Authority
Schedule of Functional Expenses

Year ended June 30,

2009

	Fair Operations	Non-Fair Operations	General and Administrative	Total
Salaries and payroll-related expenses	\$ 1,223,493	\$ 1,225,310	\$ 2,557,375	\$ 5,006,178
Commissions	1,786,752	-	-	1,786,752
Shows and entertainment	743,314	-	-	743,314
Telephone and utilities	345,867	419,012	418,662	1,183,541
Insurance	-	-	614,516	614,516
Supplies	171,923	164,708	293,408	630,039
Professional fees	1,835	-	396,705	398,540
Prizes and premiums	484,613	-	-	484,613
Rentals	361,466	11,423	39,795	412,684
Advertising and signs	523,315	10,348	17,183	550,846
Travel	77,406	10,660	25,755	113,821
Postage and printing	154,657	16,475	11,160	182,292
Auto and equipment maintenance	-	5,693	129,445	135,138
Special events	351,636	-	-	351,636
Luncheons and committees	26,664	-	39,465	66,129
Contracted services	1,122,024	785,803	694,049	2,601,876
Other	50,590	212,345	134,449	397,384
	\$ 7,425,555	\$ 2,861,777	\$ 5,371,967	\$ 15,659,299

**Depreciation is not allocated and therefore will be a reconciling item between this statement and the total operating expenses reported on page 16

Florida State Fair Authority

2010 Fair Statistics (unaudited)

Summary of 2010 Daily Fair Attendance with Comparison to 2009 and 2008

		ATTENDANCE		
		2010	2009	2008
DAY 1	Thursday	12,633	7,455	12,309
DAY 2	Friday	34,224	57,213	75,910
DAY 3	Saturday	48,975	59,396	64,186
DAY 4	Sunday	32,628	61,508	75,930
DAY 5	Monday	16,058	14,869	17,510
DAY 6	Tuesday	8,944	18,390	10,907
DAY 7	Wednesday	17,461	23,453	13,818
DAY 8	Thursday	21,592	28,886	26,308
DAY 9	Friday	7,291	33,980	37,884
DAY 10	Saturday	46,052	63,112	65,644
DAY 11	Sunday	67,495	55,410	69,931
DAY 12	Monday	41,037	43,061	20,176
TOTALS		354,390	466,733	490,513

Florida State Fair Authority

2010 Fair Statistics (unaudited)

	2010	2009	2008	2007	2006	2005	2004
ADMISSIONS	\$ 2,431,200	\$ 3,171,200	\$ 3,149,100	\$ 3,078,200	\$ 2,829,800	\$ 3,501,800	\$ 3,087,600
MIDWAY*	3,325,500	4,364,100	4,473,500	4,043,800	3,758,000	4,070,600	3,152,000
CONCESSIONS**	1,543,000	1,663,600	1,642,000	1,492,000	1,409,000	1,490,000	1,271,700
SPONSORSHIPS	621,700	817,400	920,000	826,800	847,400	677,100	687,400
EXHIBITS	576,400	547,500	513,100	462,500	485,800	430,700	369,600
AGRICULTURE	317,700	313,600	369,200	391,000	346,400	303,400	281,200
OTHER	305,600	311,800	346,300	387,500	390,100	424,700	461,200
TOTALS	\$ 9,121,100	\$ 11,189,200	\$ 11,413,200	\$ 10,681,800	\$ 10,066,500	\$ 10,898,300	\$ 9,310,700

* Represents gross Midway sales. Starting in 2005, the Midway was operated independent of any management company.

** Represents revenue received by Fair. Starting in 2005, Concessions paid a flat per foot charge rather than a percentage of gross income. Prior to 2005, Concessions were based on a percentage of gross concession revenues

ADDITIONAL INFORMATION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 of Directors
Florida State Fair Authority
Tampa, Florida

We have audited the basic financial statements of the Florida State Fair Authority (the Authority), a special instrumentality of the State of Florida, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting.

- 2010 – 1: Payroll
- 2010 – 2: Property & Equipment
- 2010 – 3: IT Access

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance 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. It was discovered during the audit that the cash balances were not in the public fund of a qualified public depository that is secured by the multiple financial institution collateral pool established under Chapter 280 of the Florida Statutes as of June 30, 2010 (**2010-4**).

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, State of Florida Department of Agriculture, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties

A handwritten signature in blue ink that reads "Carr, Riggs & Ingram, LLC". The signature is written in a cursive style and is set against a light blue rectangular background.

CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

October 6, 2010

FLORIDA STATE FAIR AUTHORITY SCHEDULE OF FINDINGS

2010 – 1: Payroll

Issue: We identified during our testing of controls surrounding the payroll process several instances of inaccurate review of time and/or no documentation of review could be provided for the sample items selected. The noted exceptions identified during our testwork were the result of the hour punches on the timecard not equaling to the hours paid. Most of the noted exceptions were during February pay-periods. Additionally, we noted that the Authority's payroll policy as it relates to time sheet review is not consistently implemented.

Impact: The lack of sufficient and accurate calculation and review of timecards may allow the payment of salary for hours not actually worked and payment for the incorrect hours. This oversight could have a direct impact on the Authority's cash and expenses.

Recommendation: The implementation of a more automated time tracking process and consistently applied review process will decrease the ability for payroll to be misstated as a result of error or fraud. We also recommend the Authority develop a formal policy related to verification of hours worked during the fair, since employee head count increases and payroll transactions significantly increase.

Authority's Response

We agree that an excessive percentage of the samples had problems, the vast majority occurring with fair-time employees. The two major issues were formal approval of the payroll timecards (and worksheets), and errors in calculating the hours worked. None of the errors found were material in nature.

Regarding the approval issue identified, many of the supervisors felt their "effective approval" was completed by submitting their payroll worksheets with the timecards. We will increase our supervisor training to emphasize that only emailed or manually signed worksheets will be accepted as formally approved.

To eliminate manual calculation errors, we are currently in the process of installing and testing an automated time and attendance device named the "Time Pilot". Testing on this product is expected to begin in October 2010. If testing is successful, we expect a full implementation of this product by the end of the 2010 Calendar year.

2010 – 2: Property & Equipment

Issue: We identified that the Authority does not have a formal process to tag and inventory all fixed assets. Although purchases of computer and office equipment are tagged, we did not test this control during fieldwork.

Impact: The lack of asset tags and periodic inventory on all assets could inhibit the Authority's ability to detect the misappropriation of fixed assets. The absence of this process could have an impact on the valuation of fixed assets.

Recommendation: The implementation of a more comprehensive fixed asset tagging system and a periodic inventory of fixed assets will give the Authority the better ability to detect misappropriation of fixed assets and allow for improved valuation of fixed assets.

FLORIDA STATE FAIR AUTHORITY SCHEDULE OF FINDINGS (continued)

2010 – 2: Property & Equipment (continued)

Authority's Response

The Authority will attempt to expand the fixed asset tagging system and develop a schedule of assets that should and should not be tagged. For many of our assets, tagging may be impractical or have the possibility of damaging equipment. In these cases, markings (such as paint) may be a better alternative.

We are currently researching a tagging system for our electrical equipment that includes a barcode. If successful we hope to implement this for all assets that can be tagged in a practical fashion.

The Finance Director has plans in place to do a complete inventory of assets in October of 2010. The Authority has retained the services of an outside consultant to lead a team on this project. While doing this inventory, the team will be instructed to tag items where practical.

2010 – 3: IT Access

Issue: During our assessment of the Information Technology (IT) environment surrounding financial reporting, we identified the Authority does not have a formal policy addressing the periodic review of personnel access to financial reporting systems to ensure maximum level of automated segregation of duties.

Impact: The absence of a formal review policy could allow individuals with broad access to the financial reporting system increased ability to create fictitious transactions for their benefit and subsequently conceal the transaction with a journal entry. This could have an overall impact to the financial statements.

Recommendation: Developing and implementing a formal review policy that documents the review of access could decrease the ability to conceal errors or commit fraud. We also recommend a documented review of the system generated change logs for the employee master file and the vendor master file, as well as the review of journal entries in order to detect unauthorized changes or transactions in these significant areas.

Authority's Response

The IT environment regarding financial reporting has many controls already in place. We do not believe that any inappropriate access exists and no questionable transactions have been found. However, the Authority has agreed to enhance our review process. Quarterly, the Finance Director will document financial system accesses and perform reviews of the "Vendor Audit" report. In addition, the HR Director will perform quarterly reviews of the payroll "Master File Audit" report and document any unapproved modifications.

2010 – 4: Compliance

Issue: It was discovered during the audit that the cash balances were not in the public fund of a qualified public depository that is secured by the multiple financial institution collateral pool established under Chapter 280 of the Florida Statutes as of June 30, 2010.

**FLORIDA STATE FAIR AUTHORITY
SCHEDULE OF FINDINGS (continued)
2010 – 4: Compliance (continued)**

Impact: Cash balances that are not fully insured are faced with the risk of loss in uncertain economic conditions. This risk could impact the cash available to the Authority to sustain operations is such a loss were to occur.

Authority's Response

Effective September 23, 2010, The Authority has taken steps to ensure the cash balances were in the public fund of a qualified public depository, secured by the multiple financial institution collateral pool established under Chapter 280 of the Florida Statutes.

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Chairman and Members
Florida State Fair Authority

We have audited the financial statements of the Florida State Fair Authority, a special instrumentality of the State of Florida, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 6, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters. Disclosures in those reports which are dated October 6, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter, which is not included in the aforementioned auditor's reports schedule:.

The *Rules of the Auditor General* (Section 10.554(1)(i)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no preceding findings or recommendations requiring any corrective action.

As required by *Rules of the Auditor General* (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Florida State Fair Authority complied with Section 218.415, Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we communicated the following recommendations:

- Improve controls surrounding the payroll process as it relates to authorization and review procedures to ensure payment of salaries for authorized time worked and accuracy of hours.
- Improve controls surrounding equipment which reduce the vulnerability to misappropriation of fixed assets through the use of asset tags and periodic inventory of fixed assets.
- Improve controls surrounding the IT environment by limiting individuals' access to prevent inappropriate entries to the general ledger in attempts to conceal transactions due to error or fraud.

Rules of the Auditor General (Section 10.554(1)(i)4.) requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Rules of the Auditor General (Section 10.554(1)(i)5.) provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Rules of the Auditor General (Section 10.554(1)(i)6.) also requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. Such information is disclosed in the notes to the financial statements.

As required by *Rules of the Auditor General* (Section 10.554(1)(i)7.a), requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the requirement is not applicable to the Florida State Fair Authority

As required by *Rules of the Auditor General* (Section 10.554(1)(i)7.b.), we determined that the requirement to file an annual financial report for the fiscal year ended June 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is not applicable to the Florida State Fair Authority as the Authority files annual reports with the State of Florida Department of Agriculture.

As required by *Rules of the Auditor General* (Sections 10.554(1)(i)7.c. and 10.556(7)), we applied financial condition assessment procedures for the Florida State Fair Authority. It is management's responsibility to monitor the Florida State Fair Authority financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial statement information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the finance committee, the board of directors of the Florida State Fair Authority and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, L.L.C.

Certified Public Accountants

October 6, 2010