

State Fair of Louisiana

Notes to Financial Statements

(Continued)

4. **Reserve Fund** An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering insured losses or for other emergency purposes. The investments in the Reserve Fund consist of the following:

	1994	1993
Certificates of deposit	\$500,000	\$200,000
Repurchase agreements	200,000	400,000
	\$700,000	\$600,000

5. **Commitments and Contingencies** Pending or threatened litigation affecting State Fair of Louisiana involves claims arising out of activities by lessees at fair facilities as well as claims relating to other events. Management believes the Fair has adequate public liability insurance in the event of any loss, as well as being named as additional insured under the insurance policies of the lessees.

On December 1, 1992, the Fair entered into an employment agreement with its current president and general manager which is effective from December 1, 1992 through December 31, 1997.

6. **Related Party Transactions** During 1993 and 1994, the State Fair of Louisiana rented a building for storage from a member of the executive committee.

During 1994, the State Fair of Louisiana acquired an automobile from a company owned by an executive committee member and acquired certain other equipment from a company owned by another executive committee member.

State Fair of Louisiana

Notes to Financial Statements (Continued)

- 7. Deferred Revenue** During 1994, the State Fair of Louisiana received \$300,000 from the City of Shreveport for certain renovations and additions to Hirsch Memorial Coliseum. As of December 31, 1994, total expenditures related to the project were \$3,000. As a result, included in other revenue for the year ended December 31, 1994 is \$2,920. Included in Current Portion of Deferred Revenue as of December 31, 1994 is \$286,167, which represents the original grant from the City of Shreveport, less costs through December 31, 1994 plus certain interest earned on investments made with the funds received.
- 8. Investment** Investment consists of one Treasury Bill purchased during 1994 at an aggregate cost of \$290,991, due June 1, 1995. The market value of this Treasury Bill was \$292,240 as of December 31, 1994.

State Fair of Louisiana

Statements of Changes in Fund Balances

	Total	State Appor- tation	Net Investment Property	Reserve Fund	General Operating Fund
Balance, December 31, 1992	\$5947968	\$1306283	\$1940303	\$600000	\$501398
Net loss for the year	(97,099)	-	-	-	(97,099)
Depreciation	-	(19684)	(80,884)	-	153,212
Additions to land, building, and equipment	-	85356	71139	-	(259,480)
Balance, December 31, 1993	5850869	1316603	1859419	600000	548907
Net income for the year	306,900	-	-	-	306,900
Depreciation	-	(80884)	(111,289)	-	141,383
Interfund transfer	-	-	-	300,000	(300,000)
Additions to land, building, and equipment, less retirements	-	45097	251139	-	(292,158)
Balance, December 31, 1994	\$6,157,769	\$1,341,720	\$1,947,550	\$900,000	\$568,539

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Financial Statements

Years Ended December 31, 1994 and 1993

State Fair of Louisiana

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Independent Auditors' Report

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

We have audited the accompanying balance sheets of State Fair of Louisiana for the years ended December 31, 1994 and 1993, and the related statements of operations, changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. These 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 that our audits provide 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 State Fair of Louisiana as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Robertson, Bailes & McClelland, L.L.C.

February 13, 1995

State Fair of Louisiana

Financial Statements

Years Ended December 31, 1994 and 1993



ROBERTSON, HARSH & O'CONNELL, L.L.C.
Accountants and Consultants

ENGAGEMENT APPROVAL

5903

Dear Practitioner and Auditor:

Pursuant to your joint request and subject to the conditions listed on the reverse side of this form, I am approving the attached engagement agreement for the engagement period listed below.

Audit engagements must be performed in accordance with Government Auditing Standards and OMB Circular A-128 or A-133, where applicable, and they must comply with the provisions of the Louisiana Government Audit Guide.

Compilation and attestation engagements must be performed in accordance with the Louisiana Government Audit Guide and the American Institute of Certified Public Accountants' Statements on Standards for Accounting and Review Services and Statements on Standards for Attestation Engagements.

Louisiana Revised Statute 24:917 and Section 128.01 of the Louisiana Government Audit Guide require all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year. Any noncompliance with these requirements shall be reported, together with a full explanation of the events leading to the noncompliance, in either the compliance report or management letter.

Immediately upon completion of the audit, nine copies of the report and any management letter (eight bound and one unbound - stapled and not prepared for binding) must be submitted to my office.

Approved:
Daniel G. Kyle, CPA
Legislative Auditor

Do Not Engage

Approval Date: _____

Entity Name: State Fair of Louisiana
Approval Period: From 01/01/94 to 12/31/94 Multi-Year: 1 2 3 4

Status: C 1

Engagement Period Begin: 01/01/94
Engagement Period End: 12/31/94
Batch No: 57 Batch Date: 08/20/97
OFR: 672
Match Override: _____ (Blank or X)
Engagement Package Start Date: 959599
Subscriber's ID: 809
Subscriber's Name: Riechler
Date Received: 959599 (Cont 1)
Completion Date: 959599 (Cont 1)

Condition 4: A (A-Approved, B-Denied, C-Not Engaged, D-Acknowledged, R-Reserved)

Condition 5: _____ (Blank or X)

Override: _____ (Blank or 1) Force: _____ (Blank or Y)

Type: E Billing: B Worktype: A

Program: M Program Name: _____

Remarks: Std. per Dicm.

Contact Number: 77400163
Entered in LARS Database: _____

Mr. Sam Giordano
President & General Manager
State Fair of Louisiana
P.O. Box 58887
Shreveport, LA

Robertson, BaileymcClellan
646 Travis Street, Ste 800
Shreveport, LA 71002-3074

State Fair of Louisiana

Balance Sheets

December 31,	2004	2003
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,303	\$ 94,516
Advance event ticket sales	5,590	37,081
Current portion of deferred income (Note 7)	308,872	—
Total current liabilities	397,765	131,597
Deferred income	18,000	12,300
Total liabilities	415,765	143,897
Commitments and contingencies (Note 5)		
Fund balances:		
State of Louisiana appropriations (Note 3)	1,246,380	1,214,933
Net investment in property	1,247,888	1,508,258
Reserve fund - restricted (Note 4)	700,000	680,808
General operating fund - unrestricted	313,000	146,577
Total fund balances	4,207,268	3,550,576
	\$4,623,033	\$4,694,473

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Statements of Operations

Year Ended December 31,	2004	2003
Revenues:		
Fair	\$1,393,888	\$1,137,042
Off-season	788,909	500,175
Other (Note 7)	83,272	26,584
Total revenues	2,246,077	1,663,799
Expenses:		
Fair	960,075	599,671
Off-season	808,728	618,569
Total expenses	1,777,804	1,218,240
Income before depreciation	468,273	445,473
Depreciation:		
Assets acquired with own funds	222,749	160,536
Assets acquired with contributions	48,854	48,656
Total depreciation	271,603	209,192
Net income (loss)	\$ 196,670	\$ 236,281

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Notes to Financial Statements

(Continued)

2. Pension Plan - (continued)

Net pension cost included the following components:

	1994	1993
Service cost - benefits earned during the period	\$14,000	\$12,000
Interest cost on projected benefit obligation	22,000	34,000
Actual return on plan assets	(18,000)	(20,000)
Net amortization and deferral	(2,000)	(6,000)
Net pension cost	\$ 16,000	\$ -

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7% and 4%, respectively for 1994 and 1993. The expected long-term rate of return on assets was 7% and 8% for 1994 and 1993, respectively.

3. State of Louisiana Appropriation

Amounts appropriated by the State of Louisiana for use in construction of various buildings on the fairgrounds are being reduced by the annual depreciation charge applicable to those buildings over their estimated useful lives. All funds appropriated have been used for construction. The balances are summarized as follows:

	1994	1993
Fisch Memorial Coliseum	\$1,488,307	\$1,458,306
Livestock barn	280,000	280,000
Children's barnyard complex	692,514	692,514
Master plan	100,000	100,000
	2,560,821	2,530,820
Less accumulated depreciation	1,314,871	1,266,307
	\$1,245,950	\$1,264,513

State Fair of Louisiana

Statements of Cash Flows

Year Ended December 31,	1994	1993
Cash Flows From Operating Activities:		
Net income (loss)	\$366,000	\$47,739
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	163,003	153,213
Loss on retirement of assets	33,849	-
Changes in operating assets and liabilities:		
Accounts receivable	(35,477)	368,281
Prepaid expenses	(7,794)	12,506
Accounts payable and accrued expenses	(13,683)	55,879
Advance event ticket sales	(81,485)	21,695
Deferred revenue	315,233	3,309
Net cash used in operating activities	714,866	345,333
Cash Flows From Investing Activities:		
Expenditures for buildings, equipment and improvements	(202,413)	(155,448)
Proceeds from the sale of assets	7,588	-
Purchase of investments	(290,991)	-
Net cash used in investing activities	(485,816)	(155,448)

(Continued)

State Fair of Louisiana

Statements of Cash Flows (Continued)

<u>Year Ended December 31,</u>	<u>1994</u>	<u>1993</u>
Cash flows from financing activities - Transfer to reserve fund	\$ (100,000)	\$ -
Net cash used in financing activities	(100,000)	-
Net decrease in cash	98,484	205,687
Cash and cash equivalents at beginning of the year	206,888	1,198
Cash and cash equivalents at end of the year	\$ 305,372	\$ 206,887

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Summary of Accounting Policies

Business

The State Fair of Louisiana (the "Fair") is a nonprofit corporation organized under the laws of the State of Louisiana on a nonstock basis having one class of member. The objects and purposes for which this nonprofit corporation is formed and exists are declared to be the maintenance in the Parish of Caddo, State of Louisiana, of public fairs, expositions and exhibitions of stock and farm products, and for the encouragement of agricultural and horticultural pursuits, and in all ways to promote the various industries of the State of Louisiana and the welfare of its citizens.

Land, Buildings and Equipment

Buildings and equipment are carried at cost and depreciated over their estimated useful lives on the straight-line method. Major additions are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

Contributions in aid of construction are credited to contribution accounts and do not reduce the cost of the assets acquired with such contributions. Contribution accounts are charged with the depreciation on such assets. Contributions for property improvements are recorded as income as the related assets are acquired.

Reserve Fund

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements.

Employee Benefits Plan

The Fair has a noncontributory pension plan covering all eligible employees. The general policy of the fair is to fund amounts deductible for federal income tax purposes. However, for financial reporting purposes, the amounts accrued and reported are in accordance with Statement of Financial Accounting Standards No. 85, "Employers' Accounting for Pensions" (Note 2).

State Fair of Louisiana

Summary of Accounting Policies (Continued)

Income Taxes

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

Statement of Cash Flows

For purposes of the statement of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, purchased with an original maturity of three months or less, to be cash equivalents.

Reclassifications

Certain 1993 amounts have been reclassified to conform with 1994 presentation.

State Fair of Louisiana

Notes to Financial Statements

1. Land, Buildings and Equipment

Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 40 years; land improvements - 10 to 25 years; equipment - 5 to 20 years.

The major classifications of land, buildings and equipment for the year ended December 31, 1994 and 1993 were as follows:

	1994	1993
Land	\$ 90,159	\$ 78,159
Buildings	4,720,728	4,815,549
Land improvements	702,973	640,735
Equipment	1,472,743	1,334,509
Work in progress	6,347	80,000
	<hr/>	<hr/>
	7,004,950	6,949,952
Less accumulated depreciation	3,810,923	3,796,694
	<hr/>	<hr/>
	\$3,194,027	\$3,153,258

2. Pension Plan

The Fair sponsors a defined benefit pension plan that covers all employees who have reached the age of 21 and completed 1,000 hours of employment during their initial 12 months of employment. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Fair and compensation rates near retirement. In February 1995, the executive committee approved an increase in plan benefit formula effective December 1, 1994. The effect of this change, \$2,000 decrease to net income, is reflected in the accompanying financial statements. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of mutual funds and money market accounts.

State Fair of Louisiana

Notes to Financial Statements (Continued)

2. Pension Plan - (continued)

The following table sets forth the plan's funded status and amounts recognized in the Fair's financial statements at December 31, 1994 and 1993.

	1994	1993
Plan assets at fair value	\$182,000	\$ 268,000
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of \$120,000 and \$162,000	\$123,000	\$162,000
Effect of projected future salary increases	\$4,000	40,000
Projected benefit obligation	\$127,000	\$202,000
Fair value of plan assets in excess of projected benefit obligation	\$ 5,000	\$66,000
Unrecognized net loss from past experience different from that assumed	\$3,000	35,000
Unrecognized prior service cost at December 1, 1994 being recognized over 25 years	12,000	-
Unrecognized net asset at November 30, 1988 being recognized over 20 years	187,000	161,000
Prepaid pension cost	\$23,000	\$21,000

December 31,

2004

1993

Assets

Current assets:

Cash	\$ 305,339	\$ 304,885
Investment (Notes 7 and 8)	290,881	-
Receivables	43,232	23,753
Prepaid expenses (Note 2)	88,829	80,235

Total current assets

928,281

408,873

Reserve fund investments (Note 4)

750,000

608,000

Land, buildings and equipment (Note 1)

3,104,038

3,151,388

\$4,822,327

\$4,204,063