

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 Cadeo, 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, Building and Equipment	Buildings and equipment are carried at cost and depreciated over the estimated useful life 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.
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 \$300,000. Any sums transferred which cause 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. Pension expense is accrued in accordance with an actuarial cost method and it is the Fair's policy to fund pension cost accrued. Prior service costs under the plan are being funded over a two year period.

State Fair of Louisiana

Balance Sheets

November 30,	2003	2002
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable	\$ 236,625	\$ 136,628
Deposits	1,999	221,969
Total current liabilities	238,624	358,597
Deferred contribution	6,000	-
Commitments and Contingencies (Note 6)		
Fund Balances:		
State of Louisiana appropriations (Note 4)	1,267,643	1,248,181
Net investment in property	1,848,963	1,896,585
Reserve fund - restricted (Note 5)	666,000	700,000
General operating fund - unrestricted	358,490	394,014
Total fund balances	4,141,106	4,238,780
	\$4,380,220	\$4,697,387

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

State Fair of Louisiana

Statements of Operations

Years Ended November 30,	2003	1992
Revenues:		
Admissions to grounds	\$ 404,203	\$ 434,590
Attractions	229,989	341,855
Commissions	201,556	262,896
Commercial exhibit space	40,288	46,445
Entry fees	33,650	30,139
Other income	44,130	49,095
Interest income	25,591	58,779
Off-season rentals	417,918	502,289
Contributions to improvements	75,260	-
Cooperative Endurance Agreement grant	580,092	-
Total revenues	1,783,664	1,675,450
Expenses:		
Advertising and marketing	109,463	127,194
Attractions	238,626	235,453
Apparel and livestock show	211,188	181,698
General and administrative expenses	891,760	836,562
Outside gates	40,804	56,333
Off-season expense	176,348	283,694
Total expenses	1,668,987	1,640,314
Income (loss) before depreciation	114,677	(27,294)
Depreciation:		
Assets acquired with own funds	115,843	117,302
Assets acquired with contributions	41,639	41,639
Total depreciation	157,482	158,941
Net loss	\$ (124,735)	\$ (199,665)

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



Independent Auditors' Report

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

We have audited the accompanying balance sheet of State Fair of Louisiana as of November 30, 1992, and the related statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the State Fair of Louisiana as of November 30, 1991 were audited by other auditors whose report dated January 18, 1992, expressed an unqualified opinion on these statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 State Fair of Louisiana as of November 30, 1992, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

BDO Seidman

February 15, 1993

State Fair of Louisiana

Statements of Cash Flows

Years Ended November 30,	1992	1991
Cash Flows From Operating Activities:		
Net loss	\$ (314,794)	\$ (189,465)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	188,382	161,771
Changes in operating assets and liabilities:		
Increase in accounts receivable	(204,168)	(56,140)
Decrease in accrued interest	1,428	113
Increase in prepaid expenses	(14,498)	(37,917)
Increase (decrease) in current liabilities	(124,172)	113,025
Net cash used in operating activities	(268,900)	(8,163)
Cash Flows From Investing Activities:		
Expenditures for buildings, equipment and improvements	(173,011)	(94,210)
Decrease in reserve fund investments	168,000	-
Net cash used in investing activities	(7,011)	(94,210)
Net decrease in cash	(286,820)	(102,373)
Cash and cash equivalents at beginning of the year	553,394	655,767
Cash and cash equivalents at end of the year	\$ 266,574	\$ 553,394

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

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)(24) of the Internal Revenue Code of 1954 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

Statements of Cash Flows

For purposes of the statements 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.

State Fair of Louisiana

Notes to Financial Statements

1. Receivables

Receivables as of November 30, 1992 and 1991 are summarized as follows:

	1992	1991
Cooperative Endowment Agreement grant	\$388,092	\$ -
Gate receipts	317,191	181,850
Relayco Foundation	8,364	-
New Car Dealers Association	8,000	-
Employee	2,500	-
	\$314,147	\$181,850

2. 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 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of land, buildings and equipment for the years ended November 30, 1992 and 1991 were as follows:

	1992	1991
Land	\$ 78,858	\$ 31,258
Buildings	4,811,858	4,801,858
Land improvements	618,264	618,264
Equipment	3,280,483	1,154,813
	\$ 8,789,463	\$ 6,817,813
Less accumulated depreciation	3,638,732	3,472,039
	\$5,150,731	\$3,345,774

State Fair of Louisiana

Financial Statements

Years Ended November 30, 2002 and 2001

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SEIDMAN

State Fair of Louisiana

Notes to Financial Statements (Continued)

3. Pension Plan (continued)

	1992	1991
Unrecognized net asset at November 30, 1989 (being recognized over 20 years)	\$ (84,870)	\$ (68,925)
Prepaid pension cost	\$ 25,650	\$ 12,181

Net pension cost for 1992 and 1991 included the following components:

	1992	1991
Service cost-benefits earned during the year	\$ 4,488	\$ 25,876
Interest cost on projected benefit obligation	27,856	25,376
Actual return on plan assets	(14,288)	(34,800)
Net amortization and deferral	(22,443)	44,278
Net periodic pension cost (benefit)	\$ (7,387)	\$ 1,632

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 8% and 3%, respectively for 1992 and 8% and 5%, respectively for 1991. The expected long-term rate of return on assets was 8% and 9% for 1992 and 1991, respectively.

4. 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 these buildings over their

State Fair of Louisiana

Notes to Financial Statements (Continued)

4. State of Louisiana
Appropriation
- (continued)

estimated useful lives. All funds appropriated have been used for construction. The balances are summarized as follows:

	1992	1991
Hirsch Memorial Coliseum	\$1,350,000	\$1,350,000
Livestock barn	280,000	280,000
Children's bazaar complex	692,914	692,914
Master plan	500,000	100,000
	2,822,914	2,422,914
Less accumulated depreciation	1,209,372	1,173,733
	\$1,613,542	\$1,249,181

5. Reserve Fund

That certain 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 expenditures which reduce the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes. In June 1992, the Executive Committee of the Fair authorized the use of \$300,000 of the Reserve Fund to meet insurance premiums coming due immediately. The investments in the Reserve Fund consist of the following:

	1992	1991
Certificates of deposit	\$200,000	\$200,000
Repurchase agreements	400,000	500,000
	\$600,000	\$700,000

State Fair of Louisiana

Notes to Financial Statements

(Continued)

**6. Commitments
and
Contingencies**

Pending or threatened litigation affecting State Fair of Louisiana involves claims arising out of activities by lessees of fair facilities. 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 3, 1992, the Fair entered into an employment agreement with its present general manager which is effective for the period from December 3, 1992 through December 31, 1997.

State Fair of Louisiana

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State Fair of Louisiana

Financial Statements

Years Ended November 30, 1992 and 1991

State Fair of Louisiana

Notes to Financial Statements (Continued)

3. 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. The Fair's funding policy is to contribute annually at least the minimum and no more than the maximum amount required by the federal regulations. 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.

The following table sets forth the plan's funded status and amounts recognized in the Fair's financial statements at November 30, 1992.

Actuarial present value of benefit obligations:

	1992	1991
Accumulated benefit obligation, including vested benefits of \$180,715 in 1992 and \$296,138 in 1991	\$181,488	\$301,609
Projected benefit obligation for service rendered to date	(154,768)	(128,207)
Plan assets at fair value	296,815	447,251
Excess of plan assets at fair value over projected benefit obligation	142,109	319,144
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	(11,590)	(21,135)

State Fair of Louisiana

Statements of Changes in Fund Balances

	Total	State Approp- riations	Net Investment Property	Revenue Fund	General Operating Fund
Balance, November 30, 1990	\$4,492,255	\$4,269,020	\$1,009,217	280,000	\$1,460,908
Net loss for the year	(289,645)	-	-	-	(289,645)
Depreciation	-	(33,685)	(113,933)	-	184,779
Additions to land, building and equipment	-	-	44,238	-	(44,238)
Balance, November 30, 1991	4,202,610	4,235,335	1,899,522	280,000	1,411,814
Net loss for the year	(114,795)	-	-	-	(114,795)
Depreciation	-	(45,675)	(518,408)	-	563,088
Additions to land, building and equipment	-	-	179,811	-	(179,811)
Fund transfers	-	-	-	(400,000)	400,000
Balance, November 30, 1992	\$4,087,815	\$4,289,660	\$1,780,925	\$280,000	\$1,391,497

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

ENGAGEMENT APPROVAL

5.9.03

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 GAO Circular A-128 or A-133, where applicable, and they must comply with the provisions of the Louisiana Governmental Audit Guide.

Compilation and attestation engagements must be performed in accordance with the Louisiana Governmental 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 Statutes 24:511 and Section 129.81 of the Louisiana Governmental 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—single-sided and not prepared for binding) must be submitted to my office.

Approved
 Daniel G. Kyle, CPA
 Legislative Auditor
By: Not engaged

Approval Date _____

Entity Name: <u>State Fair of Louisiana</u>
Approved Period: From: <u>12/01/01</u> To: <u>11/30/02</u> Multi-Year: <u>1 2 3 4</u>

Status: <u>C1</u> Engagement Period (Begin): <u>12/01/01</u> Engagement Period (End): <u>11/30/02</u> Month No.: <u>57</u> Month Date: <u>04/22/03</u> OPR: <u>673</u> Month Override: _____ (Blank or 0) Engagement Package Start Date: <u>999999</u> Auditor's ID: <u>609</u> Auditor's Name: <u>R. Schleyer</u> Date Received: <u>999999</u> (Good 0) Completion Date: <u>999999</u> (Good 1)	Condition 1: <u>NA</u> -Approved, <u>D</u> -Denied, <u>N</u> -Not Engaged, <u>K</u> -Acknowledged, <u>R</u> -Retained Condition 2: _____ (Blank or H) Overlap: _____ (Blank or I) Page: _____ (Blank or Y) Type: <u>C</u> <u>B</u> <u>M</u> <u>W</u> <u>Y</u> Program: <u>24</u> Program Name: _____ Remark: <u>See per Memo</u> Control Number: <u>92202/66</u> Entered in LARS (Initials): <u>DL</u>
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<u>Mr. Sam Giardino</u> <u>President & General Manager</u> <u>State Fair of Louisiana</u> <u>P.O. Box 58307</u> <u>Shreveport, LA</u>	<u>Robertson, Belle Meade Ward</u> <u>666 Travis Street, Ste 800</u> <u>Shreveport, LA 71061-2699</u>
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