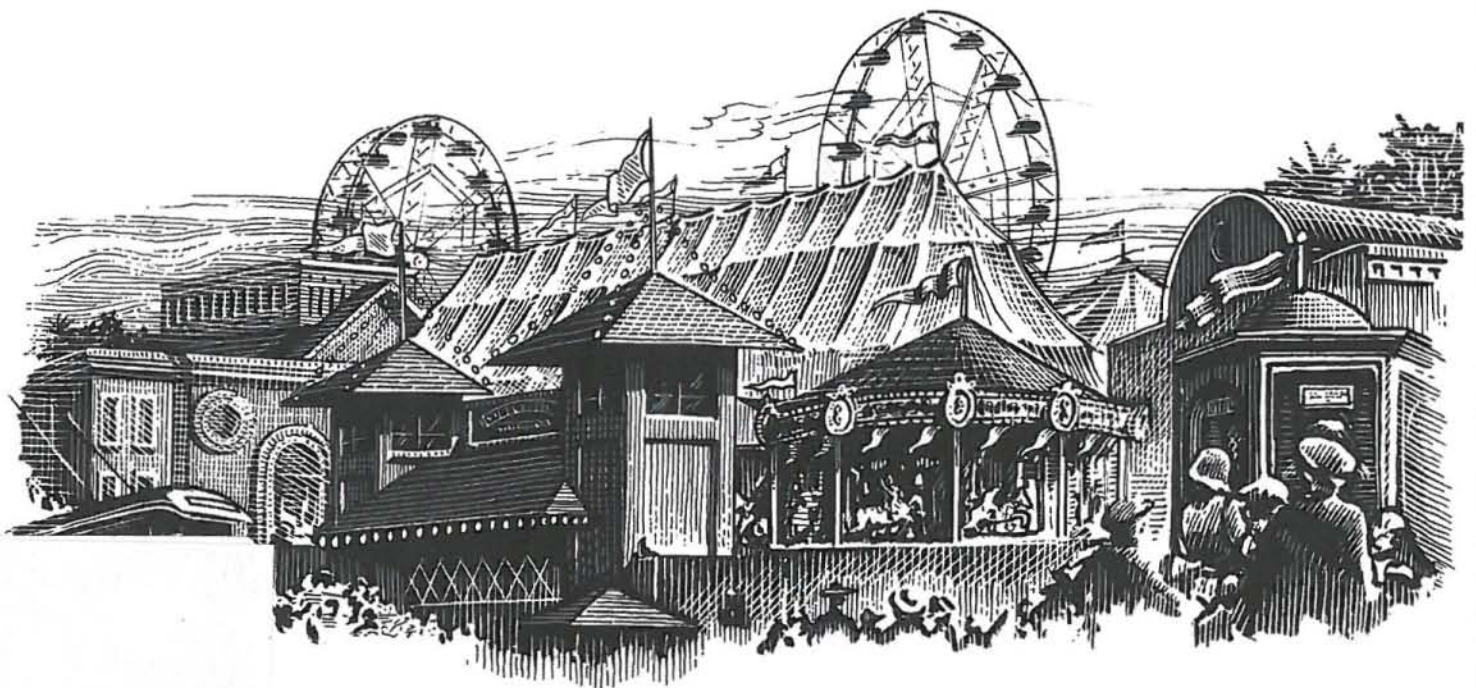


2004  
Annual Report  
of the  
Florida State Fair Authority



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# 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

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 50 largest fairs and festivals in the United States and Canada.

No doubt, there were fairs, festivals, and regional markets, which 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 \$1,800.00.

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.

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 320-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\*.

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.

As a result of this collaborative funding from both the public and private sector, the citizens of the State of Florida have a beautiful and well-equipped facility that hosts the Florida State Fair and is available for activities throughout the year. Both the Fair and non-Fair events are substantial contributors to the overall financial stability and economic impact of the Florida State Fair, Hillsborough and surrounding counties, and the State of Florida.

A study conducted by the University of South Florida Center For Economic Development Research determined that the activities of the Florida State Fair Authority supported a total of 1,864 jobs in the State of Florida. In addition, spending by the Authority, their employees, event sponsors and visitors to the Fairgrounds annually generates \$131.63 million of production in Florida. Each \$1.00 spent by the Authority results in \$11.03 of production in Florida.

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.

During the past nine years, 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. As a result, the Florida State Fair was ranked 44 on the list of the top 50 fairs in the United States and Canada by *Amusement Business*, a highly respected industry publication.

All Authority activities are conducted in compliance with the Florida Sunshine Law.

\*While the grounds were being developed, the 1976 Fair was held at the former Tampa Stadium.

**FLORIDA STATE FAIR AUTHORITY**

**Membership 2003 - 2004**

**Jack Amor**  
Tampa, Florida

**Gayle Andrews**  
Tallahassee, Florida

**William E. Bowman, Jr.**  
Tequesta, Florida

**Honorable Charles H. Bronson**  
Tallahassee, Florida

**Jack Butcher**  
Tampa, Florida

**Doyle E. Carlton, III**  
Wauchula, Florida

**Bernie Gellerman**  
Tampa, Florida

**Preston Henn**  
Fort Lauderdale, Florida

**A. D. "Sandy" MacKinnon**  
Tampa, Florida

**Olin Mott**  
Tampa, Florida

**John Nicolette**  
San Antonio, Florida

**Louis B. Parrish**  
Tallahassee, Florida

**William Phares**  
Fort Pierce, Florida

**Lisa Rath**  
Winter Haven, Florida

**J. Luis Rodriguez**  
Fort Lauderdale, Florida

**Honorable Thomas Scott**  
Tampa, Florida

**Lee Roy Selmon**  
Tampa, Florida

**Hal Steinbrenner**  
Tampa, Florida

**Robin Turner**  
Rockledge, Florida

**Joe Voskerichian**  
Tampa, Florida

There is one vacant seat on the Authority

**2003-2004 Officers**

**Chairman- William E. Bowman Jr.**

**Vice Chairman- Lisa Rath**

**Treasurer- John Nicolette**

**Secretary- William Phares**

FLORIDA STATE FAIR AUTHORITY  
MANAGEMENT STAFF  
2003-2004

Executive Director.....Rick Vymlatil\*  
Operations Manager.....Fred Brown  
Controller.....Giles L. Ellis, Jr.  
Agribusiness Manager..... Lisa Hinton  
Equestrian Center Manager..... Marvin "Butch" Carse  
Public Relations & Marketing Manager..... Sherry Powell  
Cracker Country.....Byron "Rip" Stalvey

\* Resigned effective June 30, 2004. Charles C. Pesano was appointed Executive Director October 25, 2004.

## 2004 FLORIDA STATE FAIR

### SUMMARY OF DAILY ATTENDANCE AND REVENUE WITH COMPARISON TO 2003 AND 2002

		<u>ATTENDANCE</u>			<u>REVENUE</u>		
		<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
DAY 1	Thursday	18,411	17,933	11,903	\$112,264	\$90,610	\$ 48,997
DAY 2	Friday	49,179	41,795	57,702	292,991	220,855	266,250
DAY 3	Saturday	55,104	53,005	64,490	371,189	309,655	376,704
DAY 4	Sunday	56,492	21,467	47,422	398,046	123,369	271,462
DAY 5	Monday	19,354	11,827	17,339	122,795	61,947	91,432
DAY 6	Tuesday	25,016	22,632	24,748	142,796	110,626	118,278
DAY 7	Wednesday	27,483	30,119	19,669	127,682	120,211	66,968
DAY 8	Thursday	29,171	30,899	26,427	166,729	148,446	130,285
DAY 9	Friday	38,579	47,628	38,285	263,207	286,650	214,600
DAY 10	Saturday	41,979	88,955	63,644	275,357	521,152	353,270
DAY 11	Sunday	77,199	49,438	88,423	522,178	266,580	493,491
DAY 12	Monday	36,947	36,992	33,867	210,150	184,708	143,648
<b>TOTALS</b>		<b>474,914</b>	<b>452,690</b>	<b>493,919</b>	<b>\$3,005,384</b>	<b>\$2,444,809</b>	<b>\$2,575,385</b>

Adult admission price increased to \$10.00 in 2004.



**FLORIDA STATE FAIR AUTHORITY  
FISCAL YEAR 2005 BUDGET**

<b>REVENUE:</b>	<b>2005 BUDGET</b>	<b>2004 ACTUAL</b>
FAIR INCOME	\$ 9,440,419	\$ 9,143,109
NON-FAIR INCOME	3,614,857	3,507,719
AMPHITHEATER REVENUE	599,946	510,779
OTHER INCOME	131,160	152,389
INTEREST INCOME	60,000	52,067
<b>TOTAL REVENUE</b>	<u>13,846,382</u>	<u>13,366,063</u>
 <b>OPERATING EXPENSES:</b>		
SALARIES & WAGES	3,160,808	2,979,164
PAYROLL & FRINGE BENEFITS	676,386	644,044
TELEPHONE & UTILITIES	843,645	860,402
COMMISSIONS	1,370,919	1,375,425
COST OF GOODS SOLD	138,000	155,486
SHOWS & TALENT	478,000	626,006
PROPERTY & LIABILITY INSURANCE	600,792	688,952
OFFICE SUPPLIES	108,575	95,216
SHOW SUPPLIES	70,100	64,550
MAINTENANCE	276,450	270,596
GAS, FUEL & FILTERS	100,000	91,073
CONTRACTED SERVICES	2,129,731	2,183,133
PLANNED MAINTENANCE PROJECTS	78,500	25,830
ADVERTISING & SIGNS	535,020	528,260
PREMIUMS & AWARDS	473,250	424,401
EQUIPMENT RENTAL	364,392	402,570
PROFESSIONAL & LEGAL FEES	201,900	208,699
TRAVEL AND TRANSPORTATION	103,730	110,015
AUTHORITY TRAVEL	4,350	4,289
AUTO, TRUCK & EQUIPMENT REPAIR	97,350	94,261
SPECIAL EVENTS	294,800	441,041
POSTAGE & PRINTING	236,600	254,194
INTEREST EXPENSE	25,700	12,966
DUES & SUBSCRIPTIONS	12,175	11,349
LUNCHEONS & MEETINGS	39,700	36,911
OTHER EXPENSES	107,967	90,592
<b>TOTAL OPERATING EXPENSES</b>	<u>12,528,840</u>	<u>12,679,425</u>
 <b>NET INCOME (LOSS) PRIOR TO DEPRECIATION</b>	 1,317,542	 686,638
DEPRECIATION	1,300,000	1,270,478
 <b>NET INCOME (LOSS)</b>	 <u>\$ 17,542</u>	 <u>(\$ 583,840)</u>

**COMPARISON OF MAJOR STATE FAIR REVENUE SOURCES**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
ADMISSIONS	\$3,087,556	\$2,521,585	\$2,650,166	\$2,748,784	\$2,784,871	\$2,644,751	\$2,195,871
CONCESSIONS*	\$1,271,703	\$1,196,789	\$1,265,099	\$1,307,830	\$1,274,018	\$1,150,860	\$1,005,360
MIDWAY	\$3,150,322	\$2,846,795	\$3,216,142	\$3,573,920	\$3,153,528	\$2,904,590	\$2,349,211
EXHIBITS	\$369,630	\$350,926	\$347,109	\$370,139	\$377,757	\$332,475	\$363,202

The financial results listed above emphasize the positive effects of the Fair's marketing campaign and its cash flow driven style of management. The Authority has directed staff to highlight the family value aspect of the State Fair, promoting a strong advance discount ticket campaign and maintaining on site pricing at very affordable rates.

\* Net revenue received by Fair.

## MANAGEMENT DISCUSSION

During Fiscal Year 2004, the Florida State Fair Authority was audited by the firm of Grant Thornton, LLP. The Authority once again received an audit report with an unqualified opinion. Dividends and earned interest were reinvested in the State Treasurer's Pool. Withdrawals/Deposits of short-term investments resulted in an approximate \$146,317 reduction in balances from June 30, 2003 to June 30, 2004. Funds were utilized to fund capital projects and provide operating cash. Interest rates continued to decline in Fiscal Year 2004. A combination of lower rates and lower balances resulted in a decrease of approximately \$30,000 of interest income during Fiscal Year 2004 as compared to Fiscal Year 2003.

On July 22, 2003, the Authority approved a Fixed Capital Budget in the amount of \$6,308,343 for Fiscal Year 2004, with the approval of several projects contingent upon obtaining favorable financing and payment of the Rights Fee by Clear Channel Entertainment. During Fiscal Year 2004 several projects were completed. These projects include: new covered arena, purchase of additional property, completion of forestry exhibit, air conditioning in Rainey building, and lighting in rabbit barn.

### **BALANCE SHEET:** Page 2 of the Audited Financial Statements

As of June 30, 2004, our cash and cash equivalents balance was \$542,317, an increase of \$14,127 from prior year. Short-term investments as of June 30, 2004 were \$1,297,000, a decrease of \$146,317 from prior year. These changes were the result of capital improvement and operating costs expenditures.

Total Current Assets were \$2,295,000 compared to \$2,315,000 for Fiscal Year 2003. The current portion of restricted cash increased in Fiscal Year 2004 by \$69,000, due to funds received for the Commissioner Charles H. Bronson & Commissioner John Wynn's Florida AgriScience Education Leadership Program, Florida Ag in the Classroom, for which the Fair Authority provides the accounting services. The total restricted cash amount is \$104,000.

Property and equipment are valued at \$15,797,000 compared to \$15,334,000 for Fiscal Year 2004. Fixed Assets have increased as a result of Capital Improvement expenditures being more than the depreciation expense during the 2004 Fiscal Year.

Total Assets were \$18,125,000 compared to \$17,683,000 for Fiscal Year 2003.

Total Current Liabilities are \$1,148,000 compared to \$953,000 for Fiscal Year 2003. The increase is due to the timing of payments for accounts payable and reclassification of deferred revenue.

Long Term Liability was \$1,231,000 in 2004 as compared to \$-0- in 2003. This debt is attributed to purchase of property and deferred revenue due to funds received from amphitheater.

Net Asset Value was \$15,746,000 as compared to \$16,730,000 in Fiscal Year 2003.

## STATEMENTS OF OPERATIONS: Page 3 of the Audited Financial Statements

The 2004 Fair operations generated \$9,143,000 in revenue offset by Fair operation expenses of \$6,450,000 for a net income for Fair operations of \$2,998,000. The 2003 Fair operations generated \$8,239,000 in revenue and had associated expenses of \$6,113,000 for a net income for Fair operations of \$2,126,000. Net income for Fair operations increased \$872,000 compared to Fiscal Year 2003.

Non-Fair revenue was \$3,508,000 with \$ 2,461,000 in associated expenses for a net Non-Fair income of \$1,047,000. For Fiscal Year 2003, the Non-Fair revenue was \$3,512,000 and expenses were \$2,493,000 for a net Non-Fair income of \$1,019,000. Net income for Non-Fair operations increased \$28,000 when compared to Fiscal Year 2003.

General and Administrative Expenses for Fiscal Year 2004 were \$3,755,000 compared to \$3,921,000 for Fiscal Year 2003. This was a decrease of \$166,000.

Operating income before depreciation was \$222,000 as compared to (\$428,000) for Fiscal Year 2003, an increase of \$650,000.

The net loss for Fiscal Year 2004 was (\$1,048,000) compared to (\$2,075,000) for Fiscal Year 2003. This was a \$1,027,000 decrease over prior year.

The 2004 Fair continued the 12-day format and offered the Fair patrons both free entertainment and top artists including Trace Adkins, Buddy Jewel, 38 Special, Ronnie Milsap, Bacilos, Richard Elliot, the Coasters & Diamonds, Franky Perez, Naughty By Nature, Digital Underground, and Stars of the Grand Ole Opry at a nominal cost. The 2004 Fair had Daily Parades, the State Cheerleading Competition, Spanish Lyric Theater, and Vocal Trash with Linder & Block, Dennis Lee Show, Mapapa African Acrobats, Porch Dogs, Steve Otto's Chili Cook-Off, and Doggies of the Wild West, providing entertainment for the whole family. The Circus, Wynn's Petting Zoo, Kachunga and the Alligator Show, and Bear Shows returned and were well received by the patrons. The Barnes PRCA Bull Riding and Barrel Racing were presented in the Lykes Arena. Free educational demonstrations and entertainment in Cracker Country included the antique printing press, model trains, blacksmith, cast net making and Southern Star Bluegrass Band. The Authority and the Department of Agriculture and Consumer Services worked together to provide quality entertainment for the best possible price.

The 2004 Florida State Fair experienced better weather than the 2003 Florida State Fair. This resulted in a higher overall attendance. The 2004 Fair attendance was 474,914 compared to 452,690 for the 2003 Fair.

Inclement weather during one weekend day of the 2004 fair resulted in lower than anticipated Fair revenue for Fiscal Year 2004. Fiscal Year 2005 promises to be more successful. The Authority will operate the 2005 Midway as an independent with the expectation of higher revenues. The Ford Amphitheater will operate a full concert schedule in Fiscal Year 2005. The Authority will receive its percentage of the Name In Title (NIT) sponsorship revenue beginning in calendar year 2005 and for the next three years thereafter. The new covered horse arena has scheduled several new equestrian events for the coming year. The Florida State Fair Authority

looks to the future with hope and excitement as the Florida State Fair continues to be the best State Fair for everyone.



Audit report  
**Florida State Fair Authority**  
June 30, 2004 and 2003

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Report of Independent Certified Public Accountants

To the Chairman and Members of the  
Florida State Fair Authority

We have audited the accompanying statements of net assets of the Florida State Fair Authority (the Authority), a special instrumentality of the State of Florida, as of June 30, 2004 and 2003, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the Authority as of June 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements* and Omnibus Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 2004 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Tampa, Florida  
July 23, 2004



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Florida State Fair Authority  
STATEMENTS OF NET ASSETS

	June 30,	
	2004	2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 542,317	\$ 528,190
Restricted cash	69,634	-
Short-term investments	1,296,867	1,443,184
Accounts receivable, net	228,321	190,541
Prepaid expenses and other assets	<u>157,527</u>	<u>153,501</u>
Total current assets	2,294,666	2,315,416
Restricted cash	33,235	33,235
Property and equipment, net	<u>15,797,356</u>	<u>15,334,171</u>
Total Assets	<u>\$18,125,257</u>	<u>\$17,682,822</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 902,842	\$ 952,521
Current portion of long-term debt	199,727	-
Deferred revenue	<u>45,333</u>	<u>-</u>
Total current liabilities	1,147,902	952,521
Non-current liabilities:		
Long-term debt	157,577	-
Deferred revenue	<u>1,073,334</u>	<u>-</u>
Total non-current liabilities	<u>1,230,911</u>	<u>-</u>
Total Liabilities	2,378,813	952,521
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	15,440,052	15,334,171
Restricted		
Scholarship funds	10,000	10,000
Employee retirement	23,235	23,235
Unrestricted		
Unrestricted	<u>273,157</u>	<u>1,362,895</u>
Total Net Assets	<u>\$15,746,444</u>	<u>\$16,730,301</u>

The accompanying notes are an integral part of these statements.

Florida State Fair Authority  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS

	<u>Year Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES</b>		
Fair operations	\$ 9,143,110	\$ 8,239,298
Non-fair operations	3,507,719	3,511,674
Other	<u>635,167</u>	<u>126,598</u>
Total operating revenues	13,285,996	11,877,570
<b>OPERATING EXPENSES</b>		
Fair operations	6,450,410	6,113,047
Non-fair operations	2,461,254	2,493,391
General and administrative expenses	3,754,795	3,921,078
Loss on disposal of property and equipment	397,309	-
Depreciation expense	<u>1,270,478</u>	<u>1,424,571</u>
Total operating expenses	<u>14,334,246</u>	<u>13,952,087</u>
Operating loss	(1,048,250)	(2,074,517)
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income, net	39,101	82,037
Realized and unrealized loss on investments	(2,708)	(22,253)
Donated property	<u>28,000</u>	<u>-</u>
Total non-operating revenue	<u>64,393</u>	<u>59,784</u>
Excess expenses over revenue and change (decrease) in net assets	(983,857)	(2,014,733)
Net assets – beginning of year	<u>16,730,301</u>	<u>18,745,034</u>
Net assets – end of year	<u>\$15,746,444</u>	<u>\$16,730,301</u>

The accompanying notes are an integral part of these statements.



Florida State Fair Authority  
STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$(1,048,250)	\$(2,074,517)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,270,478	1,424,571
Loss on disposal of property and equipment	397,309	-
Changes in assets and liabilities:		
Restricted cash	-	(23,235)
Accounts receivable, net	(37,780)	(84,483)
Prepaid expenses and other assets	(4,026)	171,097
Accounts payable and accrued liabilities	(119,313)	163,929
Deferred revenue	<u>1,118,667</u>	<u>-</u>
Net cash provided by (used in) operating activities	1,577,085	(422,638)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Borrowings from line of credit	600,000	-
Repayment of borrowings from line of credit	(600,000)	-
Interest paid	<u>(1,090)</u>	<u>-</u>
Net cash used in non-capital financing activities	(1,090)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal repayments	(129,742)	-
Payments for property and equipment acquisitions	(1,615,926)	(784,655)
Interest paid	<u>(11,876)</u>	<u>-</u>
Net cash used in capital and related financing activities	(1,757,544)	(784,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	332,260	2,001,102
Purchases of investments	(188,651)	(572,972)
Interest income	<u>52,067</u>	<u>82,037</u>
Net cash provided by investing activities	<u>195,676</u>	<u>1,510,167</u>
Increase in cash and cash equivalents	14,127	302,874
Cash and cash equivalents, beginning of year	<u>528,190</u>	<u>225,316</u>
Cash and cash equivalents, end of year	<u>\$ 542,317</u>	<u>\$ 528,190</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 12,966</u>	<u>\$ -</u>
Donated property	<u>\$ 28,000</u>	<u>\$ -</u>

See Note E for financing of property and equipment acquisitions.

The accompanying notes are an integral part of these statements.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The 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), under the supervision of the Commissioner of Agriculture of the State. 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Authority has adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The former balance sheet and statement of operations were renamed to the statement of net assets and statement of revenues, expenses and changes in net assets, respectively. As described in Note G to the financial statements, the fund equity section was renamed net assets and its components are presented differently than in previous years. While the presentations and groupings are different in certain cases, individual reported amounts are unchanged in total (e.g. net assets equals previously reported fund equity, changes in net assets equals net loss previously reported). In addition, some additional disclosures have been made in the notes to the financial statements.

The Authority has previously elected not to implement private-sector guidance issued after November 30, 1989.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES– Continued

Restricted Cash

Restricted cash consists of a \$10,000 Charles Lykes Scholarship endowment fund (Scholarship Fund), a \$23,235 certificate of deposit for the benefit of an employee upon his retirement, and \$69,634 held for the AgriScience Education Leadership Program (AELP). Interest earned on the Scholarship Fund is distributed to qualified students on an annual basis. Interest earned on the certificate of deposit is retained by the Authority. Funds held for the AELP by the Authority are used to pay on behalf of AELP certain expenditures (\$30,366 in 2004) of the AELP, at the direction of the AELP Administrator. During 2004, \$100,000 was received from the AELP. At June 30, 2004, accounts payable and accrued liabilities includes \$69,634 related to the remaining restricted cash balance as of June 30, 2004.

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 and losses of the current period include unrealized amounts from prior periods.

Accounts Receivable

Accounts receivable are recorded at the amount of the invoices. The allowance for doubtful receivables of \$8,433 and \$69,583 in 2004 and 2003, respectively, represents an estimate of amounts considered uncollectible, which usually result from adverse changes in the customer situation affecting the customer's ability to repay. Expense for uncollectible amounts was \$(6,421) and \$74,384 for the fiscal years ended June 30, 2004 and 2003, respectively.

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:

	<u>Years</u>
Land improvements and buildings	8 – 40
Furniture, fixtures and equipment	3 – 10

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.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES– Continued

Operating and Non-Operating Revenue and Expenses

The Authority's principal operation is the Florida State Fair that is held in February of each year.

The Authority's operations not related to the annual fair, such as facility rental and parking for special events, are generally classified as non-fair operations.

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

The revenues and expenses of the fair and non-fair operations are shown separately in the financial statements. General and administrative and depreciation expense are shown separately and not allocated to fair and non-fair operations (see Note I).

Revenues are recognized when events are held.

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 that affect the reported amounts of assets and 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.

Assets Held Under Capital Lease

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is recognized using the straight-line method over the shorter of the estimated useful life of the asset or the term of the related lease.

Reclassifications

Certain reclassifications were made to the 2003 presentation to conform to the 2004 financial statement presentation.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE B – CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The fair value of cash and cash equivalents and short-term investments is summarized as follows:

	June 30,	
	2004	2003
Demand deposit accounts	\$ 538,967	\$ 525,810
Petty cash	<u>3,350</u>	<u>2,380</u>
Total cash and cash equivalents	<u>\$ 542,317</u>	<u>\$ 528,190</u>
Mutual funds	\$ -	\$ 333,604
State of Florida - Pooled Investment Fund	<u>1,296,867</u>	<u>1,109,580</u>
Total short-term investments	<u>\$1,296,867</u>	<u>\$1,443,184</u>
Unrealized gain (loss)	\$ -	\$ 16,667
Realized loss	<u>(2,708)</u>	<u>(38,920)</u>
Total realized and unrealized gain (loss) on Investments	<u>\$ (2,708)</u>	<u>\$ (22,253)</u>

NOTE C – PROPERTY AND EQUIPMENT

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Property and Equipment</b>				
Not being depreciated:				
Land	\$ 2,376,650	\$ 509,754	\$ -	\$ 2,886,404
Construction-in-progress	<u>88,765</u>	<u>-</u>	<u>(88,765)</u>	<u>-</u>
	2,465,415	509,754	(88,765)	2,886,404
Being depreciated:				
Buildings	27,365,423	1,593,368	(440,492)	28,518,299
Land improvements	6,941,881	5,800	-	6,947,681
Furniture, fixtures and equipment	3,651,476	111,055	(88,034)	3,674,497
Capital lease assets	<u>-</u>	<u>37,047</u>	<u>-</u>	<u>37,047</u>
	37,958,780	1,747,270	(528,526)	39,177,524
Less accumulated depreciation	<u>(25,090,024)</u>	<u>(1,270,478)</u>	<u>93,930</u>	<u>(26,266,572)</u>
Property and equipment, net	<u>\$ 15,334,171</u>	<u>\$ 986,546</u>	<u>\$(523,361)</u>	<u>\$ 15,797,356</u>



Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE C – PROPERTY AND EQUIPMENT – Continued

<u>Property and Equipment</u>	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
Not being depreciated:				
Land	\$ 2,376,650	\$ -	\$ -	\$ 2,376,650
Construction-in-progress	<u>-</u>	<u>325,072</u>	<u>(236,307)</u>	<u>88,765</u>
	2,376,650	325,072	(236,307)	2,465,415
Being depreciated:				
Buildings	27,275,788	99,357	(9,722)	27,365,423
Land improvements	6,932,580	9,301	-	6,941,881
Furniture, fixtures and equipment	<u>3,054,521</u>	<u>596,955</u>	<u>-</u>	<u>3,651,476</u>
	37,262,889	705,613	(9,722)	37,958,780
Less accumulated depreciation	<u>(23,665,452)</u>	<u>(1,424,572)</u>	<u>-</u>	<u>(25,090,024)</u>
Property and equipment, net	<u>\$ 15,974,087</u>	<u>\$ (393,887)</u>	<u>\$(246,029)</u>	<u>\$ 15,334,171</u>

NOTE D – LINE OF CREDIT

In 2004, 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 (4% at June 30, 2004) and is uncollateralized.

<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
\$ <u>-</u>	<u>\$600,000</u>	<u>\$600,000</u>	\$ <u>-</u>

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE E – LONG-TERM DEBT

Long-term debt consists of the following:

	June 30,	
	2004	2003
Note payable due in quarterly installments of \$67,540, which includes principal plus interest at 5.0% per annum, due in full on October 1, 2005, uncollateralized.	\$325,396	\$ -
Capital lease due in monthly installments of \$692, which includes principal plus interest at 4.75% per annum, due in full on September 28, 2008.	<u>31,908</u>	<u>-</u>
	357,304	-
Less current portion	<u>199,727</u>	<u>-</u>
	<u>\$157,577</u>	<u>\$ -</u>

During 2004, the Authority borrowed \$487,046 and made payments of \$129,742 for the purpose of partially financing certain property and equipment acquisitions.

Long-term debt service requirements beyond 2004 follow:

	Note Payable		Capital Lease	
	Principal	Interest	Principal	Interest
2005	\$192,808	\$ 9,812	\$ 6,919	\$1,387
2006	132,588	2,491	7,254	1,051
2007	-	-	7,607	699
2008	-	-	7,976	330
2009	-	-	2,152	23
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$325,396</u>	<u>\$12,303</u>	<u>\$31,908</u>	<u>\$3,490</u>

Florida State Fair Authority  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2004 and 2003

NOTE F – 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 percent match of the employee's contribution, up to a maximum of 3 percent 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 \$34,900 and \$36,400 to the 457 Plan for the years ended June 30, 2004 and 2003, respectively.

NOTE G – NET ASSETS

In 2004, the Authority adopted GASB No. 34. The adoption impacted only the reporting of component net assets (previously reported as fund equity) and not total net assets, the June 30, 2003 presentation was recasted for comparative purposes.

	June 30, 2003 As Previously Reported	Recasting	*	June 30, 2003 Recasted
Fund equity				
Contributed capital:				
Capital grants, net	\$5,280,033	\$ (5,280,033)	(a)	\$ -
Restricted funds	10,000	(10,000)	(b)	-
Other	7,653,936	(7,653,936)	(c)	-
Retained earnings	3,786,332	(3,786,332)	(d)	-
Investment in capital assets, net of related debt	-	15,334,171	(e)	15,334,171
Restricted:				
Scholarship funds	-	10,000	(b)	10,000
Employee retirement	-	23,235	(f)	23,235
Unrestricted	-	(23,235)		1,362,895
		5,280,033	(a)	
		(15,334,171)	(e)	-
		7,653,936	(c)	
	-	3,786,332	(d)	-
<b>Total net assets</b>	<b><u>\$16,730,301</u></b>	<b><u>\$ -</u></b>		<b><u>\$16,730,301</u></b>
* cross references				

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE H – CONTRACT AGREEMENTS

Concessions by Cox

The Authority entered into a Concession and Catering License Agreement (the Agreement) with a third party, Concessions by Cox, Inc. (Cox), to provide certain concession and catering services at the Fairgrounds for non-fair events, ending July 31, 2005. As defined in the Agreement, Cox remits a percentage of gross receipts to the Authority every month. Cox paid the Authority approximately \$283,800 and \$225,700 during the years ended June 30, 2004 and 2003, respectively, under the Agreement. In addition, the terms of the Agreement call for Cox to make certain capital improvements at the Fairgrounds, which, at the conclusion of the contract, will transfer to the Authority. The Authority will record the fair market value of the asset on the date it is transferred.

United Shows

In January 2001, the Authority extended a Midway Manager Contract (the Contract) with a third party, United Shows of America, Inc. (United), through 2004. The Contract requires a fee of \$225,000 for games and side shows to be paid by United to the Authority. The Authority pays United 45 percent of ticket sales related to the Midway rides, which is to be distributed to individual ride owners by United. During the year ending June 30, 2003, United filed a Chapter 11 petition in bankruptcy. As part of these proceedings, United has assumed the contract for the Florida State Fair midway operations.

United performed their obligations under the contract for the 2004 Fair, thus completing their obligation to the Authority. In 2005, the Authority itself plans to manage the midway.

Amphitheater Agreement

In June 2003, the Authority entered into an Amphitheater Agreement (the "Agreement") with CC Entertainment Music – Tampa, LLC ("CCE" or "Clear Channel Entertainment"). The Agreement provides for the Authority to lease certain real property to CCE for the construction and operation of an Amphitheater. Upon the lease commencement date (September 30, 2003), CCE provided a Rights Fee, as defined in the agreement, in the amount of \$1,500,000 to the Authority. In addition, beginning in 2004 the Authority received a Minimal Annual Payment, as defined in the agreement, of \$275,000, prorated for year one of the agreement (\$97,446 received related to the Authority's June 30, 2004 period), which escalates over the life of the term of the contract. Furthermore, the Authority will receive the Variable Annual Payment (known as the parking fee), as defined in the agreement, due from CCE to the Fair. The Parking Fee will be based upon the number of chargeable tickets at the rate of \$1.50 each, escalating over the life of the Agreement. In addition to the rental income, the Authority will receive 20% of the gross revenue of the name and title sponsorship beginning in year two of the lease agreement, as well as sharing in any exterior advertising revenue. The term of the lease is 45 years, an initial term of 15 years with three ten-year options.

Florida State Fair Authority  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2004 and 2003

NOTE H – CONTRACT AGREEMENTS – Continued

CCE's first event was held on July 23, 2004.

The Rights Fee of \$1,500,000 was allocated as a \$600,000 non-refundable upfront fee and as 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.

During 2004, the Authority recognized a loss of approximately \$397,000 related to the removal and destruction of certain fixed assets of the Authority's in order to make way for the Amphitheater. A part of the \$600,000 non-refundable up front fee was considered reimbursement to the Authority for such items as the fixed asset disposal. In 2004, the Authority recognized \$400,000 of the \$600,000 as revenue which is classified in other operating revenues. The remaining \$200,000 of the non-refundable upfront fee will be recognized on a straight-line basis over the remaining initial term of the lease agreement.

In summary, during 2004 the Authority received cash and/or recognized revenue related to the CCE contract as follows:

	<u>Cash</u> <u>Received</u>	<u>Revenue</u> <u>Recognized</u>
Rights fee	\$1,500,000	\$400,000
Minimum annual payment	97,446	97,446
Variable annual payment (parking fee)	-	-
Shared sponsorship and advertising revenues	-	-

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE I – FUNCTIONAL EXPENSES

Operating expenses presented on the functional basis for the years ended June 30, 2004 and 2003 are as follows:

	Fair Operations		Non-Fair Operations		General and Administrative		Depreciation and Loss on Disposal of Property and Equipment		Total Expenses	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Salaries and payroll-related expenses	\$1,004,570	\$ 984,829	\$1,029,527	\$1,035,962	\$1,589,112	\$1,616,987	\$ -	\$ -	\$ 3,623,209	\$ 3,637,778
Commissions	1,375,425	1,218,790	-	-	-	-	-	-	1,375,425	1,218,790
Shows and entertainment	598,091	704,174	27,915	24,390	-	-	-	-	626,006	728,564
Telephone and utilities	41,800	42,251	328,022	337,480	490,580	462,591	-	-	860,402	842,322
Insurance	413,357	405,611	171,796	162,681	103,799	85,724	-	-	688,952	654,016
Outside maintenance	576,440	473,122	329,138	325,801	590,698	656,948	-	-	1,496,276	1,455,871
Supplies	188,206	169,680	63,936	88,711	269,293	335,652	-	-	521,435	594,043
Professional fees	53,763	43,756	3,969	5,031	150,967	221,039	-	-	208,699	269,826
Prizes and premiums	389,505	386,518	34,896	42,622	-	-	-	-	424,401	429,140
Rentals	313,375	315,752	36,358	59,028	52,837	40,736	-	-	402,570	415,516
Advertising and signs	487,704	495,809	4,202	14,404	36,353	19,864	-	-	528,259	530,077
Travel	45,712	29,002	21,342	26,182	47,250	33,410	-	-	114,304	88,594
Postage and printing	213,918	187,871	20,924	22,509	19,353	23,684	-	-	254,195	234,064
Auto and equipment maintenance	1,394	4,227	373	2,607	92,495	78,208	-	-	94,262	85,042
Special events	438,635	307,123	2,184	-	221	-	-	-	441,040	307,123
Luncheons and committees	25,191	24,125	1,273	1,618	10,447	24,997	-	-	36,911	50,740
Contracted services	255,461	238,112	225,273	223,498	231,953	240,027	-	-	712,687	701,637
Other	27,862	82,296	160,126	120,867	69,438	81,210	-	-	257,426	284,373
Interest	-	-	-	-	12,966	-	-	-	12,966	-
Depreciation	-	-	-	-	-	-	1,270,478	1,424,571	1,270,478	1,424,571
Loss on disposal of property and equipment	-	-	-	-	-	-	397,309	-	397,309	-
	<u>\$6,450,409</u>	<u>\$6,113,048</u>	<u>\$2,461,254</u>	<u>\$2,493,391</u>	<u>\$3,767,762</u>	<u>\$3,921,077</u>	<u>\$1,667,787</u>	<u>\$1,424,571</u>	<u>\$14,347,212</u>	<u>\$13,952,087</u>



Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

NOTE J – RELATED PARTY TRANSACTIONS

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 (the Board).

During the fiscal year ending 1997, the Authority established the Florida State Fair Foundation (the Foundation, a separate reporting entity) to which certain members of the Board donated approximately \$30,000 and \$13,000 during fiscal years 2004 and 2003, respectively. The Authority received \$68,700 and \$50,000 from the Foundation during fiscal years 2004 and 2003, respectively.

NOTE K – 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.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

To the Chairman and Members of the  
Florida State Fair Authority

We have audited the 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, 2004, and have issued our report thereon dated July 23, 2004. 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.

Compliance

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 grants, 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and state grantor agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Tampa, Florida  
July 23, 2004



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