



**2005**  
**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 355-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 ten 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 thirty-ninth (39) 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 2004 - 2005**

**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

**Aj. D. Jemison**  
Tampa, 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

**Linda Syfrett**  
Okeechobee, Florida

**Lee Roy Selmon**  
Tampa, Florida

**Robin Turner**  
Rockledge, Florida

**Joe Voskerichian**  
Tampa, Florida

**2004-2005 Officers**

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

**Vice Chairman- Lisa Rath**

**Treasurer- John Nicolette**

**Secretary- William Phares**

FLORIDA STATE FAIR AUTHORITY  
MANAGEMENT STAFF  
2004-2005

Executive Director.....Charles C. Pesano  
Director of Finance / Controller.....Giles L. Ellis, Jr.  
Director of Operations .....Fred Brown  
Director of Agribusiness..... Lisa Hinton  
Director of Public Relations & Marketing ..... Sherry Powell  
Sales Director.....Julie Deane  
Event Services Director.....Joshua Weinstein  
Cracker Country Museum Director.....Byron "Rip" Stalvey

## 2005 FLORIDA STATE FAIR

### SUMMARY OF DAILY ATTENDANCE AND REVENUE WITH COMPARISON TO 2004 AND 2003

		<u>ATTENDANCE</u>			<u>REVENUE</u>		
		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
DAY 1	Thursday	15,502	18,411	17,933	\$ 92,288	\$112,264	\$90,610
DAY 2	Friday	22,497	49,179	41,795	132,584	292,991	220,855
DAY 3	Saturday	63,165	55,104	53,005	418,798	371,189	309,655
DAY 4	Sunday	68,829	56,492	21,467	476,521	398,046	123,369
DAY 5	Monday	19,364	19,354	11,827	131,129	122,795	61,947
DAY 6	Tuesday	22,034	25,016	22,632	124,259	142,796	110,626
DAY 7	Wednesday	26,338	27,483	30,119	127,877	127,682	120,211
DAY 8	Thursday	27,026	29,171	30,899	158,103	166,729	148,446
DAY 9	Friday	37,282	38,579	47,628	257,958	263,207	286,650
DAY 10	Saturday	79,537	41,979	88,955	561,137	275,357	521,152
DAY 11	Sunday	88,271	77,199	49,438	623,858	522,178	266,580
DAY 12	Monday	53,320	36,947	36,992	308,574	210,150	184,708
TOTALS		523,165	474,914	452,690	\$3,413,086	\$3,005,384	\$2,444,809

Adult admission price increased to \$10.00 in 2004.

**FLORIDA STATE FAIR AUTHORITY  
FISCAL YEAR 2006 BUDGET**

<b>REVENUE:</b>	<b>2006 BUDGET</b>	<b>2005 ACTUAL</b>
FAIR INCOME	\$ 10,332,749	\$ 10,766,437
NON-FAIR INCOME	3,788,970	3,412,235
AMPHITHEATER REVENUE	805,333	766,699
OTHER INCOME	122,150	121,270
INTEREST INCOME	48,000	57,986
<b>TOTAL REVENUE</b>	<u>15,097,202</u>	<u>15,124,627</u>
 <b>OPERATING EXPENSES:</b>		
SALARIES & WAGES	3,417,665	2,966,401
PAYROLL & FRINGE BENEFITS	755,347	649,966
TELEPHONE & UTILITIES	887,860	916,697
COMMISSIONS	1,468,400	1,635,065
COST OF GOODS SOLD	173,863	189,963
SHOWS & TALENT	652,575	616,951
PROPERTY & LIABILITY INSURANCE	689,400	607,599
OFFICE SUPPLIES	99,700	88,608
SHOW SUPPLIES	77,000	60,492
MAINTENANCE	355,700	343,286
GAS, FUEL & FILTERS	140,000	102,297
CONTRACTED SERVICES	1,872,735	2,211,075
PLANNED MAINTENANCE PROJECTS	250,500	16,280
ADVERTISING & SIGNS	547,210	523,113
PREMIUMS & AWARDS	471,350	431,047
EQUIPMENT RENTAL	410,290	376,940
PROFESSIONAL & LEGAL FEES	375,375	254,029
TRAVEL AND TRANSPORTATION	115,425	95,370
AUTHORITY TRAVEL	850	961
AUTO, TRUCK & EQUIPMENT REPAIR	73,825	69,785
SPECIAL EVENTS	337,500	310,310
POSTAGE & PRINTING	233,985	207,403
INTEREST EXPENSE	231,800	98,153
DUES & SUBSCRIPTIONS	21,005	14,647
LUNCHEONS & MEETINGS	46,000	48,183
OTHER EXPENSES	111,045	224,566
<b>TOTAL OPERATING EXPENSES</b>	<u>13,816,405</u>	<u>13,059,187</u>
 <b>NET INCOME (LOSS) PRIOR TO DEPRECIATION</b>	 1,280,797	 2,065,440
DEPRECIATION	1,200,000	1,241,769
 <b>NET INCOME (LOSS)</b>	 <u>\$ 80,797</u>	 <u>\$ 823,671</u>



### COMPARISON OF MAJOR STATE FAIR REVENUE SOURCES

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
ADMISSIONS	\$3,501,759	\$3,087,556	\$2,521,585	\$2,650,166	\$2,748,784	\$2,784,871	\$2,644,751
CONCESSIONS*	\$1,490,047	\$1,271,703	\$1,196,789	\$1,265,099	\$1,307,830	\$1,274,018	\$1,150,860
MIDWAY**	\$4,070,644	\$3,150,322	\$2,846,795	\$3,216,142	\$3,573,920	\$3,153,528	\$2,904,590
EXHIBITS	\$410,763	\$369,630	\$350,926	\$347,109	\$370,139	\$377,757	\$332,475

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. 2005 Concessions paid flat per foot charge rather than percentage of gross income.

\*\* The Fair staff took over management of the midway during the 2005 Fair.

## MANAGEMENT DISCUSSION

During Fiscal Year 2005, 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 \$943,955 increase in balances from June 30, 2004 to June 30, 2005. Interest rates increased in Fiscal Year 2005. A combination of higher rates and higher balances resulted in an increase of approximately \$6,000 of interest income during Fiscal Year 2005 as compared to Fiscal Year 2004.

On July 22, 2004, the Authority approved a Fixed Capital Budget in the amount of \$4,097,500 for Fiscal Year 2005, with the approval of several projects contingent upon obtaining favorable financing and funds being available. During Fiscal Year 2005, several projects were completed. These projects include: purchase of additional property (Ferman Property) and land improvements to both Community Foundation and Ferman properties.

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

As of June 30, 2005, our cash and cash equivalents balance was \$804,594, an increase of \$262,277 from prior year. Short-term investments as of June 30, 2005 were \$2,241,000, an increase of \$944,000 from prior year. These changes were the result of higher revenues during the 2005 Florida State Fair.

Total Current Assets were \$3,780,000 compared to \$2,295,000 for Fiscal Year 2004. The total restricted cash amount is \$98,000.

Property and equipment are valued at \$18,542,000 compared to \$15,797,000 for Fiscal Year 2004. Fixed Assets have increased as a result of Capital Improvement expenditures being more than the depreciation expense during the 2005 Fiscal Year.

Total Assets were \$22,332,000 compared to \$18,125,000 for Fiscal Year 2004.

Total Current Liabilities are \$1,586,000 compared to \$1,148,000 for Fiscal Year 2004. The increase is due to the timing of payments for accounts payable and reclassification of deferred revenue.

Long Term Liability was \$4,159,000 in 2005 as compared to \$1,231,000 in 2004. This debt is attributed to purchase of the Ferman property and deferred revenue due to funds received from amphitheater.

Net Asset Value was \$16,587,000 as compared to \$15,746,000 in Fiscal Year 2004.

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

The 2005 Fair operations generated \$10,766,000 in revenue offset by Fair operation expenses of \$6,187,000 for a net income for Fair operations of \$4,579,000. The 2004 Fair operations generated \$9,143,000 in revenue and had associated expenses of \$6,450,000 for a net income for

Fair operations of \$2,693,000. Net income for Fair operations increased \$1,886,000 compared to Fiscal Year 2004.

Non-Fair revenue was \$3,403,000 with \$2,606,000 in associated expenses for a net Non-Fair income of \$797,000. For Fiscal Year 2004, the Non-Fair revenue was \$3,508,000 and expenses were \$2,461,000 for a net Non-Fair income of \$1,047,000. Net income for Non-Fair operations decreased \$250,000 when compared to Fiscal Year 2004. The decrease was due to several events being cancelled due to hurricanes.

General and Administrative Expenses for Fiscal Year 2005 were \$4,159,000 compared to \$3,755,000 for Fiscal Year 2004. This was an increase of \$404,000.

Operating income before depreciation was \$2,106,000 as compared to \$222,000 for Fiscal Year 2004, an increase of \$1,884,000.

The operating income after depreciation for Fiscal Year 2005 was \$864,000 compared to (\$1,048,000) loss for Fiscal Year 2004. This was a \$2,016,000 increase over prior year.

The 2005 Fair continued the 12-day format and offered the Fair patrons both free entertainment and top artists including Travis Tritt, Neville Brothers, Country Gold Salutes the Grand Old Opry, and Newsboys performing in the Ford Amphitheater at a nominal admission cost. Free entertainment included John Anderson, Lonesome Road, The Nelson Riddle Orchestra, and the Drifters. The 2005 Fair had Daily Parades, the State Cheerleading Competition, Spanish Lyric Theater, Dennis Lee Show, Porch Dogs, Fiesta Gigante, Sea Lions Show, Galaxy Girl Thrill Show, and Gossamer Magic providing entertainment for the whole family. The Circus, Wynn's Petting Zoo, Kachunga and the Alligator Show, and The Welde Bear Shows returned and were well received by the patrons. The Barnes PRCA Bull Riding was presented in the Lykes Arena. Free educational demonstrations and entertainment in The Cracker Country Museum included the antique printing press, model trains, blacksmith, and cast net making. The Cracker Country Museum entertainers included Southern Star Bluegrass Band, Pleasant Family Old-time String Band, Gail Cooper singing hymns in the church and Alan Moffett & Blind Willie James. The Authority and the Department of Agriculture and Consumer Services worked together to provide quality entertainment for the best possible price.

The 2005 Florida State Fair experienced better weather than the 2004 Florida State Fair. This resulted in a higher overall attendance. The 2005 Fair attendance was 523,165 compared to 474,914 for the 2004 Fair.

Very good weather during the run of the 2005 Fair resulted in higher than anticipated Fair revenue for Fiscal Year 2005. The Authority operated the 2005 Midway as an independent and successfully achieved the objective of significantly higher revenues, \$4,070,644 in 2005 compared to \$3,151,978 in 2004. The Ford Amphitheater operated a full concert schedule in Fiscal Year 2005. The Authority received its percentage of the Name In Title (NIT) sponsorship revenue beginning in second Agreement year (2005) and will continue to receive its percentage for years 2006, 2007, and 2008 as per the Agreement. 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.

Financial statements and report under  
*Government Auditing Standards*

**Florida State Fair Authority**

June 30, 2005 and 2004

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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 statement of net assets of the Florida State Fair Authority (the Authority), a special instrumentality of the State of Florida, as of June 30, 2005 and 2004, and the related statement 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 opinions 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 audits 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 the 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, 2005 and 2004, 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.

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 29, 2005 and July 23, 2004 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, and grant agreements and other matters. The purpose of those reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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.

Grant Thornton LLP

Tampa, Florida  
July 29, 2005

Florida State Fair Authority  
STATEMENTS OF NET ASSETS

	June 30,	
	2005	2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 804,594	\$ 542,317
Restricted cash	87,600	69,634
Short-term investments	2,240,822	1,296,867
Accounts receivable, net	424,409	228,321
Prepaid expenses and other assets	222,514	157,527
Total current assets	3,779,939	2,294,666
Restricted cash	10,000	33,235
Property and equipment, net	18,542,332	15,797,356
Total Assets	22,332,271	18,125,257
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	1,306,165	902,842
Current portion of long-term debt	251,146	199,727
Deferred revenue	28,603	45,333
Total current liabilities	1,585,914	1,147,902
Non-current liabilities:		
Long-term debt	3,399,308	157,577
Deferred revenue	760,001	1,073,334
Total non-current liabilities	4,159,309	1,230,911
Total Liabilities	5,745,223	2,378,813
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	14,891,878	15,440,052
Restricted		
Scholarship funds	10,000	10,000
Employee retirement	23,235	23,235
Unrestricted	1,661,935	273,157
Total Net Assets	\$ 16,587,048	\$ 15,746,444

The accompanying notes are an integral part of these statements.

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

	Year ended June 30,	
	2005	2004
<b>OPERATING REVENUES</b>		
Fair operations	\$ 10,766,439	\$ 9,143,110
Non-fair operations	3,402,865	3,507,719
Other	887,972	635,167
	15,057,276	13,285,996
<b>OPERATING EXPENSES</b>		
Fair operations	6,187,380	6,450,410
Non-fair operations	2,605,572	2,461,254
General and administrative expenses	4,158,712	3,754,795
Loss on disposal of property and equipment	-	397,309
Depreciation expense	1,241,770	1,270,478
	14,193,434	14,334,246
Operating income (loss)	863,842	(1,048,250)
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income (expense), net	(23,238)	39,101
Realized and unrealized loss on investments	-	(2,708)
Donated property	-	28,000
	(23,238)	64,393
Increase (decrease) in net assets	840,604	(983,857)
Net assets – beginning of year	15,746,444	16,730,301
Net assets – end of year	\$ 16,587,048	\$ 15,746,444

The accompanying notes are an integral part of these statements.

Florida State Fair Authority  
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers *	\$ 14,406,498	\$ 14,373,304
Cash paid to suppliers	(8,875,434)	(9,491,389)
Cash paid to employees	(3,613,267)	(3,632,505)
Other operating revenues	5,269	327,675
Net cash provided by operating activities	1,923,066	1,577,085
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	600,000	600,000
Payments on borrowings	(600,000)	(600,000)
Interest paid	(1,366)	(1,090)
Net cash used in non-capital financing activities	(1,366)	(1,090)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of fixed assets	(3,986,746)	(1,615,926)
Proceeds from debt	2,914,881	-
Principal payments on debt	378,269	(129,742)
Interest paid	(79,857)	(11,876)
Net cash used in capital and related financing activities	(773,453)	(1,757,544)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,600,000)	(188,651)
Proceeds from sales of investments	656,045	332,260
Interest received	57,985	52,067
Net cash (used in) provided by investing activities	(885,970)	195,676
Increase in cash and cash equivalents	262,277	14,127
Cash and cash equivalents, beginning of year	542,317	528,190
Cash and cash equivalents, end of year	\$ 804,594	\$ 542,317

\* Includes \$364,800 and \$1,597,400 received from CCE during 2005 and 2004. See Note G.

The accompanying notes are an integral part of these statements.

Florida State Fair Authority  
STATEMENTS OF CASH FLOWS – Continues

	Year ended June 30,	
	2005	2004
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 863,842	\$ (1,048,250)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,241,770	1,270,478
Loss on disposal of property and equipment	-	397,309
Changes in assets and liabilities:		
Restricted cash	5,269	-
Accounts receivable, net	(196,088)	(37,780)
Prepaid expenses and other assets	(64,987)	(4,026)
Accounts payable and accrued liabilities	403,323	(119,313)
Deferred revenue	(330,063)	1,118,667
Total adjustments	1,059,224	2,625,335
Net cash provided by operating activities	\$ 1,923,066	\$ 1,577,085
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 81,224	\$ 12,966
Donated property	\$ -	\$ 28,000

See Notes C and 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, 2005 and 2004

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.

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 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 represents a capital asset and capital lease obligation 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.

During the year ending 2004, the Authority 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. The fund equity section was renamed net assets and its components were presented differently than in previous years. While the presentations and groupings were different in certain cases, individual reported amounts were 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 were made in the notes to the financial statements.

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 December 1, 1989 by the Financial Accounting Standards Board.

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 statement of cash flows is presented on the direct method. In previous financial statements the indirect method was used. Management believes the change in presentation is not significant to the overall financial statement presentation.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Authority deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation and/or secured by the multiple financial institution collateral pool established under Chapter 280, Florida Statutes. 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.

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 state at fair value.

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 \$64,365 and \$69,634 for 2005 and 2004, respectively, 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 (\$5,269 in 2005) of the AELP, at the direction of the AELP Administrator. During 2005, \$0 was received from the AELP. Accounts payable and accrued liabilities include \$64,365 and \$69,634 related to the remaining restricted cash balance as of June 30, 2005 and June 30, 2004, respectively.

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 \$125,623 and \$8,433 in 2005 and 2004, 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 \$124,627 and \$(6,421) for the fiscal years ended June 30, 2005 and 2004, 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	10 – 40
Furniture, fixtures and equipment	3 – 10

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

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,	
	2005	2004
Demand deposit accounts	\$ 801,263	\$ 538,967
Petty cash	3,331	3,350
Total cash and cash equivalents	\$ 804,594	\$ 542,317
 Total short-term investments	 \$ 2,240,822	 \$ 1,296,867
 Total realized and unrealized gain (loss) on investments	 \$ -	 \$ (2,708)

Bank balances at June 30, 2005 and 2004 were \$1,130,183 and \$795,426, respectively. Bank balances are fully insured in accordance with Florida Statute 280, which establishes the multiple financial institution collateral pool.

Investments of \$2,240,822 and \$1,296,867 at June 30, 2005 and 2004, 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 pool is rated by Standard and Poors. The rating at June 30, 2005 is AAf. The effective duration of the pool is 2.22 years at June 30, 2005.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE C – PROPERTY AND EQUIPMENT

<u>Property and Equipment</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Not being depreciated:				
Land	\$ 2,886,404	\$ 3,890,244*	\$ -	\$ 6,776,648
Being depreciated:				
Buildings	28,518,299	-	-	28,518,299
Land improvements	6,947,681	41,400	-	6,989,081
Furniture, fixtures and equipment	3,674,497	55,102	(2,924)	3,726,675
Capital lease assets	37,047	-	-	37,047
	<u>39,177,524</u>	<u>96,502</u>	<u>(2,924)</u>	<u>39,271,102</u>
Less accumulated depreciation	<u>(26,266,572)</u>	<u>(1,241,770)</u>	<u>2,924</u>	<u>(27,505,418)</u>
Property and equipment, net	<u>\$ 15,797,356</u>	<u>\$ 2,744,976</u>	<u>\$ -</u>	<u>\$ 18,542,332</u>

\*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.

<u>Property and Equipment</u>	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
Not being depreciated:				
Land	\$ 2,376,650	\$ 509,754	\$ -	\$ 2,886,404
Construction-in-progress	88,765	-	(88,765)	-
	<u>2,465,415</u>	<u>509,754</u>	<u>(88,765)</u>	<u>2,886,404</u>
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	-	37,047	-	37,047
	<u>37,958,780</u>	<u>1,747,270</u>	<u>(528,526)</u>	<u>39,177,524</u>
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, 2005 and 2004

NOTE D – 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 (6.25% at June 30, 2005) and is uncollateralized.

Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>

NOTE E – LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2005	2004
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.	\$ 66,706	\$ 325,396
Note payable due in monthly installments of \$8,333 plus accrued interest at the bank's prime rate (6.25% at June 30, 2005) due in full on February 14, 2007, uncollateralized.	166,667	-
Note payable (capital lease) due in monthly installments of \$23,186, which includes principal plus interest at a variable annual rate equal to the rate of interest per annum as reported in the <i>Wall Street Journal</i> , but no lower than 5% per annum or higher than 9% per annum (6.25% at June 30, 2005) due in full on February 1, 2015, secured by land and rental payments from the Clear Channel Entertainment contract (see Notes A and G).	3,391,674*	-
Other obligation due in monthly installments of \$692, which includes principal plus interest at 4.75% per annum, due in full on September 28, 2008.	25,407	31,908
	3,650,454	357,304
Less current portion	251,146	199,727
	\$ 3,399,308	\$ 157,577

\*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 leases the property from the Foundation, paying equivalent amounts to cover the related obligation's debt service requirements.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE E – LONG-TERM DEBT – Continued

During 2005, the long-term debt increased \$3,620,000 and decreased by payments of \$326,850. The purpose for the additional financing was principally to acquire certain property and equipment.

Long-term debt service requirements beyond 2005 follow:

	Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2006	\$ 243,891	\$ 209,136	\$ 7,255	\$ 1,051
2007	148,613	197,791	7,607	699
2008	87,000	191,237	7,976	330
2009	92,366	185,871	2,569	23
2010	98,063	180,174	-	-
2011-2015	2,955,114	771,486	-	-
	<u>\$ 3,625,047</u>	<u>\$1,735,695</u>	<u>\$ 25,407</u>	<u>\$ 2,103</u>

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 \$33,200 and \$34,900 to the 457 Plan for the years ended June 30, 2005 and 2004, respectively.

NOTE G – 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 October 31, 2005. As defined in the Agreement, Cox remits a percentage of gross receipts to the Authority every month. Cox paid the Authority approximately \$234,150 and \$283,800 during the years ended June 30, 2005 and 2004, 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.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE G – CONTRACT AGREEMENTS - Continued

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 required a fee of \$225,000 for games and side shows to be paid by United to the Authority. The Authority paid United 45 percent of ticket sales related to the Midway rides, which was 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 managed the midway. Additionally, the Authority intends to manage the midway for the 2006 Fair.

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 (approximately \$244,500 and \$97,400 received related to the periods ended June 30, 2005 and 2004, respectively), which escalates over the life of the term of the contract. 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 Fair. The parking fee is based upon the number of chargeable tickets at the rate of \$1.50 each, escalating over the life of the Agreement. The parking fee, which began in 2005, was approximately \$408,700 for the period ended June 30, 2005, of which \$165,300 is estimated based upon the events that took place at the Amphitheater between January and June 2005. In addition to the rental income, the Authority received 20% of the gross revenue of the name-in-title sponsorship beginning in year two of the lease agreement, as well as sharing in any exterior advertising revenue. The name-in-title sponsorship revenue and exterior advertising revenue for the period ending June 30, 2005 were \$77,500 and \$9,000, respectively. The term of the lease is 45 years, an initial term of 15 years with three ten-year options.

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. Accordingly, \$300,000 was credited to the amount owed to the Authority by CCE during the period ending June 30, 2005.

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE G – CONTRACT AGREEMENTS – Continued

Upon expiration or termination of the agreement, title to the Amphitheater shall automatically vest in the Authority. In the event of termination the Authority has several options to include, reletting to another operator, accelerate payment schedule from CCE and the sale of personal property.

Upon termination of the Agreement any balance due on the original \$900,000 parking fee advance must be repaid to CCE by the Authority. As of June 30, 2005 the remaining balance was \$700,000 with \$165,353 due from CCE as of June 30, 2005.

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. Accordingly, \$13,333 was recognized in each of the years ending 2005 and 2004.

In summary, during 2005 and 2004 the Authority received cash and/or recognized revenue related to the CCE contract as follows:

	<u>Cash Received</u>	<u>Revenue Recognized</u>
2005:		
Rights fee	\$ -	\$ 13,300
Minimum annual payment	235,000	244,500
Variable annual payment (parking fee)	43,300	408,700
Shared sponsorship and advertising revenues	86,500	86,500
2004:		
Rights fee	\$ 1,500,000	\$ 413,300
Minimum annual payment	97,400	97,400
Variable annual payment (parking fee)	-	-
Shared sponsorship and advertising revenues	-	-

Florida State Fair Authority  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2005 and 2004

NOTE H – FUNCTIONAL EXPENSES

Operating expenses presented on the functional basis for the years ended June 30, 2005 and 2004 are as follows:

	Fair Operations		Non-Fair Operations		General and Administrative		Depreciation and Loss on Disposal of Property and Equipment		Total Expenses	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Salaries and payroll-related Expenses	\$1,002,324	\$1,004,570	\$ 981,564	\$1,029,527	\$1,632,480	\$1,589,112	\$ -	\$ -	\$ 3,616,368	\$ 3,623,209
Commissions	1,635,065	1,375,425	-	-	-	-	-	-	1,635,065	1,375,425
Shows and entertainment	590,331	598,091	26,620	27,915	-	-	-	-	616,951	626,006
Telephone and utilities	48,068	41,800	346,572	328,022	522,054	490,580	-	-	916,694	860,402
Insurance	367,231	413,357	152,148	171,796	88,220	103,799	-	-	607,599	688,952
Outside maintenance	472,654	576,440	365,612	329,138	707,846	590,698	-	-	1,546,112	1,496,276
Supplies	164,804	188,206	77,296	63,936	352,584	269,293	-	-	594,684	521,435
Professional fees	26,911	53,763	3,950	3,969	223,169	150,967	-	-	254,030	208,699
Prizes and premiums	398,459	389,505	32,588	34,896	-	-	-	-	431,047	424,401
Rentals	293,194	313,375	26,931	36,358	56,817	52,837	-	-	376,942	402,570
Advertising and signs	465,618	487,704	31,723	4,202	25,773	36,353	-	-	523,114	528,259
Travel	37,550	45,712	24,243	21,342	34,538	47,250	-	-	96,331	114,304
Postage and printing	166,556	213,918	14,705	20,924	26,142	19,353	-	-	207,403	254,195
Auto and equipment maintenance	1,622	1,394	2,711	373	65,451	92,495	-	-	69,784	94,262
Special events	310,312	438,635	-	2,184	-	221	-	-	310,312	441,040
Luncheons and committees	22,555	25,191	3,675	1,273	21,951	10,447	-	-	48,181	36,911
Contracted services	162,388	255,461	192,239	225,273	326,617	231,953	-	-	681,244	712,687
Other	21,738	27,863	322,995	160,126	75,070	69,438	-	-	419,803	257,427
Interest	-	-	-	-	81,224	12,966	-	-	81,224	12,966
Depreciation	-	-	-	-	-	-	1,241,770	1,270,478	1,241,770	1,270,478
Loss on disposal of property and equipment	-	-	-	-	-	-	-	397,309	-	397,309
	<u>\$6,187,380</u>	<u>\$6,450,410</u>	<u>\$2,605,572</u>	<u>\$2,461,254</u>	<u>\$4,239,936</u>	<u>\$3,767,762</u>	<u>\$ 1,241,770</u>	<u>\$1,667,787</u>	<u>\$14,274,658</u>	<u>\$14,347,213</u>

Florida State Fair Authority  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005 and 2004

NOTE I – 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 years ending 2005 and 2004, certain members of the Board donated approximately \$38,000 and \$30,000, respectively to the Foundation. The Authority received \$58,650 and \$68,700 from the Foundation during fiscal years 2005 and 2004, respectively.

NOTE J – 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.

Beginning in January 2005 the Authority was named a party to several lawsuits and an administrative action relating to alleged violations of the Hillsborough County noise ordinance. These legal and administrative actions revolve around certain musical concerts that took place at the Amphitheatre beginning in July 2004. The Amphitheatre is subject to an Agreement between the Authority and CCE which contains terms and conditions relating to the Amphitheater. The parties involved in these actions include the Authority, Hillsborough County Environmental Protection Commission ("EPC"), and CCE.

During July 2005, the Hillsborough County Circuit Court dismissed the Authority from the case. This was the result of its ruling that the Authority enjoyed sovereign immunity, and as such, was not under the legal jurisdiction of the EPC. Shortly thereafter, the EPC filed an amended complaint alleging that the Authority had waived its sovereign immunity. In a separate decision on July 25, 2005, the Court ruled that CCE did not enjoy the same sovereign immunity as the Authority. On July 27, 2005 the Court ordered a temporary stay of all legal proceedings and actions to give the EPC, CCE and the Authority time to mediate a negotiated settlement of the pending issues.

Although the final outcome of these lawsuits and the administrative action is uncertain at this time, it is management's opinion that the financial impact, if any, of a final settlement of these actions will not be material to the Authority's financial condition.



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 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, 2005, and have issued our report thereon dated July 29, 2005. We conducted our audit 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.

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 an opinion on the internal control over financial reporting. Accordingly, we express no such opinion. 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 reportable 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 caused by error or fraud 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 operation that we consider to be material weaknesses.

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

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.

Grant Thornton LLP

Tampa, Florida  
July 29, 2005

