

5903

State Fair of Louisiana



Financial Statements Years Ended December 31, 2000 and 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

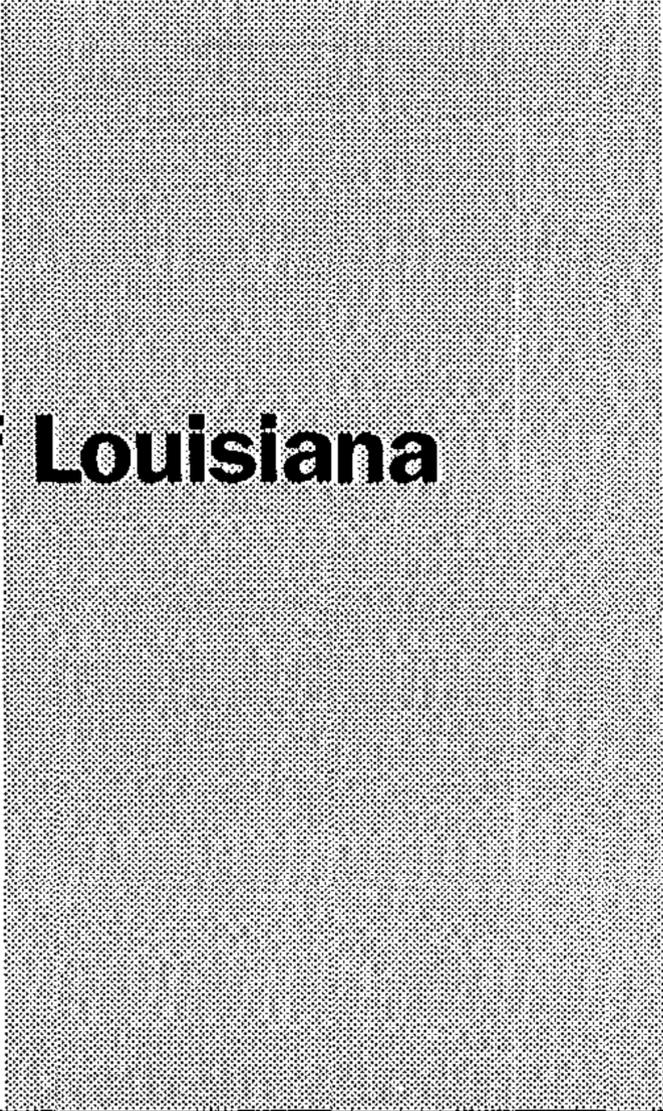
Release Date 05/30/01



ROBERTSON, BAILES & McCLELLAND L.L.P.
Accountants and Consultants

10/1/00
10/1/00

State Fair of Louisiana



Financial Statements
Years Ended December 31, 2000 and 1999

State Fair of Louisiana

Contents

| | |
|--|-------|
| Independent Auditors' Report | 3 |
| Financial Statements | |
| Statements of Financial Position | 4 |
| Statements of Activities | 5 |
| Statements of Cash Flows | 6 |
| Summary of Accounting Policies | 7-8 |
| Notes to Financial Statements | 9-13 |
| Independent Auditors' Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 14 |
| Independent Auditors' Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 15-16 |
| Management letter | 17-18 |



ROBERTSON, BAILES & MCCLELLAND LLP

Accountants and Consultants • Helping Clients Succeed Since 1967

666 TRAVIS STREET, SUITE 800 • SHREVEPORT, LA 71101-3094

318 221-3615 • 800 477-2556 • FAX 318 425-2904 • E-MAIL rbm1@rbm.com • INTERNET <http://www.rbm.com>

Independent Auditors' Report

The Executive Directors
State Fair of Louisiana
Shreveport, Louisiana

We have audited the accompanying statements of financial position of State Fair of Louisiana for the years ended December 31, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fair's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Fair of Louisiana as of December 31, 2000 and 1999, and the results of its activities and its cash flows for the years then ended, in conformity with U. S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated February 1, 2001, on our consideration of State Fair of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

February 1, 2001



| <i>December 31,</i> | 2000 | | | 1999 | | |
|--------------------------------------|--------------|---------------------------|-------------|--------------|---------------------------|-------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash (Notes 1 and 9) | \$ 406,787 | \$ - | \$ 406,787 | \$ 647,240 | \$ - | \$ 647,240 |
| Accounts receivable (Note 2) | 338,354 | - | 338,354 | 124,233 | - | 124,233 |
| Short-term investments | 350,905 | - | 350,905 | - | - | - |
| Prepaid expenses and other (Note 4) | 56,061 | - | 56,061 | 41,322 | - | 41,322 |
| Total current assets | 1,152,107 | - | 1,152,107 | 812,795 | - | 812,795 |
| Property and equipment, net (Note 3) | 3,942,132 | - | 3,942,132 | 4,277,351 | - | 4,277,351 |
| Reserve fund investments (Note 5) | - | 700,000 | 700,000 | - | 700,000 | 700,000 |
| Other assets (Note 6) | 111,776 | - | 111,776 | 84,929 | - | 84,929 |
| | \$5,206,015 | \$700,000 | \$5,906,015 | \$5,175,075 | \$700,000 | \$5,875,075 |

State Fair of Louisiana

Statements of Financial Position

| <i>December 31,</i> | 2000 | | | 1999 | | |
|--|--------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Liabilities and Net Assets | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued expenses (Note 6) | \$ 63,538 | \$ - | \$ 63,538 | \$ 255,532 | \$ - | \$ 255,532 |
| Current portion of deferred income | 5,195 | - | 5,195 | - | - | - |
| Total current liabilities | 68,733 | - | 68,733 | 255,532 | - | 255,532 |
| Deferred compensation (Note 6) | 111,776 | - | 111,776 | 84,929 | - | 84,929 |
| Total liabilities | 180,509 | - | 180,509 | 340,461 | - | 340,461 |
| Commitments and contingencies (Note 6) | | | | | | |
| Net Assets: | | | | | | |
| Unrestricted | 5,025,506 | - | 5,025,506 | 4,834,614 | - | 4,834,614 |
| Temporarily restricted (Note 5) | - | 700,000 | 700,000 | - | 700,000 | 700,000 |
| Total net assets | 5,025,506 | - | 5,725,506 | 4,834,614 | 700,000 | 5,534,614 |
| | \$5,206,015 | \$700,000 | \$5,906,015 | \$5,175,075 | \$700,000 | \$5,875,075 |

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

State Fair of Louisiana

Statements of Activities

| Years Ended December 31, | 2000 | | | 1999 | | |
|---|--------------------|------------------------|--------------------|--------------------|------------------------|--------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Revenues: | | | | | | |
| Fair | \$1,595,764 | \$ - | \$1,595,764 | \$1,829,115 | \$ - | \$1,829,115 |
| Off-season | 1,201,108 | - | 1,201,108 | 1,075,196 | - | 1,075,196 |
| Other | 46,220 | - | 46,220 | 50,662 | - | 50,662 |
| Total revenue | 2,843,092 | - | 2,843,092 | 2,954,973 | - | 2,954,973 |
| Expenses: | | | | | | |
| Fair | 1,245,791 | - | 1,245,791 | 1,305,520 | - | 1,305,520 |
| Off-season | 973,673 | - | 973,673 | 1,148,962 | - | 1,148,962 |
| Depreciation | 349,227 | - | 349,227 | 347,177 | - | 347,177 |
| Loss on demolition of building (Note 3) | 83,509 | - | 83,509 | - | - | - |
| Total expenses | 2,652,200 | - | 2,652,200 | 2,801,659 | - | 2,801,659 |
| Increase in net assets | 190,892 | - | 190,892 | 153,314 | - | 153,314 |
| Net assets, beginning of year | 4,834,614 | 700,000 | 5,534,614 | 4,681,300 | 700,000 | 5,381,300 |
| Net assets, end of year | \$5,025,506 | \$700,000 | \$5,725,506 | \$4,834,614 | \$700,000 | \$5,534,614 |

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

State Fair of Louisiana

Statements of Cash Flows

| Years Ended December 31, | 2000 | | | 1999 | | |
|---|--------------|------------------------|------------|--------------|------------------------|------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Cash Flows From Operating Activities: | | | | | | |
| Increase in net assets from operations | \$ 190,892 | \$ - | \$ 190,892 | \$ 153,314 | \$ - | \$ 153,314 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | | | | | |
| Depreciation | 349,227 | - | 349,227 | 347,177 | - | 347,177 |
| Loss (gain) on retirement of assets | 113,087 | - | 113,087 | (304) | - | (304) |
| Deferred compensation | 26,847 | - | 26,847 | 24,932 | - | 24,932 |
| Change in operating assets and liabilities: | | | | | | |
| Accounts receivable | (214,121) | - | (214,121) | (4,883) | - | (4,883) |
| Prepaid expenses | (14,739) | - | (14,739) | (9,348) | - | (9,348) |
| Accounts payable and accrued expenses | (191,994) | - | (191,994) | 92,081 | - | 92,081 |
| Deferred revenue | 5,195 | - | 5,195 | (19,370) | - | (19,370) |
| Net cash provided by operating activities | 264,394 | - | 264,394 | 583,599 | - | 583,599 |
| Cash Flows From Investing Activities: | | | | | | |
| Expenditures for buildings, equipment and improvements | (166,345) | - | (166,345) | (122,976) | - | (122,976) |
| Proceeds from sale of assets | 39,250 | - | 39,250 | 20,763 | - | 20,763 |
| Purchase of investments | (377,752) | - | (377,752) | (24,932) | - | (24,932) |
| Net cash used in investing activities | (504,847) | - | (504,847) | (127,145) | - | (127,145) |
| Net (decrease) increase in cash | (240,453) | - | (240,453) | 456,454 | - | 456,454 |
| Cash, at beginning of year | 647,240 | - | 647,240 | 190,786 | - | 190,786 |
| Cash, at end of year | \$ 406,787 | - | \$ 406,787 | \$ 647,240 | \$ - | \$ 647,240 |

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

State Fair of Louisiana

Summary of Accounting Policies

Business

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

Substantially all of the Fair's revenue is from the sale of admissions to Fair sponsored events and exhibitions as well as the rental of its buildings for events promoted by others.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Property and Equipment

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

Reserve Fund

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

State Fair of Louisiana

Summary of Accounting Policies (Concluded)

Employee Benefits Plan

The Fair has a noncontributory defined-benefit pension plan covering all eligible employees. The general policy of the Fair is to fund the plan based on computations using federal income tax regulations. However, for financial reporting purposes, the amounts accrued and expensed are in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" and Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits."

Revenue Recognition

Unrestricted contributions and grants are recognized as revenue in the period in which the donation is received or the grant is due and payable to the Fair.

The Fair reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The net change in assets of other funds are reported as offsetting revenue (expense) solely to simplify financial statement presentation. Restricted donations on which the restriction expires in the same period as the revenue is recognized are reported as unrestricted revenues.

Income Taxes

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana.

Statements of Cash Flows

For purposes of the statements of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, with an original or remaining maturity of three months or less, to be cash equivalents. Highly liquid debt instruments with remaining lives in excess of three months are classified as short-term investments.

State Fair of Louisiana

Notes to Financial Statements

1. Cash

Included in cash at December 31, 2000 and 1999 are interest bearing deposits totalling \$399,287 and \$660,451, respectively, after reducing certain deposits for amounts allocable to Reserve Fund investments.

2. Receivables

Receivables are summarized as follows:

| | 2000 | 1999 |
|------------------------------------|------------------|------------------|
| Account receivable | \$348,354 | \$134,233 |
| Less reserve for doubtful accounts | 10,000 | 10,000 |
| | \$338,354 | \$124,233 |

3. Property and Equipment

Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of property and equipment for the years ended December 31, 2000 and 1999 were as follows:

| | 2000 | 1999 |
|--|--------------------|--------------------|
| Buildings | \$5,543,005 | \$5,823,121 |
| Equipment | 2,242,963 | 2,194,875 |
| Land improvements | 1,065,934 | 1,065,934 |
| Ice rink | 287,332 | 211,469 |
| Land | 14,500 | 14,500 |
| | 9,153,734 | 9,309,899 |
| Less accumulated depreciation and amortization | 5,211,602 | 5,032,548 |
| Net property and equipment | \$3,942,132 | \$4,277,351 |

State Fair of Louisiana

Notes to Financial Statements (Continued)

3. Property and Equipment

During the year the fair incurred a loss as a result of the demolition of the horse pavilion due to construction work at Independence Stadium. The remaining net book value of the horse pavilion at the time of demolition was charged to expense in 2000.

4. Pension Plan

The Fair sponsors a defined benefit pension plan that covers all employees who have reached the age of 21 and completed 1,000 hours of employment during their initial 12 months of employment. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Fair and compensation rates near retirement. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of mutual funds and money market accounts.

The following table sets forth the plan's funded status and amounts recognized in the Fair's financial statements at December 31, 2000 and 1999.

| | 2000 | 1999 |
|---|-----------|-----------|
| Plan assets at fair value | \$249,000 | \$217,000 |
| Actuarial present value of benefit obligations: | | |
| Accumulated benefit obligation | \$191,000 | \$168,000 |
| Effect of projected future salary increases | 61,000 | 54,000 |
| Projected benefit obligation | \$252,000 | \$222,000 |

State Fair of Louisiana

Notes to Financial Statements (Continued)

| 4. Pension Plan – (continued) | 2000 | 1999 |
|--|------------|----------|
| Fair value of plan assets in excess of projected benefit obligation | \$ (3,000) | \$ 9,000 |
| Unrecognized net (gain) loss from past experience different from that assumed | 31,000 | 10,000 |
| Unrecognized prior service cost at December 1, 1994 being recognized over 15 years | 22,000 | 25,000 |
| Unrecognized net asset at November 30, 1988 being recognized over 20 years | (33,000) | (37,000) |
| Prepaid pension cost | \$ 17,000 | \$ 7,000 |

Net pension cost included the following components:

| | 2000 | 1999 |
|---|-----------|-----------|
| Service cost – benefits earned during the period | \$ 33,000 | \$ 27,000 |
| Interest cost on projected benefit obligation | 16,000 | 13,000 |
| Actual return on plan assets | (19,000) | (16,000) |
| Net amortization and deferral | (1,000) | (1,000) |
| Net pension cost | \$ 29,000 | \$ 23,000 |

State Fair of Louisiana

Notes to Financial Statements (Continued)

4. Pension Plan – (continued)

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% for 2000 and 1999, respectively. The weighted average rate of increase in future compensation levels used in determining the actuarial present value, the projected benefit obligations was 4% in 2000 and 1999. The expected long-term rate of return on assets was 8.0% for 2000 and 1999.

5. Reserve Fund

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

| | 2000 | 1999 |
|-------------------------|-----------|-----------|
| Certificates of deposit | \$700,000 | \$700,000 |

The Fair's policy is to invest in certificates which give the highest rate of return without placing more than \$100,000 in principal with a single financial institution.

6. Commitments and Contingencies

In 1999, a judgement was entered against the Fair relating to a promoter's lawsuit. The Fair's general Counsel in the prior year estimated the loss to the Fair at approximately \$157,000. The Fair settled this claim in 2000 for \$100,000. Management believes the Fair has adequate public liability insurance to cover any other potential losses as a result of pending or threatened lawsuits.

State Fair of Louisiana

Notes to Financial Statements (Concluded)

- 6. Commitments and Contingencies – (continued)** On December 1, 1992, the Fair entered into an employment agreement with its current president and general manager which is effective from December 1, 1992 through December 21, 2003. The agreement was amended in 1995 to allow for the deferral of any discretionary bonuses. The Fair currently deposits amounts to be deferred in a "Rabbi" trust.
- 7. Major Customers and Suppliers** The Fair had no customers during the years ended December 31, 2000 and 1999 that accounted for more than 10% of total sales. The Fair had one supplier during the years ended December 31, 2000 and 1999, which accounted for 14% and 16% of total purchases, respectively.
- 9. Supplemental Cash Flows Information** At December 31, 2000, total cash consisted of the following: \$7,500 in petty cash, \$149,000 in repurchase agreements secured by government securities, \$303,352 in demand deposits subject to FDIC insurance limits of \$100,000, and \$36,422 in a money market fund. These amounts do not reflect any adjustment for checks issued which have not yet cleared the bank.



ROBERTSON, BAILES & MCCLELLAND LLP

Accountants and Consultants • Helping Clients Succeed Since 1967

666 TRAVIS STREET, SUITE 800 • SHREVEPORT, LA 71101-3094

318 221-3615 • 800 477-2556 • FAX 318 425-2904 • E-MAIL rblm1@rbm.com • INTERNET <http://www.rbm.com>

**Independent Auditors' Report on Compliance
Based on an Audit of Financial Statements
Performed in Accordance with Government
Auditing Standards**

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

We have audited the financial statements of State Fair of Louisiana as of and for the year ended December 31, 2000 and have issued our report thereon dated February 1, 2001.

We conducted our audit in accordance with U. S. generally accepted auditing standards and *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.

Compliance with laws, regulations and contracts applicable to State Fair of Louisiana is the responsibility of State Fair of Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the State Fair of Louisiana's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended solely for the board of directors, executive committee, management and the Louisiana State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

February 1, 2001





ROBERTSON, BAILES & MCCLELLAND LLP

Accountants and Consultants • Helping Clients Succeed Since 1967

666 TRAVIS STREET, SUITE 800 • SHREVEPORT, LA 71101-3094

318 221-3615 • 800 477-2556 • FAX 318 425-2904 • E-MAIL rblm1@rbm.com • INTERNET <http://www.rbm.com>

Independent Auditors' Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

We have audited the financial statements of State Fair of Louisiana as of and for the year ended December 31, 2000 and have issued our report thereon dated February 1, 2001.

We conducted our audit in accordance with U. S. generally accepted auditing standards and *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.

The management of State Fair of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of State Fair of Louisiana, for the year ended December 31, 2000, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial



The CPA. Never Underestimate The Value.®



statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the executive committee, the board of directors, management, and Louisiana State Legislative Auditor. However, this is a matter of public record and its distribution is not limited.

Robertson, Burt & McWhorter

Certified Public Accountants

Shreveport, Louisiana
February 1, 2001



ROBERTSON, BAILES & MCCLELLAND LLP

Accountants and Consultants • Helping Clients Succeed Since 1967

666 TRAVIS STREET, SUITE 800 • SHREVEPORT, LA 71101-3094

318 221-3615 • 800 477-2556 • FAX 318 425-2904 • E-MAIL rbm1@rbm.com • INTERNET <http://www.rbm.com>

February 1, 2001

Mr. Sam Giordano
President
The State Fair of Louisiana
Post Office Box 38327
Shreveport, Louisiana 71133

Dear Mr. Giordano:

In connection with our audit of the financial statements of Louisiana State Fair (the "Fair") for the year ended December 31, 2000, we observed the Fair's significant accounting policies and procedures and certain business, financial, administrative and non-profit tax practices.

In planning and performing our audit of the financial statements, we considered the internal control structure 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 structure.

Internal Control

In planning and performing our audit of the financial statements of the State Fair of Louisiana for the year ended December 31, 2000, we considered its internal control structure 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 structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities 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 that we considered to be material weaknesses during the performance of our audit.



Mr. Sam Giordano
President
The State Fair of Louisiana

Status of Prior Year Management Letter Comments

The following is the status of our prior year management letter comments:

1. **Accounts payable and accounts receivable are not being reconciled on a monthly basis** - No instances of errors similar to the prior year were noted in the current audit. The Fair is properly accounting for the accounts payable and receivable balances at present.
2. **Cash receipts procedures should be adjusted to provide greater segregation of duties** - the procedures have been amended to provide for adequate segregation of duties.

* * * *

This letter is intended solely for the use of the board of directors and management and should not be used for any other purpose.

In the near future, Jim McClelland will contact you to discuss the comments contained in this letter. We will also be available to discuss any of these points with the board of directors should you wish us to do so.

We appreciate the outstanding cooperation our staff received from your current staff during the audit of the Fair's financial statements.

Sincerely,