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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

July 7, 2015

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2014. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$22,883,932 for fiscal year 2014, an increase of 4.9% over the prior year. Revenues included \$7,020,834 from Fair admissions, \$3,694,861 from Fair concessions, \$2,850,319 from Fair entertainment and \$2,484,482 from interim events. Operating expenses of the Fair Authority for fiscal year 2014 totaled \$21,287,597, an increase of 3.7% over the prior year. The Fair Authority reported operating income of \$1,596,335 for the year ended October 31, 2014 compared to operating income of \$1,288,096 for the prior year.

Foundation revenues were \$5,070,866 for fiscal year 2014, a 19.9% increase over the prior year. Revenues included operating grants and contributions of \$3,719,266, capital grants and contributions of \$118,000 and charges for service of \$388,624. The Foundation had administration and promotion expenses of \$1,796,426 during fiscal year 2014, a 6.6% increase over the prior year. The Foundation also provided capital contributions of \$3,325,000 to the Fair Authority from contributions.

A copy of the audit report is available for review in the Iowa State Fair Authority's Office, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1560-0110-0000.pdf>.

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IOWA STATE FAIR AUTHORITY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

OCTOBER 31, 2014

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Iowa State Fair Authority

Officials

Name

Title

State

Honorable Terry E. Branstad	Governor
Honorable Michael L. Fitzgerald	Treasurer of State
David Roederer	Director, Department of Management
Glen P. Dickinson	Director, Legislative Services Agency

Board Members

Alan Brown	President/Director, North Central District
James Romer	Vice President/Director, North Central District
John Harms	Treasurer/Director, Northeast District
Honorable Bill Northey	Secretary of Agriculture
Dr. Steven Leath	President, Iowa State University
Paul Vaassen	Director, Northeast District
Dave Hoffman	Director, Northwest District
Bill Neubrand	Director, Northwest District
Randy Brown	Director, South Central District
Jerry Parkin	Director, South Central District
Gary McConnell	Director, Southeast District
Bob Schlutz	Director, Southeast District
C.W. Thomas	Director, Southwest District
Gary VanAernam	Director, Southwest District
Gary Slater	Chief Executive Officer/Manager

Iowa State Fair Authority



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Board Members of the
Iowa State Fair Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2014, and the related Notes to Financial Statements, which collectively comprise the Iowa State Fair Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Blue Ribbon Foundation Endowment, which accounts for 7.3% of the assets, 13.0% of the net position and less than 1% of the revenue of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation Endowment, is based solely on the report of the other auditors. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Iowa State Fair Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Iowa State Fair Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority as of October 31, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 8 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa State Fair Authority's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

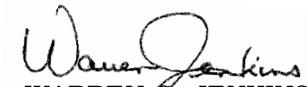
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information presented in Schedule 5 has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2015 on our consideration of the Iowa State Fair 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 that report 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Iowa State Fair Authority's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Iowa State Fair Authority provides this Management's Discussion and Analysis of the Iowa State Fair Authority's annual financial statements. This narrative overview and analysis of the financial activities of the Iowa State Fair Authority is for the fiscal year ended October 31, 2014. We encourage readers to consider this information in conjunction with the financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Fair operating revenue increased 4.9% from fiscal year 2013 to fiscal year 2014. Except for admissions and parking, revenues for each department increased. Admissions and parking decreased slightly from the prior year as attendance was down slightly in 2014.
- Operating expenses increased 3.7 % in comparison to last year. In fiscal year 2014, operating expenses increased for most departments except admissions, special entertainment, treasurer and interim events. Many of the increases were due to increases in utilities and other contractual service expenses.
- In fiscal year 2014, final renovations on the Patty and Jim Cownie Cultural Center were completed. The third floor became fully accessible to the public and became the new home for the photography exhibits. The conversion of the third floor from dormitory space to exhibit area allowed the Fair to offer expanded programming within the Cultural Center to reach a larger audience. Renovation of the Youth Inn has started with roof replacement and air conditioning of the upper level. Work also was started on Ruan Plaza and the MidAmerican Energy Stage which replaces the Fairview Stage. The Ruan Plaza is a three phase beautification project which includes better pedestrian flow and improved utilities and parking areas. The MidAmerican Energy Stage will provide increased seating, ADA accessible seating, dressing rooms and new public restrooms for Fairgoers.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Iowa State Fair Authority's basic financial statements. The Fair's basic financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 through 17) provide information about the activities of the Fair Authority as a whole and present a longer-term view of the Fair Authority's finances. Governmental activities financial statements show the activity of the Iowa State Fair Blue Ribbon Foundation. These statements tell how the Foundation raised and used funds for the purpose of renovation projects at the Iowa State Fairgrounds. The business type activities financial statements show the activity of the Iowa State Fair itself. These basic financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Supplementary information is also in schedule form and begins on page 33.

REPORTING THE FAIR AUTHORITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Fair's finances is, "Is the Fair as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Fair as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The entity-wide financial statements include two statements.

The Statement of Net Position presents all of the Fair's assets, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the Fair's net position may serve as a useful indicator of whether the financial position of the Fair Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Fair's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Both of the above financial statements have separate sections for two different types of activities. These two types of activities are:

Governmental Activities – These statements present information on the Iowa State Fair Blue Ribbon Foundation's activities. The Foundation, founded in 1993, was established by the Fair Board to conduct a major capital campaign for the renovation and preservation of the historic Iowa State Fairgrounds. These renovation efforts are supported by money raised through contributions, in-kind services, sale of promotional items and state appropriations. Governmental activities expenses include administration and promotion. In fiscal year 2012, the Blue Ribbon Foundation established Our Fair's Future, an Endowment Fund designed to assure perpetual maintenance and improvement of the Iowa State Fairgrounds. This professionally managed fund will be held in trust for future fairgoers, providing a permanent and protected source of revenue that will remain intact, with earnings distributed annually for maintenance and improvement projects.

Business Type Activities – These statements present information on the Iowa State Fair's operating and non-operating activities. The Iowa State Fair is internationally acclaimed and annually attracts more than a million fun-lovers from around the world. It is one of the leading tourist attractions in the state. The Fair is Iowa's great celebration to the best in agriculture, industry, entertainment and achievement. Special features include one of the world's largest livestock shows, the country's largest State Fair food department (approx. 900 classes), the state's largest arts show, hundreds of competitive events and wacky contests, 600 plus exhibitors and concessionaires selling quality and tasty treats and 160 rolling acres of campgrounds. A proud tradition since 1854, the Fair inspired the novel, "State Fair", three motion pictures, plus Rodgers and Hammerstein's Broadway musical. The activities in this business type category normally are intended to recover all or a significant portion of their costs through fees and charges from the annual Fair and other interim events. The departmental activities of the Fair include administration, admissions, concessions, entry and competitive events, fair services, grandstand and racetrack, utilities and maintenance, marketing and promotion, parking, public safety, sponsorship, special entertainment, treasurer and interim events.

Fund Financial Statements

The fund financial statements focus on individual parts of the Fair, reporting the Fair's operations in more detail than the entity-wide financial statements. The funds of the Fair can be divided into two categories. It is important to note these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

Governmental Fund Financial Statements – The Blue Ribbon Foundation's activities are reported through a governmental fund called a Special Revenue Fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements, except the governmental fund financial statements focus on the near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Fair Authority's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Fair Authority.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the Fair Authority's near-term financing decisions. The Special Revenue Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the bottom of each governmental fund financial statement.

Proprietary Fund Financial Statements – The Iowa State Fair's activities are reported through this fund. This fund is used to show activities that operate more like those of commercial enterprises. Because this fund charges fees for service provided to outside customers, including local government, it is known as an Enterprise Fund. Proprietary fund financial statements provide the same type of information as the entity-wide financial statements, only in more detail. Like the entity-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the entity-wide financial statements for business type activities and the proprietary fund financial statements.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found beginning on page 23.

Supplementary Information

The supplementary schedules begin on page 33 and provide detailed information about expenditures or expenses by object and other financial data, including revenue comparisons for the past 5 years.

GOVERNMENTAL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Fair Authority's combined net position (governmental and business type activities) totaled approximately \$96.7 million at October 31, 2014 compared to approximately \$91.8 million at October 31, 2013.

Fair Authority Net Position	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$3,618,515	3,660,395	20,786,208	18,828,403	24,404,723	22,488,798
Capital assets	50,460	49,157	74,798,887	71,902,834	74,849,347	71,951,991
Total assets	<u>\$3,668,975</u>	<u>3,709,552</u>	<u>95,585,095</u>	<u>90,731,237</u>	<u>99,254,070</u>	<u>94,440,789</u>
Current liabilities	\$ 10,498	16,469	1,431,026	1,511,511	1,441,524	1,527,980
Long-term liabilities	106,169	90,215	1,039,707	1,063,305	1,145,876	1,153,520
Total liabilities	<u>\$ 116,667</u>	<u>106,684</u>	<u>2,470,733</u>	<u>2,574,816</u>	<u>2,587,400</u>	<u>2,681,500</u>
Net position:						
Net investment in capital assets	\$ 50,460	49,157	74,798,887	71,902,834	74,849,347	71,951,991
Restricted for:						
Endowment	338,106	292,075	-	-	338,106	292,075
Capital improvements	1,200,000	1,450,000	-	-	1,200,000	1,450,000
Other purposes	1,963,742	1,811,636	-	-	1,963,742	1,811,636
Unrestricted	-	-	18,315,475	16,253,587	18,315,475	16,253,587
Total net position	<u>\$3,552,308</u>	<u>3,602,868</u>	<u>93,114,362</u>	<u>88,156,421</u>	<u>96,666,670</u>	<u>91,759,289</u>

The largest portion of the Fair Authority's net position (77.4%) reflects its investment in capital assets, such as land, buildings, equipment, vehicles and infrastructure (road, utilities and other immovable assets), less any related depreciation. The Fair Authority uses these capital assets to provide services. Consequently, these assets are not available for future spending.

Unrestricted net position (18.9%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors.

The remaining net position (3.7%) represents resources subject to external restrictions on how they may be used. Restricted net position will eventually be paid to the business side of the Fair for more investment in its capital assets.

Fair Authority Changes in Net Position	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 388,624	646,620	21,869,689	20,923,135	22,258,313	21,569,755
Operating grants and contributions	3,719,266	2,090,507	1,014,243	887,038	4,733,509	2,977,545
Capital grants and contributions	118,000	225,000	-	-	118,000	225,000
General revenues:						
State appropriation	825,000	1,250,000	-	-	825,000	1,250,000
Investment earnings	19,976	18,113	36,606	40,153	56,582	58,266
Gain on sale of capital assets	-	-	-	9,026	-	9,026
Total revenues	5,070,866	4,230,240	22,920,538	21,859,352	27,991,404	26,089,592
Expenses:						
Blue Ribbon Foundation fund raising	1,796,426	1,685,731	-	-	1,796,426	1,685,731
State Fair and other events	-	-	21,287,597	20,522,077	21,287,597	20,522,077
Total expenses	1,796,426	1,685,731	21,287,597	20,522,077	23,084,023	22,207,808
Change in net position before transfers	3,274,440	2,544,509	1,632,941	1,337,275	4,907,381	3,881,784
Transfers	(3,325,000)	(2,801,965)	3,325,000	2,801,965	-	-
Change in net position	(50,560)	(257,456)	4,957,941	4,139,240	4,907,381	3,881,784
Net position beginning of year	3,602,868	3,860,324	88,156,421	84,017,181	91,759,289	87,877,505
Net position end of year	\$3,552,308	3,602,868	93,114,362	88,156,421	96,666,670	91,759,289

The Fair Authority's net position increased approximately \$4.9 million, or 5.3%. The net position of the business type activities increased approximately \$5.0 million. The majority of the increase comes from the investment in capital assets. The business type activities started renovations to the Youth Inn and the MidAmerican Energy Stage, formerly known as Fairview Stage, and a beautification project called Ruan Plaza. The Cultural Center also received its final renovation in a 3 year project.

Fair Authority business type activities increased in most departments, except admissions and parking where slight decreases resulted from a decrease in attendance from 2013. The majority of the increase in revenue came from grandstand, interim events, attractions and concessions. Our grandstand had a stronger lineup resulting in over 9,000 more people attending. The Fair took over the giant slide and also hosted the National Junior High Rodeo. Governmental activities revenues increased approximately \$840,000. The Foundation's contributions increased significantly, by approximately \$1.1 million, while state appropriations decreased \$425,000. The Foundation received an appropriation from the Iowa State Legislature in fiscal year 2014 to be used for the renovation of the Youth Inn. Merchandise decreased mainly due to exceptional sales in 2013 from the introduction of the butter cow security t-shirt. We also had cooler weather and less people causing a decrease in water and fair square food sales.

Approximately 88% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 12% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 35% comes from admissions and parking, while concessions, commercial exhibitors and attractions contribute 29% and entertainment contributes 12.5%. Revenues of approximately \$2.5 million, or 11%, were from off-season rental of our facilities.

The Fair Authority's expenses for both the business type and governmental activities only increased slightly from the previous year, mainly due to increases in utilities and other contractual services expenses. The governmental activities purchased show cases for the Elwell Building.

The largest business type activities expense is payroll, which accounts for 32% of all expenses. The Fair employs approximately 1,500 people at different times during the year, with the majority working during the 11-day event. Contractual services account for 21.5% of all expenses. Examples of contractual services are utilities, including electricity and water, waste and garbage removal and contract services as needed throughout the year. Payments made to grandstand performers and other entertainment during the Fair account for 11.4% of all expenses.

FINANCIAL ANALYSIS OF THE FAIR AUTHORITY'S INDIVIDUAL FUNDS

Governmental Funds

The Iowa State Fair Blue Ribbon Foundation's activity is shown in the governmental activities side of the Fair Authority's total activities. The focus of the Fair Authority's governmental funds is to provide information on the inflows, outflows and balances of spendable resources. The Foundation raises money through contributions from individuals, corporations, in-kind services and state appropriations. Tracking such information is useful in assessing the Fair Authority's capital improvement project resources.

As of the end of the current fiscal year, the Fair's governmental funds reported an ending fund balance of approximately \$2.6 million, an increase of approximately \$76,000 from the prior year. 100% of the fund balance is restricted or nonspendable, which means the full balance is restricted for specific purposes, with the majority committed to pay for the renovation of specific projects, or is subject to other donor imposed restrictions. Increases in fund balance are attributed to increases in the contributions to the Endowment Fund. The Foundation also had a slight increase in expenditures due to display cases purchased for the Elwell Building and rental cost for the display of the sculpture work of the American Gothic.

Proprietary Fund

The Fair's proprietary fund provides information on the Fair Authority's operating and non-operating activities. For the year ended October 31, 2014, the Fair's proprietary fund reported ending net position of approximately \$93 million, an increase of approximately \$4.95 million from the prior year. The majority of the increase in net position is directly attributable to the increase in the investment in capital assets.

CAPITAL ASSETS

The Fair Authority's investment in capital assets for its governmental and business-type activities at October 31, 2014 was approximately \$117.3 million, net of accumulated depreciation of approximately \$42.5 million, leaving a net book value of approximately \$74.8 million. This investment in capital assets includes land, buildings, infrastructures, equipment, vehicles and construction in progress. Infrastructure assets are items that are normally immovable, such as streets and sidewalks, drainage systems, lighting systems and similar items.

Capital projects that continued in 2014 include the final phase of the renovation of the Patty and Jim Cownie Cultural Center and the first phase renovation of the Youth Inn. Work also started on the MidAmerican Energy Stage, which replaces the Fairview Stage, and the Ruan Plaza beautification project. Funds to pay for the completion of these projects will come from the Fair Authority's revenues as well as contributions and state appropriations. More detailed information about the Fair Authority's capital assets is presented in Note 3 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Fair Authority's officials and management considered many factors when setting the fiscal year 2015 budget and fees charged for the various Fair activities. Operating expenses are expected to increase slightly. Revenues are expected to be slightly higher in comparison to last year as the only increase was in camping fees. The Fair Authority's net position for fiscal year 2015 is expected to increase modestly.

Today the Fair is an 11-day economic boom for the city and state. It annually attracts more than one million people who enjoy the Fair and its neighboring attractions, events and restaurants during their visit, resulting in more than \$150 million total economic impact to Central Iowa.

CONTACTING THE FAIR AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, citizens of the state of Iowa and creditors with a general overview of the Fair Authority's finances and to show the Fair Authority's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Iowa State Fair Authority, P.O. Box 57130, Des Moines, IA 50317.

Basic Financial Statements

Iowa State Fair Authority

Statement of Net Position

October 31, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 2,406,749	19,213,834	21,620,583
Unexpended appropriation	1,000,000	-	1,000,000
Receivables:			
Accounts	-	534,109	534,109
Accrued interest	2,817	58,488	61,305
Pledges	270,436	-	270,436
Internal balances	(979,777)	979,777	-
Inventories	182,290	-	182,290
Total current assets	2,882,515	20,786,208	23,668,723
Noncurrent assets:			
Pledges receivable	736,000	-	736,000
Capital assets, net of accumulated depreciation:			
Land	-	7,594,321	7,594,321
Buildings	-	51,207,039	51,207,039
Equipment	-	2,297,234	2,297,234
Vehicles	50,460	148,537	198,997
Infrastructure	-	5,401,610	5,401,610
Construction in progress	-	8,150,146	8,150,146
Total noncurrent assets	786,460	74,798,887	75,585,347
Total assets	3,668,975	95,585,095	99,254,070
Liabilities			
Current liabilities:			
Accounts payable	-	825,154	825,154
Salaries payable	5,619	171,287	176,906
Unearned revenue	-	78,075	78,075
Compensated absences and OPEB	4,879	298,420	303,299
Refundable deposits	-	58,090	58,090
Total current liabilities	10,498	1,431,026	1,441,524
Noncurrent liabilities:			
Compensated absences and OPEB	106,169	1,039,707	1,145,876
Total liabilities	116,667	2,470,733	2,587,400
Net Position			
Net investment in capital assets	50,460	74,798,887	74,849,347
Restricted for:			
Endowment	338,106	-	338,106
Capital improvements	1,000,000	-	1,000,000
Other purposes	2,163,742	-	2,163,742
Unrestricted	-	18,315,475	18,315,475
Total net position	\$ 3,552,308	\$ 93,114,362	\$96,666,670

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2014

Functions	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Blue Ribbon Foundation	\$ 1,796,426	388,624	3,719,266	118,000
Business type activities:				
State Fair and other events	21,287,597	21,869,689	1,014,243	-
Total	<u>\$ 23,084,023</u>	<u>22,258,313</u>	<u>4,733,509</u>	<u>118,000</u>

General revenues and transfers:

State appropriation
Investment earnings
Transfers
Total general revenues and transfers
Change in net position
Net position beginning of year
Net position end of year
See notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
2,429,464	-	2,429,464
-	1,596,335	1,596,335
2,429,464	1,596,335	4,025,799
825,000	-	825,000
19,976	36,606	56,582
(3,325,000)	3,325,000	-
(2,480,024)	3,361,606	881,582
(50,560)	4,957,941	4,907,381
3,602,868	88,156,421	91,759,289
\$ 3,552,308	93,114,362	96,666,670

Iowa State Fair Authority

Balance Sheet
Special Revenue Funds

October 31, 2014

	Blue Ribbon Foundation	Nonmajor Foundation Endowment	Total
Assets			
Cash and investments	\$ 2,068,643	338,106	2,406,749
Unexpended appropriation	1,000,000	-	1,000,000
Receivables:			
Accrued Interest	2,817	-	2,817
Pledges	1,006,436	-	1,006,436
Inventories	182,290	-	182,290
Total assets	\$ 4,260,186	338,106	4,598,292
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Internal balances	\$ 979,777	-	979,777
Salaries payable	5,619	-	5,619
Total liabilities	985,396	-	985,396
Deferred inflows of resources:			
Unavailable revenues	1,005,586	-	1,005,586
Fund balances:			
Nonspendable:			
Inventories	182,290	-	182,290
Restricted for:			
Endowment	-	338,106	338,106
Capital improvements	1,000,000	-	1,000,000
Administration	1,086,914	-	1,086,914
Total fund balance	2,269,204	338,106	2,607,310
Total liabilities, deferred inflows of resources and fund balances	\$ 4,260,186	338,106	4,598,292
Reconciliation of the Special Revenue Funds Balance Sheet to the Statement of Net Position			
Fund balances - Special Revenue Funds	\$ 2,269,204	338,106	2,607,310
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets			
Equipment	\$ 113,983		
Less accumulated depreciation	(63,523)	50,460	-
Certain Foundation revenues will be collected after year-end but will not be available soon enough to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		1,005,586	-
Certain liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities consist of compensated absences and OPEB.	(111,048)	-	(111,048)
Net position of governmental activities	\$ 3,214,202	338,106	3,552,308

See notes to financial statements.

Iowa State Fair Authority

Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds

Year ended October 31, 2014

	Blue Ribbon Foundation	Nonmajor Foundation Endowment	Total
Revenues:			
State appropriation	\$ 825,000	-	825,000
Contributions	3,487,572	35,094	3,522,666
Sales of promotional items	227,588	-	227,588
Other sales	161,036	-	161,036
In-kind support	429,473	-	429,473
Interest on investments	6,450	13,526	19,976
Total revenues	5,137,119	48,620	5,185,739
Expenditures:			
Administration	708,585	2,589	711,174
Promotion	1,073,865	-	1,073,865
Total expenditures	1,782,450	2,589	1,785,039
Excess of revenues over expenditures	3,354,669	46,031	3,400,700
Transfers out	(3,325,000)	-	(3,325,000)
Change in fund balances	29,669	46,031	75,700
Fund balances beginning of year	2,239,535	292,075	2,531,610
Fund balances end of year	\$ 2,269,204	338,106	2,607,310
Reconciliation of the Special Revenue Funds			
Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities			
Change in fund balances - Special Revenue Funds	\$ 29,669	46,031	75,700
Amounts reported for governmental activities in the Statement of Activities are different because:			
Contributions are reported in the Statement of Activities when pledged to the Foundation. They are not reported as revenues in the governmental funds until available.	(114,873)	-	(114,873)
The governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year, as follows:			
Expenditures for capital assets	\$8,300		
Depreciation expense	(6,997)	1,303	-
			1,303
Compensated absences and OPEB reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(12,690)	-	(12,690)
Change in net position of governmental activities	\$ (96,591)	46,031	(50,560)

See notes to financial statements.

Exhibit E

Iowa State Fair Authority

Statement of Net Position
Enterprise Fund

October 31, 2014

Assets	
Current assets:	
Cash and investments	\$ 19,213,834
Receivables:	
Accounts	534,109
Accrued interest	58,488
Internal balances	979,777
Total current assets	<u>20,786,208</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	7,594,321
Buildings	51,207,039
Equipment	2,297,234
Vehicles	148,537
Infrastructure	5,401,610
Construction in progress	8,150,146
Total noncurrent assets	<u>74,798,887</u>
Total assets	<u>95,585,095</u>
Liabilities	
Current liabilities:	
Accounts payable	825,154
Salaries payable	171,287
Unearned revenue	78,075
Compensated absences and OPEB	298,420
Refundable deposits	58,090
Total current liabilities	<u>1,431,026</u>
Noncurrent liabilities:	
Compensated absences and OPEB	<u>1,039,707</u>
Total liabilities	<u>2,470,733</u>
Net Position	
Net investment in capital assets	74,798,887
Unrestricted	18,315,475
Total net position	<u>\$ 93,114,362</u>

See notes to financial statements.

Iowa State Fair Authority

Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Fund

Year ended October 31, 2014

Operating revenues:	
Admissions	\$ 7,020,834
Attractions	1,429,390
Commercial exhibitors	1,468,761
Concessions	3,694,861
Grandstand and racetrack entertainment	2,850,319
Parking	920,212
Entry fees	475,857
Campground fees and services	1,311,269
Sponsorships	1,014,243
Interim events	2,484,482
Miscellaneous	213,704
Total operating revenues	22,883,932
Operating expenses:	
Administration	3,156,843
Admissions	395,998
Concessions	513,168
Entry and competitive events	1,214,190
Fair services	1,354,696
Grandstand and racetrack	2,417,031
Utilities and maintenance	5,664,362
Marketing and promotion	853,025
Parking	191,612
Public safety	946,663
Sponsorship	41,823
Special entertainment	789,468
Treasurer	30,644
Depreciation	3,193,414
Interim events	524,660
Total operating expenses	21,287,597
Operating income	1,596,335
Non-operating revenues:	
Investment income	36,606
Income before transfers	1,632,941
Transfers in	3,325,000
Change in net position	4,957,941
Net position beginning of year	88,156,421
Net position end of year	\$ 93,114,362

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2014

Cash flows from operating activities:		
Cash received from events	\$ 22,931,840	
Cash paid to suppliers	(11,177,623)	
Cash paid to employees	(7,027,233)	
Net cash provided by operating activities		\$ 4,726,984
Cash flows from non-capital financing activities:		
Transfers in from other funds		2,553,659
Cash flows from capital financing activities:		
Acquisition of property and equipment		(6,089,466)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	15,748,069	
Purchase of investments	(17,006,775)	
Net cash used by investing activities		(1,258,706)
Decrease in cash and cash equivalents		(67,529)
Cash and cash equivalents beginning of year		9,671,353
Cash and cash equivalents end of year		9,603,824
Investments		9,610,010
Cash, cash equivalents and investments end of year		\$ 19,213,834
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 1,596,335
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 3,193,413	
Changes in assets and liabilities:		
Decrease in accounts receivable	41,319	
Decrease in accounts payable	(27,344)	
Decrease in salaries payable	(10,759)	
Increase in unearned revenue	6,590	
Decrease in refundable deposits	(560)	
Decrease in compensated absences and OPEB	(72,010)	
Total adjustments		3,130,649
Net cash provided by operating activities		\$ 4,726,984

See notes to financial statements.

Iowa State Fair Authority
Notes to Financial Statements

October 31, 2014

(1) Summary of Significant Accounting Policies

The Iowa State Fair Authority, a component unit of the State of Iowa, is governed by the provisions of Chapter 173 of the Code of Iowa. The Fair Authority is mandated by statute to conduct an annual State Fair and Exposition on the Iowa State Fairgrounds and may conduct other interim events.

The Fair Authority's Board consists of fifteen members. The fifteen members consist of the Governor, the Secretary of Agriculture and the President of Iowa State University, or their qualified representatives, two elected directors from each of the five Iowa State Fair Board districts, and a secretary and treasurer elected by the Iowa State Fair Board. A president and vice president are elected from the twelve elected directors.

The Iowa State Fair Authority includes the Iowa State Fair Blue Ribbon Foundation (Chapter 173.22 of the Code of Iowa). The Foundation may solicit or accept gifts and moneys appropriated by the Legislature to be used for administration, capital projects or major maintenance improvements at the Iowa State Fairgrounds.

The Blue Ribbon Endowment Fund began operation in February 2012 to provide funds for fairgrounds maintenance and improvements.

The financial statements of the Iowa State Fair Authority have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The more significant of the Fair Authority's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Iowa State Fair Authority has included all funds, organizations, boards, commissions and authorities. The Fair Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Fair Authority are such that exclusion would cause the Fair Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Fair Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Fair Authority. The Fair Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Entity-wide and fund financial statements

The entity-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Iowa State Fair Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Fair Authority's governmental funds and proprietary fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The entity-wide financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources measurement focus" and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Fair Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Contributions, intergovernmental revenues and interest associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Fair Authority.

The Fair Authority reports the following major governmental fund:

The Special Revenue, Blue Ribbon Foundation Fund is used to account for the activities of the Foundation, including contributions and specific revenue sources restricted to expenditures for specified purposes.

The Fair Authority reports the following major proprietary fund:

An Enterprise Fund is used to account for the activities of the Iowa State Fair. It includes the 11-day fair activities as well as other events during the year.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets, Budgetary Accounting and State Appropriations

The Iowa State Fair Authority staff prepares an annual budget for the Fair Authority's general operations. This budget is approved and monitored by the Iowa State Fair Board.

E. Assets, Liabilities and Net Position/Fund Balance

The following accounting policies are followed in preparing the basic financial statements:

Cash, Cash Equivalents and Investments – The cash balance of the Foundation is pooled and invested by the Treasurer of State.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at October 31, 2014 include certificates of deposit of \$1,493,481.

Pledges Receivable – Pledges receivable in the Special Revenue Funds are accounted for using the modified accrual basis of accounting and are shown net of an allowance for uncollectibles.

Pledges receivable are recognized when pledged. In the fund financial statements, only the pledges collected during the fiscal year or within 60 days of the end of the fiscal year are recognized as revenue. The remaining balance is reported as deferred inflows of resources.

Inventories – Inventories are valued at cost, which approximates market. The first-in/first-out (FIFO) cost flow method is used. Inventories in the Special Revenue Fund consist of items purchased and held for resale. The cost is recorded as an expenditure at the time individual inventory items are purchased. Expenditures are adjusted at fiscal year-end to correlate with the consumption method.

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the Fair Authority), are reported in the applicable governmental or business type activities columns in the entity-wide financial statements. Capital assets are defined by the Fair Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair which do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the year ended October 31, 2014, no interest costs were capitalized since the Fair Authority's policy is not to capitalize interest costs on assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	20-40
Equipment	5-10
Vehicles	5-10
Infrastructure	20-40

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of pledges receivable not collected within sixty days after year end.

Compensated Absences and Other Postemployment Benefits (OPEB) – Employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time for subsequent use, for payment of the employer portion of insurance premiums upon retirement or for payment upon termination, death or retirement. The liabilities recorded for compensated absences are based on current rates of pay and current insurance rates.

The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium, GASB Statement No. 45 requires employers recognize the implicit rate subsidy in postretirement medical plans provided by governmental employers.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

(2) Cash, Cash Equivalents and Investments

The Fair Authority's deposits in banks and with the Treasurer of State throughout the year and at October 31, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Fair Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Iowa State Fair Board; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value.

At October 31, 2014, the Fair Authority had the following investments in corporate notes.

Investment	Fair Value	Maturity	Credit Risk
Berkshire Hathaway	\$ 249,992	November 6, 2014	P-2
ING Funding LLC	999,947	November 17, 2014	P-1
Morgan Stanley	500,837	November 20, 2014	NR
ING Funding LLC	1,199,865	December 1, 2014	P-1
Goldman Sachs	504,191	January 15, 2015	Baal
JP Morgan Chase	216,468	January 20, 2015	NR
Morgan Stanley	504,033	January 26, 2015	NR
Abbey National America	999,265	February 11, 2015	P-1
JP Morgan Chase	289,486	March 20, 2015	NR
Barclays	1,014,427	April 7, 2015	A
MBNA Corp.	1,027,198	June 15, 2015	Baa
JP Morgan Chase	610,820	June 24, 2015	A
Total	<u>\$ 8,116,529</u>		

Investments are held by the Foundation in accordance with Chapter 540A of the Code of Iowa and its investment policy. The Foundation's Endowment Fund actively seeks and encourages planned gifts consistent with its purpose, which are the maintenance and improvement of the Iowa State Fairgrounds. At October 31, 2014, the Foundation had investments held by Morgan Stanley which had a fair value of \$338,106.

Interest rate risk – The Fair Authority's investment policy states each investment will typically have a short term maturity of six to nine months.

Credit risk – The Fair Authority's credit risk ratings were determined by Moody's Investors Service.

Concentration of credit risk – The Fair Authority places no limit on the amount which may be invested in any one issuer. More than 5% of the Fair Authority's cash and investments are in ING Funding LLC (11.45%), JP Morgan Chase (5.81%), MBNA Corp. (5.35%), Barclays (5.28%), Morgan Stanley (5.23%) and Abbey National America (5.20%).

(3) Capital Assets

Capital assets activity for the year ended October 31, 2014 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Equipment	\$ 105,683	8,300	-	113,983
Less accumulated depreciation	(56,526)	(6,997)	-	(63,523)
Governmental activities capital assets, net	\$ 49,157	1,303	-	50,460
Business type activities:				
Land, not being depreciated	\$ 7,404,174	190,147	-	7,594,321
Buildings	86,326,632	32,280	(1,272,866)	85,086,046
Equipment	3,775,871	816,052	(147,177)	4,444,746
Vehicles	821,493	34,787	(38,739)	817,541
Infrastructure	10,797,596	486,831	(35,909)	11,248,518
Construction in progress, not being depreciated	3,618,777	4,543,400	(12,031)	8,150,146
Total capital assets	112,744,543	6,103,497	(1,506,722)	117,341,318
Less accumulated depreciation for:				
Buildings	(32,689,589)	(2,462,284)	1,272,866	(33,879,007)
Equipment	(2,062,317)	(230,372)	145,177	(2,147,512)
Vehicles	(671,055)	(36,688)	38,739	(669,004)
Infrastructure	(5,418,748)	(464,069)	35,909	(5,846,908)
Total accumulated depreciation	(40,841,709)	(3,193,413)	1,492,691	(42,542,431)
Business type activities capital assets, net	\$ 71,902,834	2,910,084	(14,031)	74,798,887

(4) Operating Leases

The future minimum lease payment for operating leases is as follows:

Year Ending October 31,	Amount
2015	\$ 18,780
2016	18,780
2017	18,780
2018	18,780
Total	\$ 75,120

Rental expense for the year ended October 31, 2014 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$18,780.

(5) Pension and Retirement Benefits

The Fair Authority contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the Fair Authority is required to contribute 8.93% of annual covered payroll. Certain employees in special risk occupations and the Fair Authority contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The Fair Authority's contributions to IPERS for the years ended October 31, 2014, 2013 and 2012 were \$418,550, \$399,278 and \$369,615, respectively, equal to the required contributions for each year.

(6) Compensated Absences and Other Postemployment Benefits (OPEB)

Changes in compensated absences and other postemployment benefit obligations for the year ended October 31, 2014 are summarized as follows:

	Governmental Activities			Business Type Activities		
	Compensated			Compensated		
	Absences	OPEB	Total	Absences	OPEB	Total
Beginning balance	\$ 76,468	21,890	98,358	1,173,725	236,412	1,410,137
Additions	23,726	-	23,726	460,759	18,492	479,251
Deletions	3,852	7,184	11,036	551,261	-	551,261
Ending balance	\$ 96,342	14,706	111,048	1,083,223	254,904	1,338,127
Due within one year	\$ 4,879	-	4,879	298,420	-	298,420

Sick Leave Insurance Program (SLIP) – The Sick Leave Insurance Program is a voluntary termination benefit program. The program is an opportunity for employees who are retirement-eligible to use the value of their unused sick leave to pay the employer's share of the monthly premium of the State's group health insurance plan after retirement. A SLIP liability is reported for both current, active Fair Authority employees and retirees. The SLIP liability for current, active employees is included in compensated absences and the liability for retirees is included in accounts payable and accruals.

Upon retirement, employees first receive a cash payment of up to \$2,000 for accumulated, unused sick leave converted at the employee's current regular hourly rate of pay, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick leave hours the employee had before the cash payment:

If the sick leave balance is:**The conversion rate is:**

Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's SLIP account. Each month, the Fair Authority will pay 100% of the employer's share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

The Fair Authority will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, the employee is eligible for Medicare, the employee waives the benefit or the employee dies, whichever comes first. Retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and is not transferable to another use or to an heir. If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

All SLIP program benefits are financed on a pay-as-you-go basis. For the year ended October 31, 2014, two retired employees received benefits of \$7,361 under the SLIP program.

Other Postemployment Benefits - The Fair Authority implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, during the year ended October 31, 2008. This Statement establishes when other postemployment benefit liabilities are recorded under the accrual basis of accounting.

As a part of the State of Iowa, the Fair Authority participates in the State of Iowa postretirement medical plan (OPEB). The OPEB plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The annual valuation of liabilities under the OPEB plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$233,200,000 for the State of Iowa as of June 30, 2014. The Fair Authority's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2014. The report may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

The Fair Authority recognized a cumulative net OPEB liability of \$269,610 for other postemployment benefits, which represents the Fair Authority's portion of the State's net OPEB obligation. The Fair Authority's portion of the net OPEB obligation was calculated using the ratio of full time equivalent employees of the Fair Authority compared to full time equivalent employees of the State of Iowa.

(7) Contractual Commitments

The Fair Authority has entered into contracts for planned capital improvement projects throughout the Fairgrounds and has spent \$3,442,723 under these contracts as of October 31, 2014. The remaining contractual obligation as of October 31, 2014 for projects already in progress totals \$2,678,976.

(8) Risk Management

State employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. Insurance coverage for auto and crime are insured through commercial insurers. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

(9) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending October 31, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional disclosures and required supplementary information. In addition, the Statement of Net position is expected to include a significant liability for the Fair Authority's proportionate share of the employee pension plan.

Supplementary Information

Iowa State Fair Authority

Expenditures by Object
Special Revenue Funds

Year ended October 31, 2014

	Adminis-	Promotion	Total
	tration		
Personal services	\$ 482,175	-	482,175
Travel	7,193	-	7,193
Supplies and materials	57,769	-	57,769
Contractual services	11,949	-	11,949
Miscellaneous	47,060	-	47,060
Equipment	105,028	-	105,028
Marketing	-	756,416	756,416
Donor promotion	-	317,449	317,449
Total	\$ 711,174	1,073,865	1,785,039

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2014

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack	Utilities and Maintenance
Personal services	\$ 2,409,046	270,294	38,102	152,781	57,909	72,167	2,955,085
Travel and conferences	103,359	-	-	-	-	-	-
Supplies and materials	65,647	60,257	434,338	116,480	307,596	-	778,014
Judging	-	-	-	220,897	-	-	-
Contractual services	282,820	52,901	21,350	127,492	962,588	428,652	1,827,040
Repair and improvements	-	-	-	-	-	-	15,528
Talent	-	-	-	-	-	1,865,780	-
Advertising	-	-	-	362	-	-	-
Claims and miscellaneous	295,971	12,546	19,378	121,818	26,603	50,432	88,695
Premiums	-	-	-	474,360	-	-	-
Depreciation	-	-	-	-	-	-	-
Total	\$ 3,156,843	395,998	513,168	1,214,190	1,354,696	2,417,031	5,664,362

See accompanying independent auditor's report.

Marketing and Promotion	Parking	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
-	-	801,802	-	6,267	9,089	-	-	6,772,542
-	-	-	-	-	-	-	-	103,359
-	-	12,939	41,823	6,646	-	-	80,583	1,904,323
-	-	-	-	3,365	-	-	-	224,262
30,899	191,612	131,922	-	154,332	-	-	355,361	4,566,969
-	-	-	-	-	-	-	-	15,528
-	-	-	-	545,395	-	-	61,700	2,472,875
769,349	-	-	-	-	-	-	-	769,711
52,777	-	-	-	73,463	21,555	-	27,016	790,254
-	-	-	-	-	-	-	-	474,360
-	-	-	-	-	-	3,193,414	-	3,193,414
853,025	191,612	946,663	41,823	789,468	30,644	3,193,414	524,660	21,287,597

Schedule 3

Iowa State Fair Authority
Summary of Operating Revenues and State Fair Attendance
For the Five Years Ended October 31, 2014

Fiscal Year	Operating Revenues	Operating Income	State Fair Attendance (Unaudited)
2010	\$ 18,832,776	719,616	967,000
2011	20,638,067	257,145	1,081,000
2012	21,112,711	597,173	1,097,000
2013	21,810,173	1,288,096	1,047,000
2014	22,883,932	1,596,335	1,016,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2014

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Newsboys with Matthew West	5,472	\$ 164,160	75,536	88,624
Happy Together Tour 2014	3,203	80,075	55,000	25,075
Goo Goo Dolls and Daughtry with Plain White T's	8,120	316,680	218,428	98,252
The Stars of A&E's Duck Dynasty	3,582	114,624	200,000	(85,376)
Florida Georgia Line with Colt Ford	11,139	435,525	323,472	112,053
Jake Owen & Eli Young Band with The Cadillac Three	7,597	303,880	209,992	93,888
Chevelle and Halestorm	5,111	178,885	134,000	44,885
Lady Antebellum with Billy Currington and Kelsey K	10,588	516,892	375,858	141,034
Foreigner and Styx	8,994	350,766	244,401	106,365
Total	<u>63,806</u>	<u>\$2,461,487</u>	<u>1,836,687</u>	<u>624,800</u>

This information is included in Exhibit F in grandstand and racetrack entertainment revenue and expenses.

See accompanying independent auditor's report.

Schedule 5

Iowa State Fair Authority

Concessionaire Sales

For the Five Years Ended October 31, 2014
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2010	\$ 7,895,273	668,359	2,172,811
2011	8,908,188	739,272	2,526,453
2012	9,302,603	743,607	2,760,725
2013	10,090,048	832,232	3,042,989
2014	10,207,060	681,326	3,156,928

This information is provided for comparative purposes only. Food and Merchandise are reported at gross sales, whereas Beer is reported at the Fair's net sales commission. The Iowa State Fair Authority receives a varying percentage of vendor proceeds.

See accompanying independent auditor's report.



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Independent Auditor's Report 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 Board Members of the
Iowa State Fair Authority:

We have audited 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority as of and for the year ended October 31, 2014, and the related Notes to Financial Statements, which collectively comprise the Iowa State Fair Authority's basic financial statements, and have issued our report thereon dated May 28, 2015. Our report includes a reference to other auditors who audited the financial statements of the Foundation Endowment, as described in our report on the Iowa State Fair Authority's financial statements. The financial statements of the Foundation Endowment were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iowa State Fair Authority's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iowa State Fair Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iowa State Fair Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Iowa State Fair Authority's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa State Fair 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, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments about the Iowa State Fair Authority's operations for the year ended October 31, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Iowa State Fair Authority. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments are not intended to constitute legal interpretations.

The Iowa State Fair Authority's Responses to the Findings

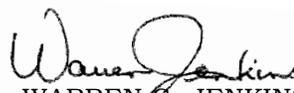
The Iowa State Fair Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Iowa State Fair Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Iowa State Fair Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Iowa State Fair Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa State Fair Authority during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 28, 2015

Iowa State Fair Authority

Schedule of Findings

Year Ended October 31, 2014

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Bank Reconciliations – During the year ended October 31, 2014, one of the twelve monthly bank reconciliations was not reviewed by an independent person.

Recommendation – Monthly bank reconciliations should be reviewed by an independent person and evidence of the review should be documented by the signature or initials of the reviewer and the date of the review.

Response – All monthly bank reconciliations are reviewed by an independent person. Iowa State Fair will ensure all are properly documented by a signature.

Conclusion – Response accepted.

- (B) Blue Ribbon Foundation Credit Card – Various employees use the Blue Ribbon Foundation's credit card. Detailed credit card receipts were not always available to support credit card charges. Supporting documentation did not always include the business purpose and the names of the individuals present at the event for several Foundation purchases.

Recommendation – Credit card receipts should be maintained and reconciled to the detailed billing to support credit card charges. Supporting documentation should include the business purpose and the names of the individuals present at the event.

Response – The Foundation continues to emphasize proper documentation of credit card purchases, including detailed receipts and supporting documentation. Substantial improvements have been made in this area and more training on the procedures will be given to the staff.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

Investment Policy – The Iowa State Fair Authority's investment policy follows Chapter 12B.10 of the Code of Iowa, which states investments are to be rated within the two highest investment classifications. Four of the investments held at October 31, 2014 were rated outside the two highest investment classifications.

Recommendation – The Iowa State Fair Authority should comply with its investment policy and only invest in investments rated within the two highest investment classifications.

Response – Iowa State Fair will ensure all future investments are rated within the two highest investment classifications.

Conclusion – Response accepted.

Iowa State Fair Authority

Staff

This audit was performed by:

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