



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

Contact: Ernest Ruben  
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FOR RELEASE

May 2, 2023

Auditor of State Rob Sand today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2021. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

**FINANCIAL HIGHLIGHTS:**

The Fair Authority's operating revenues totaled \$47,475,859 for the year ended October 31, 2021, a 1,373.6% increase over the prior year. Operating expenses for the year ended October 31, 2021 totaled \$32,935,557, a 106.5% increase over the prior year. The significant increase in revenues and expenses is due primarily to the Iowa State Fair being cancelled in 2020. In addition, the Iowa State Fair in 2021 had perfect weather and an outstanding grandstand lineup which contributed to an increase in attendance and an increase in overall Fair revenue.

The Foundation's revenues totaled \$5,472,802 for the year ended October 31, 2021, a 36.4% decrease from the prior year due to a decrease in appropriations and smaller donations in fiscal year 2021. Expenses for the year ended October 31, 2021 totaled \$2,125,700, a 201.5% increase over the prior year due to an increase in promotion expenses related to capital improvements in fiscal year 2021.

**AUDIT FINDING:**

Sand reported no findings pertaining to the Iowa State Fair Authority.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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

**OCTOBER 31, 2021**

**Iowa State Fair Authority**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

April 7, 2023

Officials of Iowa State Fair Authority  
Des Moines, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Iowa State Fair Authority for the year ended October 31, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Iowa State Fair Authority throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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## Iowa State Fair Authority

### Officials

<u>Name</u>	<u>Title</u>
	<b>State</b>
Honorable Kim Reynolds	Governor
Honorable Michael L. Fitzgerald	Treasurer of State
Kraig Paulsen	Director, Department of Management
Tim McDermott	Director, Legislative Services Agency

### Board Members

Tennie Carlson	President/Director, North Central District
Alan Brown	Director, North Central District
John Harms	Director, Northeast District
Deb Zumbach	Director, Northeast District
Darwin Gaudian	Vice-President/Director, Northwest District
Dave Hoffman	Director, Northwest District
Honorable Michael Naig	Secretary of Agriculture
Dr. Wendy Wintersteen	President, Iowa State University
Randy Brown	Director, South Central District
Jo Reynolds	Director, South Central District
Curtis Claeys	Treasurer/Director, Southeast District
Gary McConnell	Director, Southeast District
C.W. Thomas	Director, Southwest District
Gary Van Aernam	Director, Southwest District
Gary Slater	Chief Executive Officer/Manager

**Iowa State Fair Authority**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand  
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State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515)281-6518

## 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, 2021, 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.

### Emphasis of Matter

As discussed in Note 10 to the financial statements, the Iowa State Fair Authority adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

### 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 12.4% of the assets, 14.3% of the net position and 5.8% 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 auditors, 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, 2021, 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, the Schedule of the Fair Authority's Proportionate Share of the Net Pension Liability, the Schedule of Fair Authority Contributions and the Schedule of Changes in the Fair Authority's Total OPEB Liability, Related Ratios and Notes on pages 8 through 13 and 46 through 50 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*

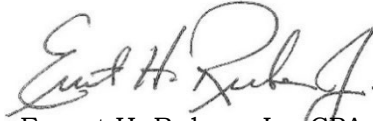
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa State Fair Authority's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended October 31, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 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 presented in Schedules 1 through 4 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 April 7, 2023 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 solely to describe the scope of our testing of the effectiveness over the Authority's 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.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

April 7, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of the Iowa State Fair Authority provides this Management's Discussion and Analysis of the Iowa State Fair's annual financial statements. This narrative overview and analysis of the financial activities of the Iowa State Fair is for the fiscal year ended October 31, 2021. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

### **2021 FINANCIAL HIGHLIGHTS**

- The Iowa State Fair Authority implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2021. The implementation of this standard revised certain asset and liability accounts related to leases, however, had no effect on the beginning net position.
- Operating revenues increased 1,373.6% from fiscal year 2020 to fiscal year 2021. Most revenues from each department increased over the prior year. Revenues increased due to the cancellation of the prior year fair due to the COVID-19 pandemic. Perfect weather and an outstanding grandstand lineup also contributed to an increase in attendance and an increase in overall revenue.
- Operating expenses increased 106.5% in comparison to last year. In fiscal year 2021, the majority of the increase came from the grandstand. Our exceptional grandstand lineup had an effect on the overall expenses of that department with the majority of it in the cost of the entertainment. Other operating expense increases occurred in payroll, concessions, computer software and credit card fees related to the increase in admission and grandstand ticket sales.
- In fiscal year 2021, Phase 1 of Elwell Family Park was completed. The Elwell Family Park is an outdoor arena that hosts tractor pulls, Demo Derby and Monster Truck events. The Hospitality Pavilion was also completed in fiscal year 2021.

### **USING THIS ANNUAL REPORT**

This discussion and analysis is 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 17 through 19) 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 statements and provide more detail. Required Supplementary Information presents the Fair Authority's proportionate share of the net pension liability and related contributions, as well as the Schedule of Changes in the Fair Authority's Total OPEB Liability, Related Ratios and Notes and begins on page 46. Supplementary information is also in schedule form and begins on page 53.

## **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, deferred outflows of resources, liabilities and deferred inflows of resources 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, deferred outflows of resources, 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 years.

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 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 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, exhibits and attractions, competitive events and ag education, campground, grandstand entertainment, utilities and maintenance, marketing and promotion, parking and transportation, public safety, special entertainment 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 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 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 Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the 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 26.

### *Required Supplementary Information*

Required Supplementary Information presents the Fair Authority's proportionate share of the net pension liability and related contributions as well as the schedule of changes in the Fair Authority's total OPEB liability, related ratios and notes.

### *Supplementary Information*

The supplementary schedules begin on page 53 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 \$149.1 million at October 31, 2021 compared to approximately \$131.3 million at October 31, 2020.

Fair Authority Net Position	Governmental Activities		Business Type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 12,012,464	11,692,791	32,863,408	14,626,248	44,875,872	26,319,039
Capital assets	14,484	332,157	114,446,037	116,016,771	114,460,521	116,348,928
Total assets	\$ 12,026,948	12,024,948	147,309,445	130,643,019	159,336,393	142,667,967
Deferred outflows of resources	\$ 23,790	54,792	590,098	1,108,501	613,888	1,163,293
Current liabilities	38,562	32,350	2,736,861	5,643,078	2,775,423	5,675,428
Long-term liabilities	53,040	321,727	1,630,580	6,372,838	1,683,620	6,694,565
Total liabilities	\$ 91,602	354,077	4,367,441	12,015,916	4,459,043	12,369,993
Deferred inflows of resources	\$ 203,792	1,715	6,144,952	189,479	6,348,744	191,194
Net position:						
Net investment in capital assets	\$ 14,484	332,156	114,446,037	116,016,771	114,460,521	116,348,927
Restricted for:						
Endowment	1,578,462	1,235,836	-	-	1,578,462	1,235,836
Capital improvements	5,846,022	4,147,363	-	-	5,846,022	4,147,363
Other purposes	4,316,376	6,008,593	-	-	4,316,376	6,008,593
Unrestricted	-	-	22,941,113	3,529,354	22,941,113	3,529,354
Total net position	\$ 11,755,344	11,723,948	137,387,150	119,546,125	149,142,494	131,270,073

The largest portion of the Fair Authority's net position (76.7%) 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 (15.4%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors.

The remaining balance (7.9%) represents resources subject to external restrictions on how they may be used. The restricted net position will eventually be paid to the business side of the Fair for more investment in its capital assets. The majority of the restricted balance is due to the generous donation from the Richard O. Jacobson Trust.

Fair Authority Changes in Net Position	Governmental Activities		Business Type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for service	\$ 672,543	128,458	34,993,091	3,069,578	35,665,634	3,198,036
Operating grants and contributions	1,821,301	665,834	12,478,353	151,846	14,299,654	817,680
Capital grants and contributions	975,802	2,801,239	-	-	975,802	2,801,239
General revenues:						
State appropriation	-	4,943,716	-	-	-	4,943,716
Reversion to State Treasurer	(387,433)	-	-	-	(387,433)	-
Investment earnings	2,390,589	67,784	(10,718)	343,513	2,379,871	411,297
Gain on disposal of capital assets	-	-	150	-	150	-
Total revenues	5,472,802	8,607,031	47,460,876	3,564,937	52,933,678	12,171,968
<b>Expenses:</b>						
Blue Ribbon Foundation fund raising	2,125,700	705,104	-	-	2,125,700	705,104
State Fair and other events	-	-	32,935,557	15,947,643	32,935,557	15,947,643
Total expenses	2,125,700	705,104	32,935,557	15,947,643	35,061,257	16,652,747
Change in net position before transfers	3,347,102	7,901,927	14,525,319	(12,382,706)	17,872,421	(4,480,779)
Transfers	(3,315,706)	(11,911,261)	3,315,706	11,911,261	-	-
Change in net position	31,396	(4,009,334)	17,841,025	(471,445)	17,872,421	(4,480,779)
Net position beginning of year	11,723,948	15,733,282	119,546,125	120,017,570	131,270,073	135,750,852
Net position end of year	\$ 11,755,344	11,723,948	137,387,150	119,546,125	149,142,494	131,270,073

Iowa State Fair business type activities revenue increased in most departments. The majority of the increases in revenue came from concessions. Our food and beverage percentage increased revenues by over \$565,000 from 2019, the last comparable fair. Thrill park revenue increased more than \$460,000 from 2019. Governmental activities revenues decreased significantly from the prior year with no appropriations.

Approximately 70% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 30% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 29.2% comes from Concessions, commercial exhibitors and attractions, while 19.2% comes from admissions and parking, and grandstand entertainment contributes 16.1%. Revenues of approximately \$1.7 million, or 3.6%, were from off-season rental of our facilities. The Fair Authority business activities grants and donations increased significantly. The Fair received approximately \$8,154,000 from the Shuttered Venue's Operating Grant as well as a forgivable Paycheck Protection Program (PPP) Loan in the amount of \$1,846,000 from the Small Business Administration.

The Fair Authority's expenses for the business type activities increased from the previous year. Our exceptional grandstand lineup had an effect on overall expenses of that department with the majority of it in the cost of the entertainment. Concessions expenses increased due to direct relation to the increase in revenue. An increase in thrill park revenue then increased thrill park operator expense. Other increases were in payroll, purchase of new computer software and an increase in admission and grandstand ticket sales, and the collection of vendor percentage by credit cards resulted in more credit card fees from the previous year. The Fair Authority's expenses for the governmental activities increased 201.5% from the previous year due to more expenses related to fundraising and due to the cancellation of the previous year Fair.

The largest business type activities expense is payroll, which accounts for 24.8% 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. Looking at overall departmental expenses, including payroll, utilities and maintenance account for the largest departmental expenses at 21.3%, while grandstand accounts for 21.0% and administration at 14.2%.

## **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 \$11.8 million, an increase of approximately \$31,000 over the prior year. 100% of the fund balance is restricted or non-spendable, which means the full balance is restricted for specific purposes, with the majority restricted to pay for the renovation of specific projects or is subject to other donor imposed restrictions. Continued support from donors continues to add to the overall increase in fund balance.

## 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, 2021, the Fair's proprietary fund reported an ending net position of approximately \$137 million, an increase of approximately \$17.8 million over the prior year. The majority of the increase in net position is directly attributable to the investment in capital assets and increase of revenues due to the cancellation of the previous year's Fair.

### **CAPITAL ASSETS**

The Fair Authority's investment in capital assets for its governmental and business-type activities at October 31, 2021 was approximately \$183 million, net of accumulated depreciation of approximately \$69 million, leaving a net book value of approximately \$114 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 in 2021 included completing Phase 1 of Elwell Family Park which included the track and first set of bleachers near Gate 13 to host tractor pulls and other events in an outdoor arena. A Hospitality Pavilion was also erected to host Sponsorship and Blue Ribbon Foundation events during the 11-day fair. Funds to pay for the completion of these projects came from donations and the Blue Ribbon Foundation's cash balance. 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 2022 budget. Operating revenues are expected to have a significant increase due to the cancellation of the 2020 State Fair and increases in grandstand ticket sales. No major increases in fees are expected. Operating expenses are also expected to increase due to an increase in payroll costs, increases in grandstand concert expenses and increase in inflation. The Fair Authority's net assets for fiscal year 2022 are expected to have a modest increase.

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, PO Box 57130, Des Moines, Iowa 50317.



**Iowa State Fair Authority**

## **Basic Financial Statements**

**Iowa State Fair Authority**

## Iowa State Fair Authority

## Statement of Net Position

October 31, 2021

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 11,374,837	29,053,811	40,428,648
Unexpended appropriation	44,198	-	44,198
Receivables:			
Accounts	-	470,331	470,331
Accrued interest	3,305	31,634	34,939
Pledges	163,400	-	163,400
Prepaid expenses	-	52,547	52,547
Internal balances	(720,652)	720,652	-
Lease receivable	-	71,321	71,321
Inventories	247,376	-	247,376
Total current assets	11,112,464	30,400,296	41,512,760
Noncurrent assets:			
Pledges receivable	900,000	-	900,000
Lease receivable	-	2,463,112	2,463,112
Capital assets, net of accumulated depreciation:			
Land	-	19,554,900	19,554,900
Buildings	-	73,048,280	73,048,280
Equipment	-	3,255,728	3,255,728
Vehicles	14,484	78,553	93,037
Infrastructure	-	17,457,020	17,457,020
Construction in progress	-	556,834	556,834
Goodwill	-	494,722	494,722
Total noncurrent assets	914,484	116,909,149	117,823,633
<b>Total assets</b>	12,026,948	147,309,445	159,336,393
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	21,629	522,618	544,247
OPEB related deferred outflows	2,161	67,480	69,641
<b>Total deferred outflows of resources</b>	23,790	590,098	613,888
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	1,240,268	1,240,268
Salaries payable	15,993	301,295	317,288
Unearned revenue	-	756,049	756,049
Compensated absences	22,569	358,090	380,659
Lease agreements	-	33,163	33,163
Total OPEB liability	-	47,996	47,996
Total current liabilities	38,562	2,736,861	2,775,423
Noncurrent liabilities:			
Refundable deposits	-	78,826	78,826
Compensated absences	58,400	623,894	682,294
Lease agreements	-	48,977	48,977
Net pension liability (asset)	(42,460)	125,782	83,322
Total OPEB liability	37,100	753,101	790,201
Total noncurrent liabilities	53,040	1,630,580	1,683,620
<b>Total liabilities</b>	91,602	4,367,441	4,459,043
<b>Deferred Inflows of Resources</b>			
Lease related	-	2,570,286	2,570,286
Pension related deferred inflows	203,223	3,549,799	3,753,022
OPEB related deferred inflows	569	24,867	25,436
<b>Total deferred inflows of resources</b>	203,792	6,144,952	6,348,744
<b>Net Position</b>			
Net investment in capital assets	14,484	114,446,037	114,460,521
Restricted for:			
Endowment	1,578,462	-	1,578,462
Capital improvements	5,846,022	-	5,846,022
Other purposes	4,316,376	-	4,316,376
Unrestricted	-	22,941,113	22,941,113
<b>Total net position</b>	\$ 11,755,344	137,387,150	149,142,494

See notes to financial statements.

Iowa State Fair Authority  
Statement of Activities  
Year ended October 31, 2021

	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions</b>				
Governmental activities:				
Blue Ribbon Foundation	\$ 2,125,700	672,543	1,821,301	975,802
Business type activities:				
State Fair and other events	32,935,557	34,993,091	12,478,353	-
Total	\$ 35,061,257	35,665,634	14,299,654	975,802
<b>General revenues and transfers:</b>				
Investment earnings				
Gain on disposal of assets				
Transfers				
Reversion to State Treasurer				
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
1,343,946	-	1,343,946
-	14,535,887	14,535,887
1,343,946	14,535,887	15,879,833
2,390,589	(10,718)	2,379,871
-	150	150
(3,315,706)	3,315,706	-
(387,433)	-	(387,433)
(1,312,550)	3,305,138	1,992,588
31,396	17,841,025	17,872,421
11,723,948	119,546,125	131,270,073
\$ 11,755,344	137,387,150	149,142,494

Iowa State Fair Authority

Balance Sheet  
Special Revenue Funds

October 31, 2021

		Special Revenue		
		Nonmajor		
		Blue Ribbon	Foundation	
		Foundation	Endowment	Total
<b>Assets</b>				
Cash and investments		\$ 9,817,975	1,556,862	11,374,837
Unexpended appropriation		44,198	-	44,198
Receivables:				
Accrued interest		3,305	-	3,305
Pledges		1,041,800	21,600	1,063,400
Inventories		247,376	-	247,376
<b>Total assets</b>		<b>\$ 11,154,654</b>	<b>1,578,462</b>	<b>12,733,116</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Internal balances		\$ 720,652	-	720,652
Salaries payable		15,993	-	15,993
Total liabilities		736,645	-	736,645
Deferred inflows of resources:				
Unavailable revenues		941,800	-	941,800
Fund balances:				
Nonspendable:				
Inventories		247,376	-	247,376
Restricted for:				
Endowment		-	1,578,462	1,578,462
Capital improvements		5,846,022	-	5,846,022
Administration		3,382,811	-	3,382,811
Total fund balance		9,476,209	1,578,462	11,054,671
<b>Total liabilities, deferred inflows of resources and fund balances</b>		<b>\$ 11,154,654</b>	<b>1,578,462</b>	<b>12,733,116</b>
<b>Reconciliation of the Special Revenue Funds Balance Sheet to the Statement of Net Position</b>				
<b>Fund balances - Special Revenue Funds</b>		\$ 9,476,209	1,578,462	11,054,671
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 capital assets consist of:				
Equipment		\$ 115,388		
Less accumulated depreciation		(100,904)	14,484	- 14,484
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.				
			941,800	- 941,800
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:				
Deferred outflows of resources		23,790		
Deferred inflows of resources		(203,792)	(180,002)	- (180,002)
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, net pension liability and total OPEB liability.				
		(75,609)	-	(75,609)
<b>Net position of governmental activities</b>		<b>\$ 10,176,882</b>	<b>1,578,462</b>	<b>11,755,344</b>

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, 2021

	Special Revenue		
	Nonmajor		Total
	Blue Ribbon Foundation	Blue Ribbon Endowment	
Revenues:			
Contributions	\$ 2,676,350	74,845	2,751,195
Sales of promotional items	409,592	-	409,592
Other sales	262,951	-	262,951
In-kind support	267,457	-	267,457
Interest (loss) on investments	2,114,066	276,523	2,390,589
Total revenues	5,730,416	351,368	6,081,784
Expenditures:			
Administration	842,046	8,742	850,788
Promotion	1,300,013	-	1,300,013
Total expenditures	2,142,059	8,742	2,150,801
Excess of revenues over expenditures	3,588,357	342,626	3,930,983
Other financing sources (uses):			
Transfers out	(3,079,180)	-	(3,079,180)
Reversion	(387,433)	-	(387,433)
Total other financing sources (uses)	(3,466,613)	-	(3,466,613)
Change in fund balances	121,744	342,626	464,370
Fund balances beginning of year	9,354,465	1,235,836	10,590,301
Fund balances end of year	\$ 9,476,209	1,578,462	11,054,671
<b>Reconciliation of the Special Revenue Funds</b>			
<b>Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities</b>			
<b>Change in fund balances - Special Revenue Funds</b>	\$ 121,744	342,626	464,370
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.	(145,075)	-	(145,075)
The governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.			
Transfer of capital assets	(313,000)	-	(313,000)
Depreciation/amortization expense	(4,673)	-	(4,673)
The current year IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.	9,651	-	9,651
Compensated absences, net pension liability and total OPEB liability 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.	20,123	-	20,123
<b>Change in net position of governmental activities</b>	\$ (311,230)	342,626	31,396

See notes to financial statements.



## Iowa State Fair Authority

Statement of Net Position  
Enterprise Fund

October 31, 2021

<b>Assets</b>	
Current assets:	
Cash and investments	\$ 29,053,811
Receivables:	
Accounts	470,331
Accrued interest	31,634
Prepaid expenses	52,547
Internal balances	720,652
Lease receivable	<u>71,321</u>
Total current assets	<u>30,400,296</u>
Noncurrent assets:	
Lease receivable	2,463,112
Capital assets, net of accumulated depreciation:	
Land	19,554,900
Buildings	73,048,280
Equipment	3,255,728
Vehicles	78,553
Infrastructure	17,457,020
Construction in progress	556,834
Goodwill	<u>494,722</u>
Total noncurrent assets	<u>116,909,149</u>
<b>Total assets</b>	<u>147,309,445</u>
<b>Deferred outflows of resources:</b>	
Pension related deferred outflows of resources	522,618
OPEB related deferred outflows of resources	<u>67,480</u>
<b>Total deferred outflows of resources</b>	<u>590,098</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,240,268
Salaries payable	301,295
Unearned revenue	756,049
Compensated absences	358,090
Lease agreements	33,163
Total OPEB Liability	<u>45,253</u>
Total current liabilities	<u>2,734,118</u>
Noncurrent liabilities:	
Refundable deposits	78,826
Compensated absences	623,894
Lease agreements	48,977
Net pension liability	125,782
Total OPEB liability	<u>755,844</u>
Total noncurrent liabilities	<u>1,633,323</u>
<b>Total liabilities</b>	<u>4,367,441</u>
<b>Deferred inflows of resources:</b>	
Lease related	2,570,286
Pension related deferred inflows of resources	3,549,799
OPEB related deferred inflows of resources	<u>24,867</u>
<b>Total deferred inflows of resources</b>	<u>6,144,952</u>
<b>Net Position</b>	
Net investment in capital assets	114,446,037
Unrestricted	<u>22,941,113</u>
<b>Total net position</b>	<u>\$ 137,387,150</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, 2021

Operating revenues:	
Admissions	\$ 8,077,754
Concessions, exhibits and attractions	13,866,529
Grandstand entertainment	7,655,303
Parking	1,044,635
Entry fees, sales and other fees	544,758
Campground fees	1,823,714
Sponsorships and administration	12,478,353
Interim events	1,685,915
Maintenance	<u>294,483</u>
Total operating revenues	<u>47,471,444</u>
Operating expenses:	
Administration	4,676,145
Admissions	413,570
Concessions, exhibits and attractions	3,585,708
Competitive events and ag education	1,038,984
Campground	81,779
Grandstand entertainment	6,911,016
Utilities and maintenance	7,013,167
Marketing and promotion	874,537
Parking and transportation	454,982
Public safety	1,682,134
Special entertainment	761,734
Depreciation	5,136,469
Interim events	<u>305,332</u>
Total operating expenses	<u>32,935,557</u>
Operating income	14,535,887
Non-operating revenues:	
Investment income (loss)	(10,718)
Gain on disposal of capital asset	<u>150</u>
Total non-operating revenues	<u>(10,568)</u>
Income before transfers	14,525,319
Transfers in	<u>3,315,706</u>
Change in net position	17,841,025
Net position beginning of year	<u>119,546,125</u>
Net position end of year	<u>\$ 137,387,150</u>

See notes to financial statements.

**Iowa State Fair Authority**

## Iowa State Fair Authority

Statement of Cash Flows  
Enterprise Fund

Year ended October 31, 2021

Cash flows from operating activities:	
Cash received from events	\$ 44,551,118
Cash paid to suppliers	(20,132,945)
Cash paid to employees	<u>(8,289,836)</u>
Net cash provided by operating activities	\$ 16,128,337
Cash flows from non-capital financing activities:	
Transfers in from other funds	3,140,781
Cash flows from capital financing activities:	
Acquisition of property and equipment	(3,483,595)
Disposal of property and equipment	150
Cash flows from investing activities:	
Proceeds from sale and maturities of investments	5,090,296
Purchase of investments	(5,302,305)
Investment income	<u>(1,373)</u>
Net cash provided by investing activities	<u>(213,382)</u>
Increase in cash and cash equivalents	15,572,291
Cash and cash equivalents beginning of year	<u>4,794,588</u>
Cash and cash equivalents end of year	20,366,879
Investments	<u>8,686,932</u>
Cash, cash equivalents and investments end of year	<u>\$ 29,053,811</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 14,535,887
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 5,136,469
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable	274,169
Prepaid expenses	(27,016)
Lease receivable	(2,534,433)
Deferred outflows of resources	518,403
Accounts payable	180,241
Salaries payable	1,832
Unearned revenue	(3,203,332)
Compensated absences	(72,707)
Refundable deposits	20,489
Net pension liability	(4,677,016)
Total OPEB liability	19,878
Deferred inflows of resources	<u>5,955,473</u>
Total adjustments	<u>1,592,450</u>
Net cash provided by operating activities	<u>\$ 16,128,337</u>

See notes to financial statements.

Iowa State Fair Authority  
Notes to Financial Statements  
October 31, 2021

**(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 Foundation 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 Net Position presents the Fair Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net Position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on the use of net position are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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. State appropriation 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, 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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 for the Fair operations 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, 2021 include bonds and certificates of deposit of \$8,686,932.

Pledges Receivable – Pledges receivable in the Special Revenue Fund 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential.

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.

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

Asset Class	Years
Buildings	20 - 40
Equipment	5 - 15
Vehicles	3 - 7
Right-to-use leased assets	2 - 20
Infrastructure	10 - 20

Leases – Fair Authority as Lessee: The Iowa State Fair Authority is the lessee of noncancellable leases of equipment. The Fair Authority has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statement. The Fair Authority recognizes lease liabilities with an individual value of \$5,000 or more.

At the commencement of a lease, the Fair Authority initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Fair Authority determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The Fair Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Fair Authority generally uses the State Treasury maximum lawful rate at the inception of the lease.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of fixed payments.



The Fair Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

**Fair Authority as Lessor:** The Fair Authority is a lessor for noncancellable lease of a building and noncancellable leases for property access rights. The Fair Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and enterprise fund financial statements.

At the commencement of a lease, the Fair Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Fair Authority determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The Fair Authority uses the State Treasury maximum lawful rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Fair Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Fair Authority after the measurement date but before the end of the Fair Authority's reporting period.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the State of Iowa’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 in the governmental fund financial statements consist of pledges receivable not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and deferred amounts related to leases.

Compensated Absences – 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.

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, 2021 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, 2021, the Fair Authority had the following investments in corporate notes and U.S. Government securities.

Investment	Fair Value	Maturity	Credit Risk
US Treasury	\$ 302,936	February 15, 2022	Aaa
US Treasury	762,801	May 15, 2022	Aaa
US Treasury	500,158	July 31, 2022	Aaa
US Treasury	759,124	October 15, 2022	Aaa
US Treasury	1,099,195	November 15, 2022	Aaa
US Treasury	764,817	January 15, 2023	Aaa
US Treasury	762,850	February 15, 2023	Aaa
US Treasury	257,255	May 15, 2023	Aaa
US Treasury	749,042	June 15, 2023	Aaa
US Treasury	248,689	August 15, 2023	Aaa
US Treasury	495,283	January 15, 2024	Aaa
US Treasury	743,710	March 15, 2024	Aaa
US Treasury	743,015	May 15, 2024	Aaa
Total	<u>\$ 8,188,875</u>		

The Fair Authority uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements for the Fair Authority's securities was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

The Fair Authority had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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, 2021, the Foundation had investments held by Morgan Stanley which had a fair value of \$1,477,255.

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 investments are in U.S. Treasury (94.27%) investments.

### (3) Capital Assets

Capital assets activity for the year ended October 31, 2021 was as follows:

	Restated, Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Governmental activities:</b>				
Equipment	\$ 428,388	-	(313,000)	115,388
Less accumulated depreciation	(96,231)	(4,673)	-	(100,904)
Governmental activities capital assets, net	<u>\$ 332,157</u>	<u>(4,673)</u>	<u>(313,000)</u>	<u>14,484</u>
<b>Business type activities:</b>				
Land, not being depreciated	\$ 16,092,610	3,462,289	-	19,554,899
Buildings	112,530,345	13,286,749	-	125,817,094
Equipment	6,187,585	1,160,366	(21,287)	7,326,664
Vehicles	974,209	-	-	974,209
Right-to-use leased equipment	50,134	60,776	-	110,910
Infrastructure	28,660,563	-	-	28,660,563
Construction in progress, not being depreciated	15,008,621	287,143	(14,738,929)	556,835
Goodwill, not being depreciated	494,722	-	-	494,722
Total capital assets	<u>179,998,789</u>	<u>18,257,323</u>	<u>(14,760,216)</u>	<u>183,495,896</u>
Less accumulated depreciation for:				
Buildings	(49,377,227)	(3,391,588)	-	(52,768,815)
Equipment	(3,762,663)	(411,877)	21,287	(4,153,253)
Vehicles	(851,446)	(44,209)	-	(895,655)
Right-to-use leased equipment	-	(28,593)	-	(28,593)
Infrastructure	(9,943,341)	(1,260,202)	-	(11,203,543)
Total accumulated depreciation	<u>(63,934,677)</u>	<u>(5,136,469)</u>	<u>21,287</u>	<u>(69,049,859)</u>
Business type activities capital assets, net	<u>\$ 116,064,112</u>	<u>13,120,854</u>	<u>(14,738,929)</u>	<u>114,446,037</u>

### (4) Leases – Lessor

The Fair Authority owns buildings and towers located on the Iowa State Fairgrounds.

The Fair Authority has three noncancelable leases for building and tower rent, which expire between September 21, 2035 and May 19, 2060. The Fair Authority is to receive annual payments with an implicit rate ranging from 3.75% to 4.25%. The Fair Authority receives rent ranging from \$17,000 to \$62,000 annually.

Effective February 1, 2020, the Fair Authority entered into a one-year lease to rent the building. The lease can be extended up to two additional one-year terms at the option of the lessee. The Fair Authority is to receive \$1,800 in building rent monthly with an implicit rate of 3.50%.

Effective October 20, 2021, the Fair Authority entered into a twenty-five year lease agreement with AT&T whereby AT&T leases a portion of land on the Fairgrounds for the placement of AT&T's communication facility. The Fair Authority is to receive \$1,500 in land rent monthly with an implicit rate of 3.25%.

Year Ending October 31,	Property Access Rights		Building		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ 50,309	74,445	\$ 21,012	589	\$ 71,321	75,034	146,355
2023	52,373	72,932	5,369	31	57,742	72,963	130,705
2024	54,528	71,344	-	-	54,528	71,344	125,872
2025	58,775	69,681	-	-	58,775	69,681	128,456
2026	65,606	67,852	-	-	65,606	67,852	133,458
2027-2031	379,859	305,952	-	-	379,859	305,952	685,811
2032-2036	455,790	236,703	-	-	455,790	236,703	692,493
2037-2041	515,794	161,716	-	-	515,794	161,716	677,510
2042-2046	548,017	69,365	-	-	548,017	69,365	617,382
2047-2051	114,340	22,630	-	-	114,340	22,630	136,970
2052-2056	123,781	13,189	-	-	123,781	13,189	136,970
2057-2060	88,880	2,824	-	-	88,880	2,824	91,704
Total	\$ 2,508,052	1,168,633	\$ 26,381	620	\$ 2,534,433	1,169,253	3,703,686

## (5) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Fair Authority, except for those covered by another retirement system. Employees of the Fair Authority are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Fair Authority contributed 9.44% of covered payroll for a total rate of 15.73%.

The Fair Authority's contributions to IPERS for the year ended October 31, 2021 were \$478,997.

Net Pension Liability, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At October 31, 2021, the Fair Authority reported a liability of \$83,322 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The Fair Authority's proportion of overall plan net pension asset was based on the Fair Authority's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Fair Authority's collective proportion of the overall plan asset was (0.024135%), which was a decrease of 0.095876% from its collective proportion measured as of June 30, 2020.

For the year ended October 31, 2021, the Fair Authority recognized pension expense (reduction) of \$(359,275). At October 31, 2021, the Fair Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,397	63,654
Changes of assumptions	54,500	-
Net difference between projected and actual earnings on IPERS' investments	-	3,018,903
Changes in proportion and differences between Fair Authority contributions and its proportionate share of contributions	255,050	670,465
Fair Authority contributions subsequent to the measurement date	171,300	-
Total	<u>\$ 544,247</u>	<u>3,753,022</u>

\$171,300 reported as deferred outflows of resources related to pensions resulting from Fair Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending October 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (799,224)
2023	(815,703)
2024	(771,865)
2025	(940,885)
2026	<u>(52,398)</u>
Total	<u>\$(3,380,075)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension asset was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Fair Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.



Sensitivity of the Fair Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the Fair Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Fair Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Fair Authority's proportionate share of the net pension liability	\$ 2,949,050	83,322	(2,318,339)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – At October 31, 2021, the Fair Authority reported payables to IPERS of \$36,116 for legally required Fair Authority contributions and \$24,065 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

## (6) Long Term Liabilities

A summary of changes in long-term liabilities for the year ended October 31, 2021 is as follows:

	Governmental Activities				Business Type Activities				
	Compensated Absences	Total OPEB Liability	Net Pension Liability	Total	Lease Agreements	Compensated Absences	Total OPEB Liability	Net Pension Liability	Total
Balance beginning of year, restated	\$ 65,801	35,895	236,765	338,461	50,134	1,054,691	781,219	4,802,798	6,688,842
Additions	15,168	1,205	-	16,373	60,776	-	19,878	-	80,654
Deletions	-	-	279,225	279,225	28,770	72,707	-	4,677,016	4,778,493
Ending balance	<u>\$ 80,969</u>	<u>37,100</u>	<u>(42,460)</u>	<u>75,609</u>	<u>82,140</u>	<u>981,984</u>	<u>801,097</u>	<u>125,782</u>	<u>1,991,003</u>
Due within one year	<u>\$ 22,569</u>	<u>-</u>	<u>-</u>	<u>22,569</u>	<u>33,163</u>	<u>358,090</u>	<u>47,996</u>	<u>-</u>	<u>439,249</u>

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:

<b><u>If the sick leave balance is:</u></b>	<b><u>The conversion rate is:</u></b>
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, 2021, five retired employees received benefits of \$41,850 under the SLIP program.

#### Other Postemployment Benefits

##### Plan Description

The Fair Authority's employees are provided with OPEB through the State of Iowa OPEB Plan – a cost-sharing, multiple-employer defined benefit OPEB plan administered by the State of Iowa (State OPEB Plan). 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 rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in the plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

##### Plan Membership

There are 70 active and 2 retired participants in the plan.

### Plan Benefits

The State OPEB Plan currently offers 3 plans which are available to participants: the Iowa Choice Plan, the National Choice Plan and the SPOC (State Police Officer's Council) Plan.

The contribution requirements of the plan participants are established and may be amended by the State Legislature. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

### OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At October 31, 2021, the Fair Authority reported a liability of \$838,197 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation performed as of January 1, 2021 and rolled forward to June 30, 2021 using generally accepted actuarial principles. The Fair Authority's proportion of the total OPEB liability was based on a ratio of the Fair Authority's active employees in relation to all active employees of the State OPEB plan. At June 30, 2021, the Fair Authority's proportion was 0.415578%.

For the year ended October 31, 2021, the Fair Authority recognized OPEB expense of \$87,672. At October 31, 2021, the Fair Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	54,858
Changes in proportion and differences in the Office's contributions and the Office's proportionate share of contributions	19,394	(29,422)
Changes of assumptions	50,247	-
Total	<u>\$ 69,641</u>	<u>25,436</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2022	\$ 7,540
2023	7,540
2024	7,540
2025	7,540
2026	6,415
Thereafter	7,630
	<u>\$ 44,205</u>

### Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rate	7.0% initial, decreasing to 4.5% ultimate.

The discount rate was based on the 20-year Bond Buyer GO Index as of the end of June 2021.

The majority of State of Iowa employees are participants in the Iowa Public Employees' Retirement Systems. For this reason, the individual salary increase, mortality withdrawal, retirement, and age of spouse assumptions are based on the assumptions used for the Iowa Public Employees' Retirement System (IPERS) actuarial valuation report as of June 30, 2021. The plan participation and coverage election at retirement assumptions are based upon the recent experience of the State of Iowa Postretirement Medical Plan.

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 817,114
Changes for the year:	
Service cost	67,940
Interest	19,408
Differences between expected and actual experiences	(3,184)
Changes in assumptions	(33,430)
Change in proportionate share	17,350
Benefit payments	<u>(47,001)</u>
Net changes	<u>21,083</u>
Total OPEB liability end of year	<u>\$ 838,197</u>

### Sensitivity of the Authority's Total OPEB Liability to Changes in the Discount Rate

The proportionate share of the total OPEB liability was calculated using a discount rate of 2.16%, as well as a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the discount rate is presented below:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 890,842	838,197	787,506

Sensitivity of the Authority's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The proportionate share of the total OPEB liability was calculated using a healthcare cost rate of 7.00% as well as a discount rate that is 1 percentage point lower (6.00%) or 1 percentage higher (8.00%) than the current discount rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the healthcare cost trend rate is presented below:

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 743,596	838,197	949,801

Payables to the OPEB Plan – There were no amounts due to the defined benefit State OPEB plan at June 30, 2021.

**Leases – Lessee**

On November 30, 2017, the Fair Authority entered into a lease agreement for two copiers and two printers. An initial lease liability was recorded in the amount of \$50,134. The agreement requires monthly payments ranging from \$1,822 to \$1,836 over 28 months, with an implicit rate of 4.25% and final payment due February 28, 2023. During the year ended June 30, 2021, principal and interest paid were \$21,129 and \$735, respectively.

On March 20, 2021, the Fair Authority entered into a lease agreement for a copier. An initial lease liability was recorded in the amount of \$60,776. The agreement requires monthly payments of \$979 over 63 months, with an implicit rate of 3.0% and final payment due May 20, 2026. During the year ended June 30, 2021, principal and interest paid were \$7,642 and \$190, respectively.

Future principal and lease payments as of October 31, 2021 are as follows:

Year Ending October 31,	Copiers		
	Principal	Interest	Total
2022	\$ 33,163	621	33,784
2023	18,858	236	19,094
2024	11,606	142	11,748
2025	11,673	75	11,748
2026	6,840	13	6,853
Total	\$ 82,140	1,087	83,227

**(7) 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).

**(8) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2021. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets, net	Lease Agreements	Lease Receivable	Deferred Inflow of Resources
Balances October 31, 2020 as previously reported	\$ 116,013,978	-	-	-
Change to implement GASBS No. 87	50,134	50,134	2,696,745	2,696,475
Balances November 1, 2020, as restated	\$ 116,064,112	50,134	2,696,745	2,696,475

**(9) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending October 31, 2022. The revised requirements of this statement will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

**Iowa State Fair Authority**

**Required Supplementary Information**



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Iowa State Fair Authority

Schedule of the Fair Authority's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Eight Years\*  
(In Thousands)

Required Supplementary Information

	2021	2020	2019	2018
Fair Authority's proportion of the net pension liability/asset	(0.024135%) **	0.071740%	0.067379%	0.066124%
Fair Authority's proportionate share of the net pension liability (asset)	\$ 83	5,040	3,902	4,184
Fair Authority's covered payroll	\$ 5,074	4,810	5,198	5,118
Fair Authority's proportionate share of the net pension liability as a percentage of its covered payroll	1.64%	104.78%	75.07%	81.75%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

\*\* Overall plan net pension asset.

See accompanying independent auditor's report.

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2017	2016	2015	2014
0.063373%	0.064763%	0.063564%	0.070552%
4,221	4,076	3,140	2,798
4,882	4,714	4,423	4,485
86.46%	86.47%	70.99%	62.39%
82.21%	81.82%	85.19%	87.61%

Iowa State Fair Authority  
 Schedule of Fair Authority Contributions  
 Iowa Public Employees' Retirement System  
 Last Fiscal Nine Years\*  
 (In Thousands)

Required Supplementary Information

	2021	2020	2019	2018
Statutorily required contribution	\$ 479	454	491	457
Contributions in relation to the statutorily required contribution	(479)	(454)	(491)	(457)
Contribution deficiency (excess)	\$ -	-	-	-
Fair Authority's covered payroll	\$ 5,074	4,810	5,198	5,118
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the Fair Authority will present information for those years for which information is available.

See accompanying independent auditor's report.

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2017	2016	2015	2014	2013
436	421	395	401	399
(436)	(421)	(395)	(401)	(399)
-	-	-	-	-
4,882	4,714	4,423	4,485	4,568
8.93%	8.93%	8.93%	8.93%	8.73%

Iowa State Fair Authority

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended October 31, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## **Supplementary Information**

**Iowa State Fair Authority**

Iowa State Fair Authority  
Expenditures by Object  
Blue Ribbon Foundation Special Revenue Fund

Year ended October 31, 2021

	Administration	Promotion	Total
Personal services	\$ 565,248	-	565,248
Travel	1,182	-	1,182
Supplies and materials	135,113	-	135,113
Contractual services	7,975	-	7,975
Miscellaneous	96,494	-	96,494
Equipment	36,034	-	36,034
Marketing	-	485,603	485,603
Donor promotion	-	814,410	814,410
Total	<u>\$ 842,046</u>	<u>1,300,013</u>	<u>2,142,059</u>

See accompanying independent auditor's report.



Iowa State Fair Authority

Expenses by Object  
Enterprise Fund

Year ended October 31, 2021

	Administration	Admissions	Concessions, Exhibits and Attractions	Competitive Events and Ag Education	Campground	Grandstand Entertainment
Personal services	\$ 3,455,851	362,800	300,230	219,346	55,680	90,037
Travel and conferences	-	-	-	-	-	-
Supplies and materials	383,543	49,707	1,138,017	138,355	-	-
Judging	-	-	-	133,248	-	-
Contractual services	150,234	1,063	2,143,953	182,835	26,099	824,973
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	5,760,269
Advertising	102,483	-	-	630	-	-
Claims and miscellaneous	584,034	-	3,508	46,147	-	235,737
Premiums	-	-	-	318,423	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 4,676,145	413,570	3,585,708	1,038,984	81,779	6,911,016

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Parking and Transportation	Public Safety	Special Entertainment	Depreciation	Interim Events	Total
2,623,829	-	70,548	965,937	8,708	-	-	8,152,966
-	-	-	-	2,009	-	-	2,009
1,303,761	-	-	36,667	17,108	-	33,159	3,100,317
-	-	-	-	3,895	-	-	137,143
2,390,475	34,348	384,434	679,530	201,240	-	267,658	7,286,842
372,516	-	-	-	-	-	-	372,516
-	-	-	-	506,810	-	-	6,267,079
-	783,248	-	-	-	-	-	886,361
322,586	56,941	-	-	21,964	-	4,515	1,275,432
-	-	-	-	-	-	-	318,423
-	-	-	-	-	5,136,469	-	5,136,469
7,013,167	874,537	454,982	1,682,134	761,734	5,136,469	305,332	32,935,557

**Schedule 3**

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Iowa State Fair Authority  
Summary of Operating Revenues and Paid Admissions  
For the Five Years Ended October 31, 2021

Fiscal Year	Operating Revenues	Operating Income (loss)	Paid Admissions
2017	\$ 26,874,435	412,888	895,601
2018	29,581,713	209,479	890,567
2019	34,452,580	767,113	949,630
2020	3,221,424	(12,726,219)	-
2021	47,471,444	14,535,887	798,120

\* No paid admissions in 2020 due to the cancellation of the Iowa State Fair.

See accompanying independent auditor's report.

Iowa State Fair Authority  
Grandstand Performances  
Year ended October 31, 2021

Main Act Performer	Attendance (Net of Complimentary Tickets)	Revenues	Performer's Share	State Fair's Share
Casting Crowns	5,508	\$ 242,040	158,984	83,056
Blake Shelton	16,715	1,219,710	1,097,768	121,942
Sam Hunt	13,508	867,075	762,732	104,343
Boyz II Men	7,444	301,600	199,780	101,820
Cole Swindell & Dustin Lynch	8,860	408,981	400,000	8,981
The Beach Boys	7,565	369,285	229,928	139,357
Styx	7,065	310,800	198,140	112,660
Chris Stapleton	17,174	1,244,995	1,068,996	175,999
Five Finger Death Punch	11,520	615,140	524,748	90,392
Dan & Shay	10,697	757,515	654,012	103,503
The Doobie Brothers	9,968	544,521	462,500	82,021
Total	<u>116,024</u>	<u>\$ 6,881,662</u>	<u>5,757,588</u>	<u>1,124,074</u>

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

See accompanying independent auditor's report.

**Iowa State Fair Authority**

## Iowa State Fair Authority

## Concessionaire Sales

For the Six Years Ended October 31, 2021  
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2017	\$ 11,858,230	943,511	4,127,309
2018	11,787,171	981,968	4,151,731
2019	13,643,073	1,029,319	5,358,568
2020*	-	-	-
2021	13,232,176	1,249,292	6,645,820

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.

\* No Vendor sales in 2020 due to the cancellation of the Iowa State Fair.

See accompanying independent auditor's report.



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Rob Sand  
Auditor of State

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, 2021, 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 April 7, 2023. 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 as a basis for designing 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

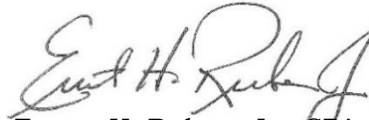
### Compliance and Other Matters

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 financial statements. 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.

### 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.



Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

April 7, 2023



Iowa State Fair Authority  
Schedule of Findings  
Year Ended October 31, 2021

**Findings Related to the Financial Statements:**

No matters were noted.

**Instances of Non-Compliance:**

No matters were noted.

**Findings Related to Statutory Requirements and Other Matters:**

No matters were noted.

Iowa State Fair Authority

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Tiffany M. Ainger, CPA, Manager  
Micaela A. Tintjer, CPA, Senior II Auditor  
Priscilla M. Ruiz Torres, Staff Auditor  
Ridge G. Nenning, Staff Auditor  
Ronica H. Drury, Staff Auditor  
Jorge M. Morales, Assistant Auditor