



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

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Auditor of State

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**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

August 29, 2024

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Auditor of State Rob Sand today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2023. 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 \$45,732,690 for the year ended October 31, 2023, a 13.2% increase over the prior year. Operating expenses for the year ended October 31, 2023 totaled \$40,734,774, a 10.3% increase over the prior year. The significant increase in revenues is due to an increase in admission prices for the 2023 State Fair. The increase in expenses is due primarily to larger Grandstand artist contracts. In addition, the Iowa State Fair in 2023 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 \$6,870,291 for the year ended October 31, 2023, a 56.5% decrease from the prior year due to a decrease in appropriations and smaller donor donations in fiscal year 2023. Expenses for the year ended October 31, 2023 totaled \$3,065,209, a 17.0% increase over the prior year due to an increase in promotion expenses.

**AUDIT FINDING:**

Sand reported four findings pertaining to the Iowa State Fair Authority and Blue Ribbon Foundation. They are found on pages 66 through 69 of this report. The findings address the issues such as material amounts of capital assets not properly recorded in the Authority's financial statements, unsupported disbursements, exceeding employment agreements and noncompliance with the Code of Iowa in regards of the Iowa State Fair Authority's depository resolution.

One of the findings above which relates to the Iowa State Fair Authority is repeated from the prior year. The Iowa State Fair Authority Board has a fiduciary responsibility to provide oversight of the Authority's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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, 2023**

**Iowa State Fair Authority**



**OFFICE OF AUDITOR OF STATE**  
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Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

Rob Sand  
Auditor of State

June 19, 2024

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, 2023. 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", written in a cursive style.

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 Roby Smith	Treasurer of State
Kraig Paulsen	Director, Department of Management
Tim McDermott	Director, Legislative Services Agency

### Board Members

Alan Brown	Director, North Central District
Tennie Carlson	Director, North Central District
John Harms	Director, Northeast District
Deb Zumbach	Treasurer/Director, Northeast District
Darwin Gaudian	President/Director, Northwest District
VerDon Schmidt	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	Vice-President/Director, Southeast District
Gary McConnell	Director, Southeast District
C.W. Thomas	Director, Southwest District
Gary Van Aernam	Director, Southwest District
Jeremy Parsons	Chief Executive Officer/Manager

**Iowa State Fair Authority**



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Independent Auditor's Report

To the Board Members of the Iowa State Fair Authority:

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

In our opinion, 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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Iowa State Fair Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Iowa State Fair Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We did not audit the financial statements of the Blue Ribbon Foundation Endowment, which accounts for 7.2% of the assets, 7.3% of the net position and 3.3% 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.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Iowa State Fair Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Fair Authority's Proportionate Share of the Net Pension Liability (Asset), 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 14 and 46 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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 nine years ended October 31, 2022 (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.

Such 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. The 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 5 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 June 19, 2024 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 internal control over financial reporting 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 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 19, 2024

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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, 2023. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

### **2023 FINANCIAL HIGHLIGHTS**

- Operating revenues increased 13.2% from fiscal year 2022 to fiscal year 2023. The increase is due to an increase in admission prices for the 2023 State Fair. Most revenues from each department increased over the prior year. Perfect weather and an outstanding grandstand lineup also contributed to an increase in attendance and an increase in overall revenue.
- Operating expenses increased 10.3% in comparison to last year. In fiscal year 2023, 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 2023, Phase 3 of Elwell Family Park was completed. This phase completed restrooms for the event area. The Elwell Family Park is an outdoor arena that hosts tractor pulls, Demo Derby and ATV/UTV events.

### **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 16 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 57.

### **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 \$176.9 million at October 31, 2023 compared to approximately \$165.7 million at October 31, 2022.

<b>Fair Authority Net Position</b>	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	<b>Total</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 22,117,358	21,754,252	47,050,667	41,067,152	69,168,025	62,821,404
Capital assets	5,142	9,814	116,422,824	113,222,468	116,427,966	113,232,282
Total assets	<u>\$ 22,122,500</u>	<u>21,764,066</u>	<u>163,473,491</u>	<u>154,289,620</u>	<u>185,595,991</u>	<u>176,053,686</u>
Deferred outflows of resources	\$ 71,074	38,296	1,405,981	831,958	1,477,055	870,254
Current liabilities	\$ 25,593	47,147	1,835,604	3,112,986	1,861,197	3,160,133
Long-term liabilities	213,579	178,315	4,068,828	3,810,844	4,282,407	3,989,159
Total liabilities	<u>\$ 239,172</u>	<u>225,462</u>	<u>5,904,432</u>	<u>6,923,830</u>	<u>6,143,604</u>	<u>7,149,292</u>
Deferred inflows of resources	\$ 47,784	46,740	3,980,109	4,029,632	4,027,893	4,076,372
Net position:						
Net investment in capital assets	\$ 5,142	9,814	116,289,070	113,222,468	116,294,212	113,232,282
Restricted for:						
Endowment	1,598,895	1,381,562	-	-	1,598,895	1,381,562
Capital improvements	7,526,268	11,712,711	-	-	7,526,268	11,712,711
Other purposes	12,776,313	8,426,073	-	-	12,776,313	8,426,073
Unrestricted	-	-	38,705,861	30,945,648	38,705,861	30,945,648
Total net position	<u>\$ 21,906,618</u>	<u>21,530,160</u>	<u>154,994,931</u>	<u>144,168,116</u>	<u>176,901,549</u>	<u>165,698,276</u>

The largest portion of the Fair Authority's net position (65.7%) 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 (21.9%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors.

The remaining balance (12.4%) 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.

<b>Fair Authority</b>	<b>Governmental</b>		<b>Business Type</b>		<b>Total</b>	<b>Total</b>
	<b>Activities</b>		<b>Activities</b>			
<b>Changes in Net Position</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues:</b>						
Program revenues:						
Charges for service	\$ 963,278	888,663	44,118,491	38,441,589	45,081,769	39,330,252
Operating grants and contributions	3,392,511	2,504,070	1,614,199	1,953,932	5,006,710	4,458,002
Capital grants and contributions	3,362,142	7,591,649	-	-	3,362,142	7,591,649
General revenues:						
State appropriation	-	6,000,000	-	-	-	6,000,000
American Rescue Plan Act	-	-	1,375,518	-	1,375,518	-
Investment earnings (loss)	(847,640)	(1,183,857)	1,024,757	(77,736)	177,117	(1,261,593)
Total revenues	6,870,291	15,800,525	48,132,965	40,317,785	55,003,256	56,118,310
<b>Expenses:</b>						
Blue Ribbon Foundation						
fund raising	3,065,209	2,620,741	-	-	3,065,209	2,620,741
State Fair and other events	-	-	40,734,774	36,941,787	40,734,774	36,941,787
Total expenses	3,065,209	2,620,741	40,734,774	36,941,787	43,799,983	39,562,528
Change in net position						
before transfers	3,805,082	13,179,784	7,398,191	3,375,998	11,203,273	16,555,782
Transfers	(3,428,624)	(3,404,968)	3,428,624	3,404,968	-	-
Change in net position	376,458	9,774,816	10,826,815	6,780,966	11,203,273	16,555,782
Net position beginning of year	21,530,160	11,755,344	144,168,116	137,387,150	165,698,276	149,142,494
Net position end of year	\$ 21,906,618	21,530,160	154,994,931	144,168,116	176,901,549	165,698,276

Iowa State Fair business type activities revenue increased in most departments. The majority of the increases in revenue came from admissions, thrill park and concessions. Admissions and thrill park revenue increased approximately \$2,418,000 and \$757,000, respectively, over 2022. Our food and beverage percentage increased revenues by \$1,141,000 over 2022. Governmental activities revenues decreased significantly from the prior year due to no state appropriations and smaller donations.

Approximately 89.8% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 10.2% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 38.4% comes from Concessions, commercial exhibitors and attractions, while 27.5% comes from admissions and parking, and grandstand entertainment contributes 17.6%. Revenues of approximately \$2.8 million, or 6.0%, were from off-season rental of our facilities. The Fair Authority business activities grants and donations increased significantly. The Fair received approximately \$1,376,000 from the American Rescue Plan Act in 2023.

The Fair Authority's expenses for the business type activities increased over 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 17.0% from the previous year due to more expenses related to fundraising for the barn renovation projects.

The largest business type activities expense is payroll, which accounts for 25.3% 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, grandstand accounts for the largest departmental expenses at 21.5%, while utilities and maintenance account for 21.4% and administration at 14.5%.

## **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 \$21.9 million, an increase of approximately \$376,000 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, 2023, the Fair's proprietary fund reported an ending net position of approximately \$155 million, an increase of approximately \$11 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.

## **CAPITAL ASSETS**

The Fair Authority's investment in capital assets for its governmental and business-type activities at October 31, 2023 was approximately \$195 million, net of accumulated depreciation of approximately \$79 million, leaving a net book value of approximately \$116 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 2023 included completing Phase 3 of Elwell Family Park which included restrooms for the outdoor arena. The Public Safety Building and Barn Renovation projects started in 2023. Funds to pay for the completion of these projects came from donations, state appropriations, and the American Rescue Plan Act. 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 2024 budget. Operating revenues are expected to have an increase due to consumer spending on concessions and thrill park rides and games. 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 2024 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.

## **Basic Financial Statements**

**Exhibit A**

## Iowa State Fair Authority

## Statement of Net Position

October 31, 2023

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 13,446,768	39,570,908	53,017,676
Unexpended appropriation	4,951,147	-	4,951,147
Receivables:			
Accounts	-	737,309	737,309
Accrued interest	48,712	81,427	130,139
Pledges	3,517,875	-	3,517,875
Due from other governments	-	1,375,518	1,375,518
Prepaid expenses	-	84,038	84,038
Internal balances	(2,159,148)	2,159,148	-
Lease receivable	-	79,888	79,888
Inventories	319,129	-	319,129
Total current assets	20,124,483	44,088,236	64,212,719
Noncurrent assets:			
Pledges receivable	1,992,875	-	1,992,875
Lease receivable	-	2,962,431	2,962,431
Capital assets, net of accumulated depreciation:			
Land	-	22,306,269	22,306,269
Buildings	-	68,712,418	68,712,418
Equipment	-	2,912,057	2,912,057
Vehicles	5,142	213,785	218,927
Infrastructure	-	16,488,484	16,488,484
Construction in progress	-	5,295,089	5,295,089
Goodwill	-	494,722	494,722
Total noncurrent assets	1,998,017	119,385,255	121,383,272
<b>Total assets</b>	22,122,500	163,473,491	185,595,991
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	49,309	990,921	1,040,230
OPEB related deferred outflows	21,765	415,060	436,825
<b>Total deferred outflows of resources</b>	71,074	1,405,981	1,477,055

## Iowa State Fair Authority

## Statement of Net Position

October 31, 2023

	Governmental Activities	Business Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	858,969	858,969
Salaries payable	6,020	193,062	199,082
Unearned revenue	-	438,870	438,870
Compensated absences	19,573	271,992	291,565
Lease agreements	-	29,750	29,750
Total OPEB liability	-	42,961	42,961
Total current liabilities	25,593	1,835,604	1,861,197
Noncurrent liabilities:			
Compensated absences	83,854	854,166	938,020
Lease agreements	-	104,004	104,004
Net pension liability (asset)	96,989	2,427,558	2,524,547
Total OPEB liability	32,736	683,100	715,836
Total noncurrent liabilities	213,579	4,068,828	4,282,407
<b>Total liabilities</b>	<b>239,172</b>	<b>5,904,432</b>	<b>6,143,604</b>
<b>Deferred Inflows of Resources</b>			
Lease related	-	2,968,733	2,968,733
Pension related deferred inflows	32,031	723,463	755,494
OPEB related deferred inflows	15,753	287,913	303,666
<b>Total deferred inflows of resources</b>	<b>47,784</b>	<b>3,980,109</b>	<b>4,027,893</b>
<b>Net Position</b>			
Net investment in capital assets	5,142	116,289,070	116,294,212
Restricted for:			
Endowment	1,598,895	-	1,598,895
Capital improvements	7,526,268	-	7,526,268
Other purposes	12,776,313	-	12,776,313
Unrestricted	-	38,705,861	38,705,861
<b>Total net position</b>	<b>\$ 21,906,618</b>	<b>154,994,931</b>	<b>176,901,549</b>

See notes to financial statements.

Iowa State Fair Authority  
Statement of Activities  
Year ended October 31, 2023

<b>Functions</b>	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Blue Ribbon Foundation	\$ 3,065,209	963,278	3,392,511	3,362,142
Business type activities:				
State Fair and other events	40,734,774	44,118,491	1,614,199	-
<b>Total</b>	<b>\$ 43,799,983</b>	<b>45,081,769</b>	<b>5,006,710</b>	<b>3,362,142</b>
<b>General revenues and transfers:</b>				
American Rescue Plan Act				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
4,652,722	-	4,652,722
-	4,997,916	4,997,916
4,652,722	4,997,916	9,650,638
-	1,375,518	1,375,518
(847,640)	1,024,757	177,117
(3,428,624)	3,428,624	-
(4,276,264)	5,828,899	1,552,635
376,458	10,826,815	11,203,273
21,530,160	144,168,116	165,698,276
\$ 21,906,618	154,994,931	176,901,549

Iowa State Fair Authority

Balance Sheet  
Special Revenue Funds

October 31, 2023

	Special Revenue		
	Nonmajor		
	Blue Ribbon Foundation	Blue Ribbon Foundation Endowment	Total
<b>Assets</b>			
Cash and investments	\$ 11,847,873	1,598,895	13,446,768
Unexpended appropriation	4,951,147	-	4,951,147
Receivables:			
Accrued interest	48,712	-	48,712
Pledges	5,510,750	-	5,510,750
Inventories	319,129	-	319,129
<b>Total assets</b>	<b>\$ 22,677,611</b>	<b>1,598,895</b>	<b>24,276,506</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Internal balances	\$ 2,159,148	-	2,159,148
Salaries payable	6,020	-	6,020
Total liabilities	2,165,168	-	2,165,168
Deferred inflows of resources:			
Unavailable revenues	4,974,000	-	4,974,000
Fund balances:			
Nonspendable:			
Inventories	319,129	-	319,129
Restricted for:			
Endowment	-	1,598,895	1,598,895
Capital improvements	7,526,268	-	7,526,268
Administration	7,693,046	-	7,693,046
Total fund balance	15,538,443	1,598,895	17,137,338
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,677,611</b>	<b>1,598,895</b>	<b>24,276,506</b>
<b>Reconciliation of the Special Revenue Funds Balance Sheet to the Statement of Net Position Fund balances - Special Revenue Funds</b>			
	<b>\$ 15,538,443</b>	<b>1,598,895</b>	<b>17,137,338</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. These capital assets consist of:			
Equipment	\$ 107,088		
Less accumulated depreciation	(101,946)	5,142	-
			5,142
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.			
		4,974,000	-
			4,974,000
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	71,074		
Deferred inflows of resources	(47,784)	23,290	-
			23,290
Long-term 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.			
		(233,152)	-
			(233,152)
<b>Net position of governmental activities</b>	<b>\$ 20,307,723</b>	<b>1,598,895</b>	<b>21,906,618</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, 2023

	Special Revenue		
	Nonmajor		Total
	Blue Ribbon Foundation	Blue Ribbon Foundation Endowment	
Revenues:			
Contributions	\$ 4,787,840	171,865	4,959,705
Sales of promotional items	618,082	-	618,082
Other sales	345,195	-	345,195
In-kind support	471,262	-	471,262
Interest (loss) on investments	(902,777)	55,137	(847,640)
Total revenues	<u>\$ 5,319,602</u>	<u>227,002</u>	<u>5,546,604</u>
Expenditures:			
Administration	988,568	9,669	998,237
Promotion	2,064,095	-	2,064,095
Total expenditures	<u>3,052,663</u>	<u>9,669</u>	<u>3,062,332</u>
Excess of revenues over expenditures	2,266,939	217,333	2,484,272
Other financing sources (uses):			
Transfers out	(3,428,624)	-	(3,428,624)
Change in fund balances	(1,161,685)	217,333	(944,352)
Fund balances beginning of year	16,700,128	1,381,562	18,081,690
Fund balances end of year	<u>\$ 15,538,443</u>	<u>1,598,895</u>	<u>17,137,338</u>

**Reconciliation of the Special Revenue Funds  
Statement of Revenues, Expenditures and Changes  
in Fund Balances to the Statement of Activities  
Change in fund balances - Special Revenue Funds**

	\$ (1,161,685)	217,333	(944,352)
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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.

	1,323,686	-	1,323,686
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The governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Depreciation/amortization expense

	(4,672)	-	(4,672)
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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.

	12,950	-	12,950
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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.

	(11,154)	-	(11,154)
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**Change in net position of governmental activities**

	<u>\$ 159,125</u>	<u>217,333</u>	<u>376,458</u>
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See notes to financial statements.



Iowa State Fair Authority

Statement of Net Position  
Enterprise Fund

October 31, 2023

<b>Assets</b>	
Current assets:	
Cash and investments	\$ 39,570,908
Receivables:	
Accounts	737,309
Accrued interest	81,427
Due from other governments	1,375,518
Prepaid expenses	84,038
Internal balances	2,159,148
Lease receivable	<u>79,888</u>
Total current assets	<u>44,088,236</u>
Noncurrent assets:	
Lease receivable	2,962,431
Capital assets, net of accumulated depreciation:	
Land	22,306,269
Buildings	68,712,418
Equipment	2,912,056
Vehicles	213,785
Infrastructure	16,488,485
Construction in progress	5,295,089
Goodwill	<u>494,722</u>
Total noncurrent assets	<u>119,385,255</u>
<b>Total assets</b>	<u>163,473,491</u>
<b>Deferred outflows of resources:</b>	
Pension related deferred outflows of resources	990,921
OPEB related deferred outflows of resources	<u>415,060</u>
<b>Total deferred outflows of resources</b>	<u>1,405,981</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	858,969
Salaries payable	193,062
Unearned revenue	438,870
Compensated absences	271,992
Lease agreements	29,750
Total OPEB Liability	<u>42,961</u>
Total current liabilities	<u>1,835,604</u>
Noncurrent liabilities:	
Compensated absences	854,166
Lease agreements	104,004
Net pension liability	2,427,558
Total OPEB liability	<u>683,100</u>
Total noncurrent liabilities	<u>4,068,828</u>
<b>Total liabilities</b>	<u>5,904,432</u>
<b>Deferred inflows of resources:</b>	
Lease related	2,968,733
Pension related deferred inflows of resources	723,463
OPEB related deferred inflows of resources	<u>287,913</u>
<b>Total deferred inflows of resources</b>	<u>3,980,109</u>
<b>Net Position</b>	
Net investment in capital assets	116,289,070
Unrestricted	<u>38,705,861</u>
<b>Total net position</b>	<u>\$ 154,994,931</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, 2023

Operating revenues:	
Admissions	\$ 11,494,273
Concessions, exhibits and attractions	17,573,777
Grandstand entertainment	8,064,303
Parking	1,087,630
Entry fees, sales and other fees	701,870
Campground fees	2,147,091
Sponsorships and administration	1,614,199
Interim events	2,760,507
Maintenance	<u>289,040</u>
Total operating revenues	<u>45,732,690</u>
Operating expenses:	
Administration	5,922,533
Admissions	576,441
Concessions, exhibits and attractions	4,678,779
Competitive events and ag education	1,316,639
Campground	75,456
Grandstand entertainment	8,736,238
Utilities and maintenance	8,718,326
Marketing and promotion	1,076,969
Parking and transportation	506,583
Public safety	2,396,068
Special entertainment	994,187
Depreciation	5,073,792
Interim events	<u>662,763</u>
Total operating expenses	<u>40,734,774</u>
Operating income	4,997,916
Non-operating revenues:	
American Rescue Plan Act	1,375,518
Investment income	<u>1,024,757</u>
Total non-operating revenues	<u>2,400,275</u>
Income before transfers	7,398,191
Transfers in	<u>3,428,624</u>
Change in net position	10,826,815
Net position beginning of year	<u>144,168,116</u>
Net position end of year	<u>\$ 154,994,931</u>

See notes to financial statements.

**Iowa State Fair Authority**

## Iowa State Fair Authority

Statement of Cash Flows  
Enterprise Fund

Year ended October 31, 2023

Cash flows from operating activities:		
Cash received from events	\$ 45,416,045	
Cash paid to suppliers	(27,289,466)	
Cash paid to employees	<u>(9,754,435)</u>	
Net cash provided by operating activities		\$ 8,372,144
Cash flows from non-capital financing activities:		
Transfers in from other funds		1,776,985
Cash flows from capital financing activities:		
Acquisition of property and equipment		(8,381,037)
Disposal of property and equipment		191,666
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	48,926,626	
Purchase of investments	(48,806,663)	
Investment income	<u>975,590</u>	
Net cash provided by investing activities		<u>1,095,553</u>
Increase in cash and cash equivalents		3,055,311
Cash and cash equivalents beginning of year		<u>27,322,083</u>
Cash and cash equivalents end of year		30,377,394
Investments		<u>9,193,514</u>
Cash, cash equivalents and investments end of year		<u>\$ 39,570,908</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income		\$ 4,997,916
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 5,073,792	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	83,467	
Prepaid expenses	(71,558)	
Lease receivable	16,248	
Deferred outflows of resources	(574,023)	
Accounts payable	(651,401)	
Salaries payable	(181,003)	
Unearned revenue	(269,904)	
Compensated absences	65,107	
Refundable deposits	(78,326)	
Net pension liability	29,504	
Total OPEB liability	(18,152)	
Deferred inflows of resources	<u>(49,523)</u>	
Total adjustments		<u>3,374,228</u>
Net cash provided by operating activities		<u>\$ 8,372,144</u>
See notes to financial statements.		

Iowa State Fair Authority  
Notes to Financial Statements  
October 31, 2023

**(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/amortization and reduced by outstanding balances for debt attributable to the acquisition, construction or improvement of those assets.

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. Capital asset acquisitions are reported as expenditures in governmental funds.

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, 2023 include bonds and certificates of deposit of \$9,193,514.

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 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 that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the Fair Authority as assets with an initial individual cost in excess of the following thresholds and an estimated useful life in excess of two years.

Asset Class	Amount
Buildings	\$ 10,000
Equipment	5,000
Vehicles	5,000
Right-to-use leased assets	5,000
Right-to-use subscription assets	250,000
Infrastructure	50,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the year ended October 31, 2023, no interest costs were capitalized since no interest costs were incurred during the construction period.

Land and construction in progress are not depreciated. The other property, plant, equipment, the right to use leased equipment and infrastructure are depreciated/amortized 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
Right-to-use subscription assets	2 - 20
Infrastructure	10 - 20

Leases – Fair Authority as Lessee – The Iowa State Fair Authority is the lessee of two 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 payments 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 Usury 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 one noncancellable lease of a building and four 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 Usury 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, 2023 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, 2023, the Fair Authority had the following investments in corporate notes and U.S. Government securities.

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Risk</u>
US Treasury	\$ 2,226,848	January 15, 2024	Aaa
US Treasury	3,742,571	February 15, 2024	Aaa
US Treasury	1,472,074	March 15, 2024	Aaa
US Treasury	<u>1,752,021</u>	May 15, 2024	Aaa
Total	<u>\$ 9,193,514</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, 2023, the Foundation had investments held by Morgan Stanley which had a fair value of \$1,586,124.

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 (100.0%) investments.

### (3) Capital Assets

Capital assets activity for the year ended October 31, 2023 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Governmental activities:</b>				
Equipment	\$ 115,388	-	(8,300)	107,088
Less accumulated depreciation	105,574	4,672	(8,300)	101,946
Governmental activities capital assets, net	<u>\$ 9,814</u>	<u>4,672</u>	<u>-</u>	<u>5,142</u>
<b>Business type activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 21,972,667	333,602	-	22,306,269
Construction in progress	592,726	5,260,220	(557,857)	5,295,089
Goodwill, not being depreciated	494,722	-	-	494,722
Total capital assets not being depreciated	<u>23,060,115</u>	<u>5,593,822</u>	<u>(557,857)</u>	<u>28,096,080</u>
Capital assets being depreciated/amortized:				
Buildings	125,935,391	2,268,807	-	128,204,198
Equipment	7,481,262	225,112	(125,000)	7,581,374
Vehicles	974,209	201,950	-	1,176,159
Right-to-use leased equipment	110,910	117,848	(50,134)	178,624
Infrastructure	29,733,638	469,963	-	30,203,601
Total capital assets being depreciated/amortized	<u>164,235,410</u>	<u>3,283,680</u>	<u>(175,134)</u>	<u>167,343,956</u>
Less accumulated depreciation/amortization for:				
Buildings	56,141,933	3,349,847	-	59,491,780
Equipment	4,521,685	352,979	(79,503)	4,795,161
Vehicles	926,092	36,282	-	962,374
Right-to-use leased equipment	61,655	41,260	(50,134)	52,781
Infrastructure	12,421,692	1,293,424	-	13,715,116
Total accumulated depreciation/amortization	<u>74,073,057</u>	<u>5,073,792</u>	<u>(129,637)</u>	<u>79,017,212</u>
Total capital assets being depreciated/amortized, net	<u>90,162,353</u>	<u>(1,790,112)</u>	<u>(45,497)</u>	<u>88,326,744</u>
Business type activities capital assets, net	<u>\$ 113,222,468</u>	<u>3,803,710</u>	<u>(603,354)</u>	<u>116,422,824</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. During the year ended October 31, 2023, the Fair Authority received \$52,077 in principal and \$80,295 in interest on the leases.

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%. During the year ended October 31, 2023, the Fair Authority received \$5,369 in principal and \$31 in interest on the lease. Effective February 1, 2023, the Fair Authority entered into a new 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 5.50%. During the year ended October 31, 2023, the Fair Authority received \$14,229 in principal and \$1,971 in interest on the lease.

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 a communication facility. The Fair Authority received \$1,500 in land rent monthly for the first year. In year two of the lease, and each year thereafter, the monthly rent will increase by 3% over the rent paid during the previous year. During the year ended October 31, 2023, the Fair Authority received \$5,535 in principal and \$13,375 in interest on the lease.

Year Ending October 31,	Property Access Rights		Building		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	\$ 59,913	91,936	\$ 19,975	2,075	\$ 79,888	94,011	173,899
2025	64,915	90,119	21,259	941	86,174	91,060	177,234
2026	73,154	88,081	5,499	51	78,653	88,132	166,785
2027	76,088	85,767	-	-	76,088	85,767	161,855
2028	79,148	83,346	-	-	79,148	83,346	162,494
2029-2033	476,977	374,881	-	-	476,977	374,881	851,858
2034-2038	533,857	291,307	-	-	533,857	291,307	825,164
2039-2043	668,664	197,468	-	-	668,664	197,468	866,132
2044-2048	446,632	90,755	-	-	446,632	90,755	537,387
2049-2053	212,595	54,260	-	-	212,595	54,260	266,855
2054-2058	240,739	26,115	-	-	240,739	26,115	266,854
2059-2060	62,904	1,418	-	-	62,904	1,418	64,322
Total	\$ 2,995,586	1,475,453	\$ 46,733	3,067	\$ 3,042,319	1,478,520	4,520,839

## (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.

Protection occupation members may retire at normal retirement age, which is generally age 55. Protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member’s monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member’s highest three-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 2023, 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%. Protection occupation members contributed 6.21% of covered payroll and the Fair Authority contributed 9.31% of covered payroll, for a total rate of 15.52%.

The Fair Authority's contributions to IPERS for the year ended October 31, 2023 were \$564,394.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At October 31, 2023, the Fair Authority reported a liability of \$2,524,547 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total plan pension liability used in its calculation of the net pension liability was determined by an actuarial valuation as of that date. The Fair Authority's proportion of the net pension liability was based on the Fair Authority's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the Fair Authority's proportion was 0.055931%, which was a decrease of 0.010062% from its collective proportion measured as of June 30, 2022.

For the year ended October 31, 2023, the Fair Authority recognized pension expense of \$133,011. At October 31, 2023, 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	\$ 326,797	10,865
Changes of assumptions	-	31,543
Net difference between projected and actual earnings on IPERS' investments	280,757	-
Changes in proportion and differences between Fair Authority contributions and its proportionate share of contributions	199,580	713,086
Fair Authority contributions subsequent to the measurement date	233,096	-
Total	<u>\$ 1,040,230</u>	<u>755,494</u>

\$233,096 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 in the year ending October 31, 2024. 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
2025	\$ (200,166)
2026	(386,358)
2027	591,470
2028	60,027
2029	(13,333)
Total	<u>\$ 51,640</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
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 County 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	\$ 5,921,503	2,524,547	(322,340)

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, 2023, the Fair Authority reported payables to IPERS of \$62,734 for legally required Fair Authority contributions and \$41,805 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, 2023 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	\$ 74,257	33,704	95,253	203,214	48,977	1,061,051	744,213	2,398,054	4,252,295
Additions	29,170	-	1,736	30,906	117,848	65,107	-	29,504	212,459
Deletions	-	968	-	968	33,071	-	18,152	-	51,223
Ending balance	\$ 103,427	32,736	96,989	233,152	133,754	1,126,158	726,061	2,427,558	4,413,531
Due within one year	\$ 19,573	-	-	19,573	29,750	271,992	42,961	-	344,703

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, 2023, five retired employees received benefits of \$52,416 under the SLIP program.

## **(7) 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 79 active and 4 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, 2023, the Fair Authority reported a liability of \$758,797 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation performed as of January 1, 2023 and rolled forward to June 30, 2023 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, 2023, the Fair Authority's proportion was 0.397782%.

For the year ended October 31, 2023, the Fair Authority recognized OPEB expense of \$79,001. At October 31, 2023, 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	\$ 183,872	30,345
Changes of assumptions	32,671	283,303
Changes in proportion and differences in the Office's contributions and the Office's proportionate share of contributions	220,282	(9,982)
Total	\$ 436,825	303,666

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
2024	\$ 18,269
2025	18,269
2026	17,145
2027	12,172
2028	14,688
Thereafter	52,616
	<u>\$ 133,159</u>

### Actuarial Assumptions

The total OPEB liability in the June 30, 2023 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	3.65%
Healthcare cost trend rate	6.75% 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 2023.

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, 2023. 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	\$ 777,917
Changes for the year:	
Service cost	58,088
Interest	30,414
Changes in assumptions	(103,516)
Change in proportionate share	48,241
Benefit payments	<u>(52,347)</u>
Net changes	<u>(19,120)</u>
Total OPEB liability end of year	<u>\$ 758,797</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 3.65%, as well as a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) 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:

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	\$ 809,229	758,797	710,888

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 6.75% as well as a discount rate that is 1 percentage point lower (5.75%) or 1 percentage higher (7.75%) 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 (5.75%)	Healthcare Cost Trend Rate (6.75%)	1% Increase (7.75%)
Total OPEB liability	\$ 675,501	758,797	856,551

Payables to the OPEB Plan – There were no amounts due to the defined benefit State OPEB plan at June 30, 2023.

#### **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 of \$1,822 over 28 months, with an implicit rate of 4.25% and final payment was made February 28, 2023. During the year ended October 31, 2023, principal and interest paid were \$7,318 and \$28, 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 October 31, 2023, principal and interest paid were \$11,540 and \$208, respectively.

On November 17, 2022, the Fair Authority entered into a lease agreement for two copiers and two printers. An initial lease liability was recorded in the amount of \$117,848. The agreement requires monthly payments of \$1,695 over 60 months, with an implicit rate of 5.50% and final payment due October 17, 2027. During the year ended October 31, 2023, principal and interest paid were \$14,213 and \$6,127, respectively.

Future principal and lease payments as of October 31, 2023 are as follows:

Year Ending October 31,	Copiers		
	Principal	Interest	Total
2024	\$ 29,750	5,389	35,139
2025	34,439	4,209	38,648
2026	35,028	2,759	37,787
2027	34,537	1,038	35,575
Total	\$ 133,754	13,395	147,149

**(8) Contractual Commitments**

The Fair Authority has entered into several contracts for capital improvement projects throughout the Fairgrounds and has spent \$5,687,009 under these contracts as of October 31, 2023. The remaining contractual obligation as of October 31, 2023 for projects already in the progress totals \$3,111,166 and will be paid as work on the projects progress.

**(9) 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).

**Iowa State Fair Authority**

**Required Supplementary Information**



Iowa State Fair Authority

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

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

Required Supplementary Information

	2023	2022	2021	2020
Fair Authority's proportion of the net pension liability (asset)	0.055931%	0.065993%	(0.024135%) **	0.071740%
Fair Authority's proportionate share of the net pension liability (asset)	\$ 2,525	2,493	83	5,040
Fair Authority's covered payroll	\$ 5,985	5,578	5,074	4,810
Fair Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.19%	44.69%	1.64%	104.78%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

\* 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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2019	2018	2017	2016	2015	2014
0.067379%	0.066124%	0.063373%	0.064763%	0.063564%	0.070552%
3,902	4,184	4,221	4,076	3,140	2,798
5,198	5,118	4,882	4,714	4,423	4,485
75.07%	81.75%	86.46%	86.47%	70.99%	62.39%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Required Supplementary Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 564	527	479	454
Contributions in relation to the statutorily required contribution	(564)	(527)	(479)	(454)
Contribution deficiency (excess)	\$ -	-	-	-
Fair Authority's covered payroll	\$ 5,985	5,578	5,074	4,810
Contributions as a percentage of covered payroll	9.42%	9.45%	9.44%	9.44%

See accompanying independent auditor's report.

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2019	2018	2017	2016	2015	2014
491	457	436	421	395	401
(491)	(457)	(436)	(421)	(395)	(401)
-	-	-	-	-	-
5,198	5,118	4,882	4,714	4,423	4,485
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

**Iowa State Fair Authority**

Iowa State Fair Authority

Notes to Required Supplementary Information – Pension Liability

Year ended October 31, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.

Iowa State Fair Authority

Schedule of Changes in the Authority's  
Total OPEB Liability and Related Ratios

For the Last Six Years\*  
Required Supplementary Information

	2023	2022	2021	2020
Service cost	\$ 58,088	60,186	67,940	51,964
Interest cost	30,414	16,845	19,408	27,906
Difference between expected and actual experiences	-	(52,421)	(3,184)	(4,800)
Changes in assumptions	(103,516)	(30,399)	(33,430)	17,610
Change in proportionate share	48,241	(10,554)	17,350	26,185
Benefit payments	(52,347)	(43,937)	(47,001)	(43,379)
Net change in total OPEB liability	(19,120)	(60,280)	21,083	75,486
Total OPEB liability beginning of year	777,917	838,197	817,114	741,628
Total OPEB liability end of year	\$ 758,797	777,917	838,197	817,114
Covered-employee payroll	\$ 5,523,665	5,379,480	5,879,860	5,219,841
Total OPEB liability as a percentage of covered-employee payroll	13.74%	14.46%	14.26%	15.65%

\* GASB Statement No. 75 requires ten years of information to be presented in this schedule. However, until a full 10-year trend is compiled, Iowa State Fair Authority will present information for those years for which information is available. The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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<u>2019</u>	<u>2018</u>
46,032	50,174
27,743	25,234
(976)	(4,120)
18,287	10,226
(26,763)	58,389
<u>(40,989)</u>	<u>(35,583)</u>
23,334	104,320
<u>718,294</u>	<u>613,974</u>
<u>741,628</u>	<u>718,294</u>
4,949,882	5,163,651
14.98%	13.91%



Iowa State Fair Authority

Notes to Required Supplementary Information – OPEB Liability

Year ended October 31, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2023	3.65%
Year ended June 30, 2022	3.54%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 5 to the pay related benefits.

**Supplementary Information**

**Iowa State Fair Authority**

Iowa State Fair Authority  
 Expenditures by Object  
 Blue Ribbon Foundation Special Revenue Fund  
 Year ended October 31, 2023

	Administration	Promotion	Total
Personal services	\$ 650,717	-	650,717
Travel	4,100	-	4,100
Supplies and materials	187,078	-	187,078
Contractual services	47,435	-	47,435
Miscellaneous	34,737	-	34,737
Equipment	64,501	-	64,501
Marketing	-	1,188,542	1,188,542
Donor promotion	-	875,553	875,553
Total	\$ 988,568	2,064,095	3,052,663

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object  
Enterprise Fund

Year ended October 31, 2023

	Administration	Admissions	Concessions, Exhibits and Attractions	Competitive Events and Ag Education	Campground	Grandstand Entertainment
Personal services	\$ 4,162,089	478,962	393,368	174,652	49,088	151,101
Travel and conferences	142,662	-	-	-	-	-
Supplies and materials	561,870	95,241	1,455,641	289,194	43	-
Judging	-	-	-	119,864	-	-
Contractual services	138,624	2,200	2,828,595	240,137	26,325	1,117,429
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	7,140,923
Advertising	-	-	-	-	-	-
Claims and miscellaneous	917,288	38	1,175	75,302	-	326,785
Premiums	-	-	-	417,490	-	-
Depreciation	-	-	-	-	-	-
Total	\$ 5,922,533	576,441	4,678,779	1,316,639	75,456	8,736,238

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Parking and Transportation	Public Safety	Special Entertainment	Depreciation	Interim Events	Total
3,403,216	-	107,692	1,391,677	8,932	-	-	10,320,777
-	-	-	-	-	-	-	142,662
1,746,823	-	-	59,792	72,059	-	274,037	4,554,700
-	-	-	-	2,535	-	-	122,399
3,425,369	31,543	398,891	944,599	229,643	-	294,312	9,677,667
139,661	-	-	-	-	-	-	139,661
-	-	-	-	629,999	-	89,387	7,860,309
-	962,043	-	-	-	-	-	962,043
3,257	83,383	-	-	51,019	-	5,027	1,463,274
-	-	-	-	-	-	-	417,490
-	-	-	-	-	5,073,792	-	5,073,792
<b>8,718,326</b>	<b>1,076,969</b>	<b>506,583</b>	<b>2,396,068</b>	<b>994,187</b>	<b>5,073,792</b>	<b>662,763</b>	<b>40,734,774</b>

**Schedule 3**

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## Iowa State Fair Authority

## Summary of Operating Revenues and Paid Admissions

For the Six Years Ended October 31, 2023

Fiscal Year		Operating Revenues	Operating Income (loss)	Paid Admissions
2019	\$	34,452,580	767,113	949,630
2020		3,221,424	(12,726,219)	- *
2021		47,471,444	14,535,887	798,120
2022		40,395,521	3,453,734	852,336
2023		45,732,690	4,997,916	948,804

\* 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, 2023

Main Act Performer	Attendance (Net of Complimentary Tickets)	Revenues	Performer's Share	State Fair's Share
For King & Country	9,294	\$ 355,195	238,656	116,539
Tyler Hubbard	7,036	303,180	250,000	53,180
New Kids on the Block	9,382	740,320	774,044	(33,724)
Eric Church	17,109	1,425,225	1,294,180	131,045
The Black Keys	5,404	494,810	1,005,000	(510,190)
Jeff Dunham	7,566	380,255	264,204	116,051
Lindsey Stirling	5,863	247,865	165,000	82,865
Maren Morris	6,121	296,095	420,000	(123,905)
Ludacris	13,741	566,575	412,260	154,315
The Chicks	17,109	1,438,085	1,276,468	161,617
Jason Aldean	12,409	1,113,945	1,013,156	100,789
Total	111,034	\$ 7,361,550	7,112,968	248,582

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 Seven Years Ended October 31, 2023  
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2019	\$ 13,643,073	1,029,319	5,358,568
2020*	-	-	-
2021	13,232,176	1,249,292	6,645,820
2022	17,158,913	1,408,577	6,560,823
2023	20,093,095	1,680,354	7,045,170

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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Des Moines, Iowa 50319-0004

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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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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, 2023, 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 June 19, 2024. 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.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iowa State Fair Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iowa State Fair Authority's internal control.

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

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 that a material misstatement of the Iowa State Fair Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2023-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-002 and 2023-003 to be significant deficiencies.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa State Fair Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Iowa State Fair Authority's operations for the year ended October 31, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Iowa State Fair Authority's Responses on Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Iowa State Fair Authority's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Iowa State Fair Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

June 19, 2024

Iowa State Fair Authority  
Schedule of Findings  
Year Ended October 31, 2023

**Findings Related to the Financial Statements:**

2024-001      Financial Reporting

Criteria - A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the Iowa State Fair Authority's financial statements.

Condition - Material amounts of capital assets were improperly included in Iowa State Fair Authority's financial statements. Adjustments were subsequently made by the Iowa State Fair Authority to properly remove these amounts from the financial statements.

Cause - Iowa State Fair Authority's policies do not require and procedures have not been established to require independent review of capital assets to ensure the Iowa State Fair Authority's financial statements are accurate and reliable.

Effect - Lack of policies and procedures resulted in Iowa State Fair Authority employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the Iowa State Fair Authority's financial statements were necessary.

Recommendation - The Iowa State Fair Authority should establish procedures to ensure all capital assets are properly reported in the Iowa State Fair Authority's financial statements.

Response - We will establish procedures to thoroughly review capital assets to ensure accuracy in the financial statements.

Conclusion - Response accepted.

Iowa State Fair Authority

Schedule of Findings

Year Ended October 31, 2023

2024-002 Disbursements

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The following were noted:

1. Itemized receipts were not included for four travel disbursements totaling \$921.
2. Supporting documentation did not include the business purpose for three disbursements totaling \$1,126.
3. Supporting documentation was not included for two travel claims totaling \$121.
4. The maximum allowable meal expense was exceeded for two meal reimbursements totaling \$53.

Condition – The Iowa State Fair Authority did not follow the expense and travel policies in place.

Recommendation – The Iowa State Fair Authority should ensure that expenses and travel claims comply with policies.

Response – Additional training will be given on the travel policies. Management is discussing changing the reimbursable expense policy.

Conclusion – Response accepted.

2024-003 Employment Agreement

Criteria – An effective internal control system provides for internal controls related to payroll. Salary adjustments should be approved by the Iowa State Fair Authority Board and comply with employment agreements.

Condition – For the year ended October 31, 2023, the Iowa State Fair Authority Board approved two salary adjustments for the former CEO in January 2023 for COLA and February 2023 for merit. The employment agreement for the former CEO states:

“Once the CEO base salary reaches \$250,000, the CEO will not receive the percentage annual increase in merit of 3%. The CEO will continue to receive all cost of living adjustments provided to State of Iowa employees, not to exceed 2.5% per calendar year.”

The former CEO’s base salary exceeded \$250,000 prior to the two salary adjustments approved by the Iowa State Fair Authority Board.

Iowa State Fair Authority

Schedule of Findings

Year Ended October 31, 2023

Cause – Policies have not been established and procedures have not been implemented to ensure employment agreements are followed.

Effect – The CEO employment agreement was exceeded and the former CEO was overpaid for the year ended October 31, 2023.

Recommendation – The Iowa State Fair Authority should establish policies and implement procedures to not allow breaches on employment agreements. Additionally, the Iowa State Fair Authority should consult with legal counsel to determine the disposition of this matter.

Response – We will communicate between Human Resources, Accounting and the Board to ensure employment agreements are being followed. We will consult with our legal counsel to see what, if any, additional action should be taken.

Conclusion – Response accepted.

Iowa State Fair Authority  
Schedule of Findings  
Year Ended October 31, 2023

**Other Finding Related to Required Statutory Reporting:**

2024-A      Depository Resolution – A resolution naming the official depository has been adopted by the Iowa State Fair Authority. However, the maximum deposit amount was exceeded during fiscal year 2023.

Recommendation – The Iowa State Fair Authority should review the depository resolution and ensure the maximum amount allowed is sufficient.

Response – The depository resolution was revised to increase the maximum amount allowed in December 2023.

Conclusion – Response accepted.



Iowa State Fair Authority

Staff

This audit was performed by:

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