OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

NEWS RELEASE

		Contact: Ernest Ruben
FOR RELEASE	November 7, 2023	515/281-5834

Auditor of State Rob Sand today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2022. 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 $40,395,521 for the year ended October 31, 2022, a 14.9% decrease from the prior year. Operating expenses for the year ended October 31, 2022 totaled $36,941,787, a 12.2% increase over the prior year. The significant decrease in revenues is due to shuttered venues funding received in fiscal year 2021 not received in fiscal year 2022 related to the pandemic. The increase in expenses is due primarily to rising costs due to inflation. In addition, the Iowa State Fair in 2022 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 $15,800,525 for the year ended October 31, 2022, a 188.7% increase over the prior year due to an increase in appropriations and larger donor contributions in fiscal year 2022. Expenses for the year ended October 31, 2022 totaled $2,620,741, a 23.3% increase over the prior year due to an increase in administration expenses.

AUDIT FINDING:

Sand reported one finding pertaining to the Iowa State Fair Authority. It is found on page 62 of this report. The finding addresses the Iowa State Fair Authority exceeding the maximum deposit approved in the depository resolution.

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, 2022

Iowa State Fair Authority

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STATE OF IOWA

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Des Moines, Iowa 50319-0006

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

Rob Sand
Auditor of State

October 20, 2023

Officials of Iowa State Fair Authority
Des Moines, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Iowa State Fair Authority for the year ended October 31, 2022. 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,

Rob Sand
Auditor of State

Table of Contents

Iowa State Fair Authority

Officials

Name	Title
State	
Honorable Kim Reynolds	Governor
Honorable Roby Smith	Treasurer of State
Kraig Paulsen	Director, Department of Management
Tim McDermott	Director, Legislative Services Agency
Board Members	
Tennie Carlson	President/Director, North Central District
Alan Brown	Director, North Central District
John Harms	Director, Northeast District
Deb Zumbach	Director, Northeast District
Darwin Gaudian	Vice-President/Director, Northwest District
Dave Hoffman	Director, Northwest District
Honorable Michael Naig	Secretary of Agriculture
Dr. Wendy Wintersteen	President, Iowa State University
Randy Brown	Director, South Central District
Jo Reynolds	Director, South Central District
Curtis Claeys	Treasurer/Director, Southeast District
Gary McConnell	Director, Southeast District
C.W. Thomas	Director, Southwest District
Gary Van Aernam	Director, Southwest District
Gary Slater	Chief Executive Officer/Manager

Iowa State Fair Authority

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Rob Sand
Auditor of State

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, 2022, 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, based on our audit and the reports of the other auditors, the accompanying 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, 2022 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 with generally accepted auditing standards 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 judgement 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 6.2% of the assets, 6.4% of the net position and (1.4%) of the revenue. 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 judgement 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 judgement, 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, the Schedule of Fair Authority Contributions and the Related Ratios and Notes on pages 8 through 14 and 44 through 50 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 four years ended October 31, 2021 (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 4 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2023 on our consideration of the Iowa State Fair Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of 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.

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

October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- Operating revenues decreased 14.9% from fiscal year 2021 to fiscal year 2022. The decrease is due to federal grants received in fiscal year 2021 for lost revenue during the COVID-19 pandemic. Most revenues from each department increased over the prior year. The Iowa State Fair in fiscal year 2022 had excellent weather and an outstanding grandstand lineup which also contributed to more people in attendance and more in overall revenue.

- Operating expenses increased 12.2% in comparison to last year. In fiscal year 2022, 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 2022, several capital projects were completed. Elwell Park Phase 2 included additional bleachers, a press box and shade over the bleachers. The Elwell Family Park is an outdoor arena that hosts tractor pulls, Demo Derby and ATV events. The Alliant Energy Landing was completed in fiscal year 2022. This landing replaced the Farm Bureau Shelter and hosts rentals and events during the Fair. A new kitchen was built in the Maytag Family Center to host educational events during the Fair and off-season.

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 44. Supplementary information is also in schedule form and begins on page 51.

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:

<u>Governmental Fund Financial Statements</u> – 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.

<u>Proprietary Fund Financial Statements</u> – 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 51 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 $165.7 million at October 31, 2022 compared to approximately $149.1 million at October 31, 2021.

	Governmental Activities		Business Type Activities		Total	Total
Fair Authority Net Position	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 21,754,252	12,012,464	41,067,152	32,863,408	62,821,404	44,875,872
Capital assets	9,814	14,484	113,222,468	114,446,037	113,232,282	114,460,521
Total assets	$ 21,764,066	12,026,948	154,289,620	147,309,445	176,053,686	159,336,393
Deferred outflows of resources	$ 38,296	23,790	831,958	590,098	870,254	613,888
Current liabilities	47,147	38,562	3,112,986	2,736,861	3,160,133	2,775,423
Long-term liabilities	178,315	53,040	3,810,844	1,630,580	3,989,159	1,683,620
Total liabilities	$ 225,462	91,602	6,923,830	4,367,441	7,149,292	4,459,043
Deferred inflows of resources	$ 46,740	203,792	4,029,632	6,144,952	4,076,372	6,348,744
Net position:						
Net investment in capital assets	$ 9,814	14,484	113,222,468	114,446,037	113,232,282	114,460,521
Restricted for:						
Endowment	1,381,562	1,578,462	-	-	1,381,562	1,578,462
Capital improvements	11,712,711	5,846,022	-	-	11,712,711	5,846,022
Other purposes	8,426,073	4,316,376	-	-	8,426,073	4,316,376
Unrestricted	-	-	30,945,648	22,941,113	30,945,648	22,941,113
Total net position	$ 21,530,160	11,755,344	144,168,116	137,387,150	165,698,276	149,142,494

The largest portion of the Fair Authority's net position (68.3%) reflects its investment in capital assets such as land, buildings, equipment, vehicles and infrastructure (road, utilities and other immovable assets), less any related depreciation. The Fair Authority uses these capital assets to provide services. Consequently, these assets are not available for future spending.

Unrestricted net position (18.7%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors.

The remaining balance (13.0%) represents resources subject to external restrictions on how they may be used. The restricted net position will eventually be paid to the business side of the Fair for more investment in its capital assets. The majority of the restricted balance is due to the generous donation from the Richard O. Jacobson Trust.

Fair Authority Changes in Net Position	Governmental Activities 2022	Governmental Activities 2021	Business Type Activities 2022	Business Type Activities 2021	Total 2022	Total 2021
Revenues:						
Program revenues:						
Charges for service	$ 888,663	672,543	38,441,589	34,993,091	39,330,252	35,665,634
Operating grants and contributions	2,504,070	1,821,301	1,953,932	12,478,353	4,458,002	14,299,654
Capital grants and contributions	7,591,649	975,802	-	-	7,591,649	975,802
General revenues:						
State appropriation	6,000,000	-	-	-	6,000,000	-
Reversion to State Treasurer	-	(387,433)	-	-	-	(387,433)
Investment earnings (loss)	(1,183,857)	2,390,589	(77,736)	(10,718)	(1,261,593)	2,379,871
Gain on disposal of capital assets	-	-	-	150	-	150
Total revenues	15,800,525	5,472,802	40,317,785	47,460,876	56,118,310	52,933,678
Expenses:						
Blue Ribbon Foundation fund raising	2,620,741	2,125,700	-	-	2,620,741	2,125,700
State Fair and other events	-	-	36,941,787	32,935,557	36,941,787	32,935,557
Total expenses	2,620,741	2,125,700	36,941,787	32,935,557	39,562,528	35,061,257
Change in net position before transfers	13,179,784	3,347,102	3,375,998	14,525,319	16,555,782	17,872,421
Transfers	(3,404,968)	(3,315,706)	3,404,968	3,315,706	-	-
Change in net position	9,774,816	31,396	6,780,966	17,841,025	16,555,782	17,872,421
Net position beginning of year	11,755,344	11,723,948	137,387,150	119,546,125	149,142,494	131,270,073
Net position end of year	$ 21,530,160	11,755,344	144,168,116	137,387,150	165,698,276	149,142,494

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 $998,000 and $709,000, respectively, over 2021. Our food and beverage percentage increased revenues by $684,000 over 2021. Governmental activities revenues increased significantly from the prior year due to state appropriations and donations.

Approximately 89% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 11% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 38.2% comes from Concessions, commercial exhibitors and attractions, while 25.0% comes from admissions and parking, and grandstand entertainment contributes 19.2%. Revenues of approximately $2.2 million, or 5.6%, were from off-season rental of our facilities. The Fair Authority business activities grants and donations decreased significantly. Fair received approximately $8,154,000 from the Shuttered Venue's Operating Grant as well as a forgivable Paycheck Protection Program (PPP) Loan in the amount of $1,846,000 from the Small Business Administration in 2021.

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 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 over the previous year. The Fair Authority's expenses for the governmental activities increased 23.3% over the previous year due to the addition of a full-time employee and increased capital project expenses.

The largest business type activities expense is payroll, which accounts for 25.8% of all expenses. The Fair employs approximately 1,500 people at different times during the year, with the majority working during the 11-day event. Looking at overall departmental expenses, including payroll, utilities and maintenance account for the largest departmental expenses at 22.1%, while grandstand accounts for 20.2% and administration at 14.6%.

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 $18.1 million, an increase of approximately $7.0 million 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 and the State of Iowa 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, 2022, the Fair's proprietary fund reported an ending net position of approximately $144 million, an increase of approximately $7 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, 2022 was approximately $187 million, net of accumulated depreciation of approximately $74 million, leaving a net book value of approximately $113 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.

In fiscal year 2022, several capital projects were completed. Elwell Park Phase 2 included additional bleachers, a press box and shade over the bleachers. The Elwell Family Park is an outdoor arena that hosts tractor pulls, Demo Derby and ATV events. The Alliant Energy Landing was completed in fiscal year 2022. This landing replaced the Farm Bureau Shelter and hosts rentals and events during the Fair. A new kitchen was built in the Maytag Family Center to host educational events during the Fair and off-season. Funds to pay for the completion of these projects came from donations and the Blue Ribbon Foundation's cash balance. More detailed information about the Fair Authority's capital assets is presented in Note 3 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Fair Authority's officials and management considered many factors when setting the fiscal year 2023 budget. The Iowa State Fair Board approved to increase admission tickets by $2.00 for the 2023 State Fair. 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 2023 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

Iowa State Fair Authority

Statement of Net Position

October 31, 2022

	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	$ 12,292,071	36,635,560	48,927,631
Unexpended appropriation	6,000,000	-	6,000,000
Receivables:			
Accounts	-	820,776	820,776
Accrued interest	33,160	32,260	65,420
Pledges	2,625,314	-	2,625,314
Prepaid expenses	-	12,480	12,480
Internal balances	(507,509)	507,509	-
Lease receivable	-	62,981	62,981
Inventories	286,216	-	286,216
Total current assets	20,729,252	38,071,566	58,800,818
Noncurrent assets:			
Pledges receivable	1,025,000	-	1,025,000
Lease receivable		2,995,586	2,995,586
Capital assets, net of accumulated depreciation:			
Land	-	21,972,667	21,972,667
Buildings	-	69,793,458	69,793,458
Equipment	-	2,959,577	2,959,577
Right-to-use leased equipment	-	49,255	49,255
Vehicles	9,814	48,117	57,931
Infrastructure	-	17,311,946	17,311,946
Construction in progress	-	592,726	592,726
Goodwill	-	494,722	494,722
Total noncurrent assets	1,034,814	116,218,054	117,252,868
Total assets	21,764,066	154,289,620	176,053,686
Deferred Outflows of Resources			
Pension related deferred outflows	26,138	597,024	623,162
OPEB related deferred outflows	12,158	234,934	247,092
Total deferred outflows of resources	38,296	831,958	870,254

Iowa State Fair Authority

Statement of Net Position

October 31, 2022

	Governmental Activities	Business Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	-	1,510,370	1,510,370
Salaries payable	22,248	374,065	396,313
Unearned revenue	-	708,774	708,774
Compensated absences	24,899	408,880	433,779
Lease agreements	-	18,858	18,858
Total OPEB liability	-	92,039	92,039
Total current liabilities	47,147	3,112,986	3,160,133
Noncurrent liabilities:			
Refundable deposits	-	78,326	78,326
Compensated absences	49,358	652,171	701,529
Lease agreements	-	30,119	30,119
Net pension liability	95,253	2,398,054	2,493,307
Total OPEB liability	33,704	652,174	685,878
Total noncurrent liabilities	178,315	3,810,844	3,989,159
Total liabilities	225,462	6,923,830	7,149,292
Deferred Inflows of Resources			
Lease related	-	3,043,631	3,043,631
Pension related deferred inflows	35,352	779,924	815,276
OPEB related deferred inflows	11,388	206,077	217,465
Total deferred inflows of resources	46,740	4,029,632	4,076,372
Net Position			
Net investment in capital assets	9,814	113,222,468	113,232,282
Restricted for:			
Endowment	1,381,562	-	1,381,562
Capital improvements	11,712,711	-	11,712,711
Other purposes	8,426,073	-	8,426,073
Unrestricted	-	30,945,648	30,945,648
Total net position	$ 21,530,160	144,168,116	165,698,276

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2022

		Program Revenues		
Functions	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Blue Ribbon Foundation	$ 2,620,741	888,663	2,504,070	7,591,649
Business type activities:				
State Fair and other events	36,941,787	38,441,589	1,953,932	-
Total	$ 39,562,528	39,330,252	4,458,002	7,591,649
General revenues and transfers:				
State appropriation				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
8,363,641	-	8,363,641
-	3,453,734	3,453,734
8,363,641	3,453,734	11,817,375
6,000,000	-	6,000,000
(1,183,857)	(77,736)	(1,261,593)
(3,404,968)	3,404,968	-
1,411,175	3,327,232	4,738,407
9,774,816	6,780,966	16,555,782
11,755,344	137,387,150	149,142,494
$ 21,530,160	144,168,116	165,698,276

Iowa State Fair Authority

Balance Sheet
Special Revenue Funds

October 31, 2022

	Special Revenue		
		Nonmajor	
	Blue Ribbon Foundation	Blue Ribbon Foundation Endowment	Total
Assets			
Cash and investments	$ 10,910,509	1,381,562	12,292,071
Unexpended appropriation	6,000,000	-	6,000,000
Receivables:			
Accrued interest	33,160	-	33,160
Pledges	3,650,314	-	3,650,314
Inventories	286,216	-	286,216
Total assets	20,880,199	1,381,562	22,261,761
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Internal balances	$ 507,509	-	507,509
Salaries payable	22,248	-	22,248
Total liabilities	529,757	-	529,757
Deferred inflows of resources:			
Unavailable revenues	3,650,314	-	3,650,314
Fund balances:			
Nonspendable:			
Inventories	286,216	-	286,216
Restricted for:			
Endowment	-	1,381,562	1,381,562
Capital improvements	11,712,711	-	11,712,711
Administration	4,701,201	-	4,701,201
Total fund balance	16,700,128	1,381,562	18,081,690
Total liabilities, deferred inflows of resources and fund balances	$ 20,880,199	1,381,562	22,261,761

		Blue Ribbon Foundation	Nonmajor Blue Ribbon Foundation Endowment	Total
Reconciliation of the Special Revenue Funds Balance Sheet to the Statement of Net Position				
Fund balances - Special Revenue Funds		$ 16,700,128	1,381,562	18,081,690
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These capital assets consist of:				
Equipment	$ 115,388			
Less accumulated depreciation	(105,574)	9,814	-	9,814
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.		3,650,314	-	3,650,314
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	38,296			
Deferred inflows of resources	(46,740)	(8,444)	-	(8,444)
Certain liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities consist of compensated absences, net pension liability and total OPEB liability.		(203,214)	-	(203,214)
Net position of governmental activities		$ 20,148,598	1,381,562	21,530,160

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, 2022

	Special Revenue		
		Nonmajor	
	Blue Ribbon Foundation	Blue Ribbon Foundation Endowment	Total
Revenues:			
State appropriation	$ 6,000,000	-	6,000,000
Contributions	6,109,070	117,079	6,226,149
Sales of promotional items	642,390	-	642,390
Other sales	246,273	-	246,273
In-kind support	299,231	-	299,231
Interest (loss) on investments	(17,184)	(304,848)	(322,032)
Total revenues	13,279,780	(187,769)	13,092,011
Expenditures:			
Administration	1,039,094	9,131	1,048,225
Promotion	1,611,799	-	1,611,799
Total expenditures	2,650,893	9,131	2,660,024
Excess of revenues over expenditures	10,628,887	(196,900)	10,431,987
Other financing sources (uses):			
Transfers out	(3,404,968)	-	(3,404,968)
Total other financing sources (uses)	(3,404,968)	-	(3,404,968)
Change in fund balances	7,223,919	(196,900)	7,027,019
Fund balances beginning of year	9,476,209	1,578,462	11,054,671
Fund balances end of year	$ 16,700,128	1,381,562	18,081,690
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	$ 7,223,919	(196,900)	7,027,019
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.	2,708,514	-	2,708,514
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	(4,670)	-	(4,670)
The current year IPERS contributions are reported as expeditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.	11,760	-	11,760
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.	32,193	-	32,193
Change in net position of governmental activities	$ 9,971,716	(196,900)	9,774,816

See notes to financial statements.

Iowa State Fair Authority

Statement of Net Position
Enterprise Fund

October 31, 2022

Assets	
Current assets:	
Cash and investments	$ 36,635,560
Receivables:	
Accounts	820,776
Accrued interest	32,260
Prepaid expenses	12,480
Internal balances	507,509
Lease receivable	62,981
Total current assets	38,071,566
Noncurrent assets:	
Lease receivable	2,995,586
Capital assets, net of accumulated depreciation:	
Land	21,972,667
Buildings	69,793,458
Equipment	3,008,832
Vehicles	48,117
Infrastructure	17,311,946
Construction in progress	592,726
Goodwill	494,722
Total noncurrent assets	116,218,054
Total assets	154,289,620

Iowa State Fair Authority

Statement of Net Position
Enterprise Fund

October 31, 2022

Deferred outflows of resources:	
Pension related deferred outflows of resources	597,024
OPEB related deferred outflows of resources	234,934
Total deferred outflows of resources	831,958
Liabilities	
Current liabilities:	
Accounts payable	1,510,370
Salaries payable	374,065
Unearned revenue	708,774
Compensated absences	408,880
Lease agreements	18,858
Total OPEB Liability	92,039
Total current liabilities	3,112,986
Noncurrent liabilities:	
Refundable deposits	78,326
Compensated absences	652,171
Lease agreements	30,119
Net pension liability	2,398,054
Total OPEB liability	652,174
Total noncurrent liabilities	3,810,844
Total liabilities	6,923,830
Deferred inflows of resources:	
Lease related	3,043,631
Pension related deferred inflows of resources	779,924
OPEB related deferred inflows of resources	206,077
Total deferred inflows of reosources	4,029,632
Net Position	
Net investment in capital assets	113,222,468
Unrestricted	30,945,648
Total net position	$ 144,168,116

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, 2022

Operating revenues:	
Admissions	$ 9,076,175
Concessions, exhibits and attractions	15,419,926
Grandstand entertainment	7,759,742
Parking	1,023,000
Entry fees, sales and other fees	610,765
Campground fees	2,028,790
Sponsorships and administration	1,953,932
Interim events	2,247,330
Maintenance	275,861
Total operating revenues	40,395,521
Operating expenses:	
Administration	5,379,389
Admissions	516,798
Concessions, exhibits and attractions	4,314,873
Competitive events and ag education	1,183,018
Campground	77,188
Grandstand entertainment	7,468,826
Utilities and maintenance	8,146,553
Marketing and promotion	1,007,739
Parking and transportation	487,781
Public safety	2,058,890
Special entertainment	902,050
Depreciation	5,023,198
Interim events	375,484
Total operating expenses	36,941,787
Operating income	3,453,734
Non-operating revenues:	
Investment income (loss)	(77,736)
Total non-operating revenues	(77,736)
Income before transfers	3,375,998
Transfers in	3,404,968
Change in net position	6,780,966
Net position beginning of year	137,387,150
Net position end of year	$ 144,168,116

See notes to financial statements.

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2022

Cash flows from operating activities:		
Cash received from events	$ 39,987,079	
Cash paid to suppliers	(23,207,429)	
Cash paid to employees	(8,904,858)	
Net cash provided by operating activities		$ 7,874,792
Cash flows from non-capital financing activities:		
Transfers in from other funds		3,618,111
Cash flows from capital financing activities:		
Acquisition of property and equipment		(3,832,792)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	14,553,051	
Purchase of investments	(15,179,596)	
Investment income	(78,362)	
Net cash provided by investing activities		(704,907)
Increase in cash and cash equivalents		6,955,204
Cash and cash equivalents beginning of year		20,366,879
Cash and cash equivalents end of year		27,322,083
Investments		9,313,477
Cash, cash equivalents and investments end of year		$ 36,635,560
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		$ 3,453,734
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	$ 5,023,198	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	(350,445)	
Prepaid expenses	40,067	
Lease receivable	(524,134)	
Deferred outflows of resources	(241,860)	
Accounts payable	270,102	
Salaries payable	72,770	
Unearned revenue	(47,275)	
Compensated absences	79,067	
Refundable deposits	(500)	
Net pension liability	2,272,272	
Total OPEB liability	(56,884)	
Deferred inflows of resources	(2,115,320)	
Total adjustments		4,421,058
Net cash provided by operating activities		$ 7,874,792

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

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

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

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

A. Reporting Entity

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

B. Entity-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The Fair Authority reports the following major governmental fund:

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

The Fair Authority reports the following major proprietary fund:

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

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

D. Budgets, Budgetary Accounting and State Appropriations

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments for the Fair operations that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at October 31, 2022 include bonds and certificates of deposit of $9,313,477.

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

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

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

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the Fair Authority), are reported in the applicable governmental or business type activities columns in the entity-wide financial statements. Capital assets are defined by the Fair Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

The Fair Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Fair Authority generally uses the State Treasury 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 maximum lawful rate established by Chapter 535.2(3) of the Code of Iowa 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, 2022 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, 2022, the Fair Authority had the following investments in corporate notes and U.S. Government securities.

Investment	Fair Value	Maturity	Credit Risk
US Treasury	$ 1,082,425	November 15, 2022	Aaa
US Treasury	999,263	January 15, 2023	Aaa
US Treasury	3,730,741	February 15, 2023	Aaa
US Treasury	645,732	May 15, 2023	Aaa
US Treasury	731,175	June 15, 2023	Aaa
US Treasury	241,366	August 15, 2023	Aaa
US Treasury	473,720	January 15, 2024	Aaa
US Treasury	706,766	March 15, 2024	Aaa
US Treasury	702,289	May 15, 2024	Aaa
Total	$ 9,313,477		

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 asses. 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, 2022, the Foundation had investments held by Morgan Stanley which had a Fair value of $1,359,032.

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, 2022 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Equipment	$ 115,388	-	-	115,388
Less accumulated depreciation	(100,904)	(4,670)	-	(105,574)
Governmental activities capital assets, net	$ 14,484	(4,670)	-	9,814
Business type activities:				
Land, not being depreciated	$ 19,554,899	2,417,768	-	21,972,667
Buildings	125,817,094	118,297	-	125,935,391
Equipment	7,326,664	154,598	-	7,481,262
Vehicles	974,209	-	-	974,209
Right-to-use leased equipment	110,910	-	-	110,910
Infrastructure	28,660,563	1,073,075	-	29,733,638
Construction in progress, not being depreciated	556,835	3,641,476	(3,605,585)	592,726
Goodwill, not being depreciated	494,722	-	-	494,722
Total capital assets	183,495,896	7,405,214	(3,605,585)	187,295,525
Less accumulated depreciation for:				
Buildings	(52,768,815)	(3,373,118)	-	(56,141,933)
Equipment	(4,153,253)	(368,432)	-	(4,521,685)
Vehicles	(895,655)	(30,437)	-	(926,092)
Right-to-use leased equipment	(28,593)	(33,062)	-	(61,655)
Infrastructure	(11,203,543)	(1,218,149)	-	(12,421,692)
Total accumulated depreciation	(69,049,859)	(5,023,198)	-	(74,073,057)
Business type activities capital assets, net	$ 114,446,037	2,382,016	(3,605,585)	113,222,468

(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, 2022, the Fair Authority received $48,928 in principal and $81,776 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, 2022, the Fair Authority received $21,012 in principal and $589 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, 2022, the Fair Authority received $4,817 in principal and $13,543 in interest on the lease.

Year Ending October 31,	Property Access Rights		Building		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2023	$ 57,612	93,670	$ 5,369	31	$ 62,981	93,701	156,682
2024	59,913	91,936	-	-	59,913	91,936	151,849
2025	64,915	90,119	-	-	64,915	90,119	155,034
2026	73,154	88,081	-	-	73,154	88,081	161,235
2027	76,088	85,767	-	-	76,088	85,767	161,855
2028-2032	449,949	389,597	-	-	449,949	389,597	839,546
2033-2037	526,134	308,480	-	-	526,134	308,480	834,614
2038-2042	634,886	218,301	-	-	634,886	218,301	853,187
2043-2047	554,762	107,555	-	-	554,762	107,555	662,317
2048-2052	207,525	59,330	-	-	207,525	59,330	266,855
2053-2057	234,714	32,141	-	-	234,714	32,141	266,855
2058-2060	113,546	4,146	-	-	113,546	4,146	117,692
Total	$ 3,053,198	1,569,123	$ 5,369	31	$ 3,058,567	1,569,154	4,627,721

(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.

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Fair Authority contributed 9.44% of covered payroll for a total rate of 15.73%.

The Fair Authority's contributions to IPERS for the year ended October 31, 2022 were $526,610.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At October 31, 2022, the Fair Authority reported a liability of $2,493,307 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2022, the Fair Authority's proportion was 0.065993%, which was an increase of 0.090128% from its collective proportion measured as of June 30, 2021.

For the year ended October 31, 2022, the Fair Authority recognized pension expense (reduction) of $(70,440). At October 31, 2022, 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	$	110,528	34,153
Changes of assumptions		2,116	59
Net difference between projected and actual earnings on IPERS' investments		-	266,901
Changes in proportion and differences between Fair Authority contributions and its proportionate share of contributions		304,726	514,163
Fair Authority contributions subsequent to the measurement date		205,792	-
Total	$	623,162	815,276

$205,792 reported as deferred outflows of resources related to pensions resulting from Fair Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending October 31, 2023. 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
2023	$	(284,684)
2024		(237,751)
2025		(414,463)
2026		520,880
2027		18,112
Total	$	(397,906)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2027)	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, 2022 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 2022 valuation were based on the PubG-2010 morality 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	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	100.0%	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Fair Authority's proportionate share of the net pension liability	$ 4,645,331	2,493,307	596,783

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.

Payables to IPERS – At October 31, 2022, the Fair Authority reported payables to IPERS of $40,599 for legally required Fair Authority contributions and $27,052 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, 2022 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	$ 80,969	37,100	(42,460)	75,609	82,140	981,984	801,097	125,782	1,991,003
Additions	7,172	-	137,713	144,885	-	79,067	-	2,272,272	2,351,339
Deletions	13,884	3,396	-	17,280	33,163	-	56,884	-	90,047
Ending balance	$ 74,257	33,704	95,253	203,214	48,977	1,061,051	744,213	2,398,054	4,252,295
Due within one year	$ 24,899	-	-	24,899	18,858	408,880	92,039	-	519,777

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

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

If the sick leave balance is:	The conversion rate is:
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

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

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

All SLIP program benefits are financed on a pay-as-you-go basis. For the year ended October 31, 2022, five retired employees received benefits of $44,080 under the SLIP program.

Other Postemployment Benefits

Plan Description

The Fair Authority's employees are provided with OPEB through the State of Iowa OPEB Plan – a cost-sharing, multiple-employer defined benefit OPEB plan administered by the State of Iowa (State OPEB Plan). The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

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

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

Plan Membership

There are 71 active and 3 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, 2022, the Fair Authority reported a liability of $777,917 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of January 1, 2022 and rolled forward to June 30, 2022 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, 2022, the Fair Authority's proportion was 0.374554%.

For the year ended October 31, 2022, the Fair Authority recognized OPEB expense of $77,562. At October 31, 2022, 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	$ -	231,890
Changes in proportion and differences in the Office's contributions and the Office's proportionate share of contributions	16,716	(14,425)
Changes of assumptions	230,376	-
Total	$ 247,092	217,465

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
2023	$ 6,967
2024	6,967
2025	6,967
2026	5,842
2027	869
Thereafter	2,015
	$ 29,627

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	3.54%
Healthcare cost trend rate	7.0% initial, decreasing to 4.5% ultimate.

The discount rate was based on the 20-year Bond Buyer GO Index as of the end of June 2022.

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, 2022. 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

	Total OPEB Liability
Total OPEB liability beginning of year	$ 838,197
Changes for the year:	
Service cost	60,186
Interest	16,845
Differences between expected and actual experiences	(52,421)
Changes in assumptions	(30,399)
Change in proportionate share	(10,554)
Benefit payments	(43,937)
Net changes	(60,280)
Total OPEB liability end of year	$ 777,917

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 3.54%, as well as a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the discount rate is presented below:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 830,194	777,917	728,256

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

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

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	$ 699,382	777,917	869,708

Payables to the OPEB Plan – There were no amounts due to the defined benefit State OPEB plan at June 30, 2022.

Leases – Lessee

On November 30, 2017, the Fair Authority entered into a lease agreement for two copiers and two printers. An initial lease liability was recorded in the amount of $50,134. The agreement requires monthly payments ranging from $1,822 to $1,836 over 28 months, with an implicit rate of 4.25% and final payment due February 28, 2023. During the year ended October 31, 2022, principal and interest paid were $21,688 and $348, 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, 2022, principal and interest paid were $11,475 and $273, respectively.

Future principal and lease payments as of October 31, 2022 are as follows:

Year Ending October 31,	Copiers Principal	Interest	Total
2023	$ 18,858	236	19,094
2024	11,606	142	11,748
2025	11,673	75	11,748
2026	6,840	13	6,853
Total	$ 48,977	466	49,443

(7) Risk Management

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

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

Required Supplementary Information

Iowa State Fair Authority

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

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

Required Supplementary Information

	2022	2021	2020	2019
Fair Authority's proportion of the net pension liability (asset)	0.065993%	(0.024135%) **	0.071740%	0.067379%
Fair Authority's proportionate share of the net pension liability (asset)	$ 2,493	83	5,040	3,902
Fair Authority's covered payroll	$ 5,578	5,074	4,810	5,198
Fair Authority's proportionate share of the net pension liability as a percentage of its covered payroll	44.69%	1.64%	104.78%	75.07%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

* 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.

2018	2017	2016	2015	2014
0.066124%	0.063373%	0.064763%	0.063564%	0.070552%
4,184	4,221	4,076	3,140	2,798
5,118	4,882	4,714	4,423	4,485
81.75%	86.46%	86.47%	70.99%	62.39%
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

		2022	2021	2020	2019
Statutorily required contribution	$	527	479	454	491
Contributions in relation to the statutorily required contribution		(527)	(479)	(454)	(491)
Contribution deficiency (excess)	$	-	-	-	-
Fair Authority's covered payroll	$	5,578	5,074	4,810	5,198
Contributions as a percentage of covered payroll		9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
457	436	421	395	401	399
(457)	(436)	(421)	(395)	(401)	(399)
-	-	-	-	-	-
5,118	4,882	4,714	4,423	4,485	4,568
8.93%	8.93%	8.93%	8.93%	8.93%	8.73%

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- 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, Related Ratios

For the Last Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	$ 60,186	67,940	51,964	46,032	50,174
Interest cost	16,845	19,408	27,906	27,743	25,234
Difference between expected and actual experiences	(52,421)	(3,184)	(4,800)	(976)	(4,120)
Changes in assumptions	(30,399)	(33,430)	17,610	18,287	10,226
Change in proportionate share	(10,554)	17,350	26,185	(26,763)	58,389
Benefit payments	(43,937)	(47,001)	(43,379)	(40,989)	(35,583)
Net change in total OPEB liability	(60,280)	21,083	75,486	23,334	104,320
Total OPEB liability beginning of year	838,197	817,114	741,628	718,294	613,974
Total OPEB liability end of year	$ 777,917	838,197	817,114	741,628	718,294
Covered-employee payroll	$ 5,379,480	5,879,860	5,219,841	4,949,882	5,163,651
Total OPEB liability as a percentage of covered-employee payroll	14.46%	14.26%	15.65%	14.98%	13.91%

See accompanying independent auditor's report.

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, 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. 75 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, 2022

	Administration	Promotion	Total
Personal services	$ 611,928	-	611,928
Travel	5,447	-	5,447
Supplies and materials	213,963	-	213,963
Contractual services	11,800	-	11,800
Miscellaneous	163,023	-	163,023
Equipment	32,933	-	32,933
Marketing	-	941,313	941,313
Donor promotion	-	670,486	670,486
Total	$ 1,039,094	1,611,799	2,650,893

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2022

	Administration	Admissions	Concessions, Exhibits and Attractions	Competitive Events and Ag Education	Campground	Grandstand Entertainment
Personal services	$ 3,752,826	428,314	410,244	164,598	46,530	278,358
Travel and conferences	90,496	-	-	1,805	-	-
Supplies and materials	561,418	83,644	1,357,354	250,955	6,560	-
Judging	-	-	-	119,261	-	-
Contractual services	145,969	4,832	2,546,133	182,509	24,098	769,363
Repair and improvements	-	-	-	-	-	-
Talent	-	-	-	-	-	6,186,974
Advertising	-	-	-	-	-	-
Claims and miscellaneous	828,680	8	1,142	61,324	-	234,131
Premiums	-	-	-	402,566	-	-
Depreciation	-	-	-	-	-	-
Total	$ 5,379,389	516,798	4,314,873	1,183,018	77,188	7,468,826

See accompanying independent auditor's report.

Utilities and Maintenance	Marketing and Promotion	Parking and Transportation	Public Safety	Special Entertainment	Depreciation	Interim Events	Total
3,221,828	-	99,514	1,109,508	9,789	-	-	9,521,509
-	-	-	-	-	-	-	92,301
1,518,968	-	-	51,374	51,037	-	70,838	3,952,148
-	-	-	-	2,835	-	-	122,096
3,269,252	42,622	388,267	898,008	219,521	-	217,220	8,707,794
126,758	-	-	-	-	-	-	126,758
-	-	-	-	547,038	-	82,636	6,816,648
-	888,076	-	-	-	-	-	888,076
9,747	77,041	-	-	71,830	-	4,790	1,288,693
-	-	-	-	-	-	-	402,566
-	-	-	-	-	5,023,198	-	5,023,198
8,146,553	1,007,739	487,781	2,058,890	902,050	5,023,198	375,484	36,941,787

Iowa State Fair Authority

Summary of Operating Revenues and Paid Admissions

For the Five Years Ended October 31, 2022

Fiscal Year		Operating Revenues	Operating Income (loss)	Paid Admissions	
2018	$	29,581,713	209,479	890,567	
2019		34,452,580	767,113	949,630	
2020		3,221,424	(12,726,219)	-	*
2021		47,471,444	14,535,887	798,120	
2022		40,395,521	3,453,734	852,336	

* 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, 2022

Main Act Performer	Attendance (Net of Complimentary Tickets)	Revenues	Performer's Share	State Fair's Share
Skillet	4,431	$ 184,725	97,500	87,225
Brooks & Dunn	14,884	1,036,848	880,478	156,370
Nelly	13,193	548,250	373,600	174,650
Demi Lovato	4,943	265,385	405,000	(139,615)
Alanis Morissette	12,035	917,095	807,176	109,919
ZZ Top	6,871	338,055	315,000	23,055
John Crist	2,993	139,180	70,000	69,180
Kane Brown	14,379	1,004,035	855,498	148,537
Disturbed	7,475	497,905	575,000	(77,095)
Keith Urban	13,589	960,590	811,972	148,618
Carrie Underwood	14,626	1,136,470	995,750	140,720
Total	109,419	$ 7,028,538	6,186,974	841,564

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 Five Years Ended October 31, 2022
(Unaudited)

Fiscal	Sales Reported by Vendor		
Year	Food	Beer	Merchandise
2018	11,787,171	981,968	4,151,731
2019	13,643,073	1,029,319	5,358,568
2020*	-	-	-
2021	13,232,176	1,249,292	6,645,820
2022	17,158,913	1,408,577	6,560,823

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.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board Members of the Iowa State Fair Authority:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority as of and for the year ended October 31, 2022, 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 October 20, 2023. Our report includes a reference to other auditors who audited the financial statements of the Foundation Endowment, as described in our report on the Iowa State Fair Authority's financial statements. The financial statements of the Foundation Endowment were not audited in accordance with Government Auditing Standards.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Iowa State Fair Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 certain immaterial instances of non-compliance or other matters which are 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, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Iowa State Fair Authority. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa State Fair Authority's Responses to 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.

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

October 20, 2023

Iowa State Fair Authority

Schedule of Findings

Year Ended October 31, 2022

Findings Related to the Financial Statements:

No matters were noted.

Instances of Non-Compliance:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

2022-A Depository Resolution – A resolution naming official depositories has been adopted by the Iowa State Fair Authority. However, the maximum approved amount on deposit was exceeded during fiscal year 2022.

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 2022.

Conclusion – Response accepted.

Iowa State Fair Authority

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Tiffany M. Ainger, CPA, Manager
Micaela A. Tintjer, CPA, Senior II Auditor
Priscilla M. Ruiz Torres, Senior Auditor
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