



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

August 22, 2016

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Auditor of State Mary Mosiman today released an audit report on the Iowa State Fair Authority for the year ended October 31, 2015. The Iowa State Fair Blue Ribbon Foundation is included in the Fair Authority's financial statements.

The Fair Authority reported operating revenues of \$24,332,919 for fiscal year 2015, an increase of 6.3% over the prior year. Revenues included \$7,420,295 from Fair admissions, \$3,941,346 from Fair concessions, \$3,317,138 from Fair entertainment and \$2,546,242 from interim events. Operating expenses of the Fair Authority for fiscal year 2015 totaled \$23,000,608, an increase of 8.0% over the prior year. The Fair Authority reported operating income of \$1,332,311 for the year ended October 31, 2015 compared to operating income of \$1,596,335 for the prior year.

Foundation revenues were \$10,463,945 for fiscal year 2015, a 106.4% increase over the prior year. Revenues included operating grants and contributions of \$1,577,862, capital grants and contributions of \$6,004,030 and charges for service of \$548,738. The Foundation had administration and promotion expenses of \$2,565,951 during fiscal year 2015, a 42.8% increase over the prior year. The Foundation also provided capital contributions of \$3,858,490 to the Fair Authority from contributions.

A copy of the audit report is available for review in the Iowa State Fair Authority's Office, in the Office of Auditor of State and on the Auditor of State's website at <https://auditor.iowa.gov/reports/1660-0110-0000>.

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

OCTOBER 31, 2015

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Iowa State Fair Authority

Officials

Name

Title

State

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

Board Members

Alan Brown	President/Director, North Central District
James Romer (Resigned Dec 2015)	Vice President/Director, North Central District
John Harms	Treasurer/Director, Northeast District
Honorable Bill Northey	Secretary of Agriculture
Dr. Steven Leath	President, Iowa State University
Paul Vaassen	Director, Northeast District
Dave Hoffman	Director, Northwest District
Bill Neubrand (Deceased May 2015)	Director, Northwest District
Randy Brown	Director, South Central District
Jerry Parkin	Director, South Central District
Gary McConnell	Director, Southeast District
Bob Schlutz	Director, Southeast District
C.W. Thomas	Director, Southwest District
Gary VanAernam	Director, Southwest District
Gary Slater	Chief Executive Officer/Manager

Iowa State Fair Authority



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Independent Auditor's Report

To the Board Members of the
Iowa State Fair Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority, a component unit of the State of Iowa, as of and for the year ended October 31, 2015, and the related Notes to Financial Statements, which collectively comprise the Iowa State Fair Authority's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Blue Ribbon Foundation Endowment, which accounts for 3.9% of the assets, 4.5% of the net position and less than 1% of the revenue of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation Endowment, is based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority as of October 31, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 9, the Iowa State Fair Authority adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Fair Authority's Proportionate Share of the Net Pension Liability and the Schedule of Fair Authority Contributions on pages 9 through 14 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa State Fair Authority's basic financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2016 on our consideration of the Iowa State Fair Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Iowa State Fair Authority's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 8, 2016

Iowa State Fair Authority

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, 2015. We encourage readers to consider this information in conjunction with the Fair's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The Fair Authority implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during 2015. The beginning net position for business type activities was restated by \$3,629,384 to retroactively report the net pension liability and the related deferred outflows and inflows of resources as of November 1, 2014. Pension expense for 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at October 31, 2014 were not restated because the information needed to restate those amounts was not available.
- Operating revenues increased 6.3% from fiscal year 2014 to fiscal year 2015. Except for parking and sponsorship, revenues for each department increased. Parking and sponsorship decreased slightly from the prior year.
- Operating expenses increased 8.0% in comparison to last year. In fiscal year 2015, most departments' operating expenses increased except entry and competitive events and sponsorship. Many of the increases occurred in payroll, talent and other contractual service expenses.
- The Phase 2 renovation of the Youth Inn started in fiscal year 2015. The renovations included extended walkways which will lead Fair-goers to new entrances of the building, fire alarm and suppression systems and handicap accessibility to all levels of the building was completed with access to elevators. The three phase beautification project continued on Ruan Plaza, which includes better pedestrian flow and improved utilities and parking areas. The MidAmerican Energy Stage was completed in 2015 which provided increased seating, ADA accessible seating, dressing rooms and new public restrooms for Fairgoers. The MidAmerican Energy Stage replaced the existing Fairview Stage located east of Pella Plaza and west of the Patty & Jim Cownie Cultural Center.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Iowa State Fair Authority's basic financial statements. The Fair's basic financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 17 through 19 provide information about the activities of the Fair Authority as a whole and present a longer-term view of the Fair Authority's finances. Governmental activities financial statements show the activity of the Iowa State Fair Blue Ribbon Foundation. These statements tell how the Foundation raised and used funds for the purpose of renovation projects at the Iowa State Fairgrounds. The business type activities financial statements show the activity of the Iowa State Fair itself. These basic financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Required Supplementary Information presents the Fair Authority's proportionate share of the net pension liability and related contributions and begins on page 38. Supplementary information is also in schedule form and begins on page 43.

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, entry and competitive events, fair services, grandstand and racetrack, utilities and maintenance, marketing and promotion, parking, public safety, sponsorship, special entertainment, treasurer and interim events.

Fund Financial Statements

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

Governmental Fund Financial Statements – The Blue Ribbon Foundation 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. Both the Special Revenue Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the bottom of each governmental fund financial statement.

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

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found beginning on page 25.

Required Supplementary Information

Required Supplementary Information presents the Fair Authority's proportionate share of the net pension liability and related contributions.

Supplementary Information

The supplementary schedules begin on page 43 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 \$102.3 million at October 31, 2015 compared to approximately \$96.6 million at October 31, 2014.

Fair Authority Net Position	Governmental Activities		Business Type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
			(Not Restated)		(Not Restated)	
Current and other assets	\$ 7,696,024	3,618,515	19,697,889	20,786,208	27,393,913	24,404,723
Capital assets	43,463	50,460	81,382,371	74,798,887	81,425,834	74,849,347
Total assets	\$ 7,739,487	3,668,975	101,080,260	95,585,095	108,819,747	99,254,070
Deferred outflows of resources	\$ -	-	285,865	-	285,865	-
Current liabilities	\$ 10,334	10,498	1,715,572	1,431,026	1,725,906	1,441,524
Long-term liabilities	137,341	106,169	4,359,428	1,039,707	4,496,769	1,145,876
Total liabilities	\$ 147,675	116,667	6,075,000	2,470,733	6,222,675	2,587,400
Deferred inflows of resources	\$ -	-	569,092	-	569,092	-
Net position:						
Net investment in capital assets	\$ 43,463	50,460	81,382,371	74,798,887	81,425,834	74,849,347
Restricted for:						
Endowment	347,014	338,106	-	-	347,014	338,106
Capital improvements	1,166,510	1,200,000	-	-	1,166,510	1,200,000
Other purposes	6,034,825	1,963,742	-	-	6,034,825	1,963,742
Unrestricted	-	-	13,339,662	18,315,475	13,339,662	18,315,475
Total net position	\$ 7,591,812	3,552,308	94,722,033	93,114,362	102,313,845	96,666,670

The largest portion of the Fair Authority's net position (79.6%) 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 (13.0%) represents assets used to meet the Fair Authority's ongoing obligations to vendors and creditors.

The remaining balance (7.4%) represents resources subject to external restrictions on how they may be used. The restricted net position will eventually be paid to the business side of the Fair for more investment in its capital assets. The Blue Ribbon Foundation created an Endowment Fund in fiscal year 2012 called Our Fair's Future – Blue Ribbon Foundation Endowment. Supported by donations, this fund allows donors to invest in the future of the Iowa State Fair. Withdrawals from the invested capital will be used for capital projects and future maintenance.

Fair Authority Changes in Net Position	Governmental Activities		Business Type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
			(Not Restated)		(Not Restated)	
Revenues:						
Program revenues:						
Charges for service	\$ 548,738	388,624	23,368,398	21,869,689	23,917,136	22,258,313
Operating grants and contributions	1,577,862	3,719,266	964,521	1,014,243	2,542,383	4,733,509
Capital grants and contributions	6,004,030	118,000	-	-	6,004,030	118,000
General revenues:						
State appropriation	2,325,000	825,000	-	-	2,325,000	825,000
Investment earnings	8,315	19,976	43,446	36,606	51,761	56,582
Gain on sale of capital assets	-	-	2,808	-	2,808	-
Total revenues	10,463,945	5,070,866	24,379,173	22,920,538	34,843,118	27,991,404
Expenses:						
Blue Ribbon Foundation fund raising	2,565,951	1,796,426	-	-	2,565,951	1,796,426
State Fair and other events	-	-	23,000,608	21,287,597	23,000,608	21,287,597
Total expenses	2,565,951	1,796,426	23,000,608	21,287,597	25,566,559	23,084,023
Change in net position before transfers	7,897,994	3,274,440	1,378,565	1,632,941	9,276,559	4,907,381
Transfers	(3,858,490)	(3,325,000)	3,858,490	3,325,000	-	-
Change in net position	4,039,504	(50,560)	5,237,055	4,957,941	9,276,559	4,907,381
Net position beginning of year, as restated	3,552,308	3,602,868	89,484,978	88,156,421	93,037,286	91,759,289
Net position end of year	\$ 7,591,812	3,552,308	94,722,033	93,114,362	102,313,845	96,666,670

Prior to restatement, the Fair Authority's net position increased approximately \$5.6 million, or 5.8%, and the net position of the business type activities increased approximately \$1.6 million. The majority of the increase in the governmental activities net position comes from the increase in pledges for the purpose of renovation and improvements

Iowa State Fair business type activities revenues increased in all departments except parking and sponsorship which decreased minimally. The majority of the increases in revenue came from admissions, concessions, grandstand and camping. Our attendance was up from the prior year. Our grandstand had a stronger lineup resulting in higher priced shows. Concessions and attractions revenues were up due to the increase in attendance and camping revenues was up due to the increase in camping rates. Governmental activities revenues increased approximately \$5.4 million. The Foundation's capital grants and contributions increased significantly, approximately \$5.9 million, while operating grants and contributions decreased \$2.1 million. State appropriations increased \$1.5 million. The Foundation received an appropriation from the Iowa State Legislature in fiscal year 2015 to be used to renovate the Youth Inn. Merchandise sales decreased slightly but water sales increased significantly in comparison to last year. We also had warmer weather and more people attended the fair than the previous year. Capital contributions increased significantly as well.

Approximately 88% of all business type activities revenues were generated from the Fair Authority's annual 11-day event, while the other 12% is from off-season rental of Fair Authority facilities and other miscellaneous sources. The largest revenue source of 34.2% comes from admissions and parking, while concessions, commercial exhibitors and attractions contribute 28.3% and entertainment contributes 13.6%. Revenues of approximately \$2.5 million, or 10.5%, were from off-season rental of our facilities.

The Fair Authority's expenses for both the business type and governmental activities increased from the previous year, mainly in payroll, talent expenses and other contractual services.

The largest business type activities expense is payroll, which accounts for 31.4% of all expenses. The Fair employs approximately 1,500 people at different times during the year, with the majority working during the 11-day event. Contractual services account for 21.1% of all expenses. Examples of contractual services are utilities, including electricity and water, waste and garbage removal and contract services as needed throughout the year. Payments made to grandstand performers and other entertainment during the fair account for 13.7% of all expenses.

FINANCIAL ANALYSIS OF THE FAIR AUTHORITY'S INDIVIDUAL FUNDS

Governmental Funds

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

As of the end of the current fiscal year, the Fair's governmental funds reported an ending fund balance of approximately \$3.8 million, an increase of approximately \$1.2 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 committed to pay for the renovation of specific projects, or is subject to other donor imposed restrictions. Increases on the revenue side resulted from an increase in appropriation, contributions and promotional sales. Transfers to business type activities for capital improvements also increased.

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, 2015, the Fair's proprietary fund reported an ending net position of approximately \$94.7 million, an increase of approximately \$5.2 million over the restated October 31, 2014 net position. The majority of the increase in net position is directly attributable to the increase in the Fair Authority's investment in capital assets, net of the effect of implementing GASB Statement No. 68.

CAPITAL ASSETS

The Fair Authority's investment in capital assets for its governmental and business-type activities at October 31, 2015 was approximately \$127 million, net of accumulated depreciation of approximately \$45.6 million, leaving a net book value of approximately \$81.4 million. This investment in capital assets includes land, buildings, infrastructures, equipment, vehicles and construction in progress. Infrastructure assets are items that are normally immovable, such as streets and sidewalks, drainage systems, lighting systems and similar items.

Capital projects that continued in 2015 include the final phase of the MidAmerican Energy Stage, which replaces the Fairview Stage, another phase of the Ruan Plaza beautification project and another phase of the renovation of the Youth Inn. Funds to pay for the completion of these projects will come from the Fair Authority's revenues as well as contributions and state appropriations. More detailed information about the Fair Authority's capital assets is presented in Note 3 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Fair Authority's officials and management considered many factors when setting the fiscal year 2016 budget and fees charged for the various Fair activities. Operating expenses are expected to increase partly due to labor. With the foreseeable increases in minimum wage, we will need to adjust our wages appropriately to be competitive with the local competition. The new federally enacted Affordable Health Care (ACA) laws have also impacted our labor pools. Due to the limitation of hours staff can work, we are forced to explore other avenues of labor such as a contract labor force which can be more costly. Revenues are expected to be higher in comparison to last year with the increase in gate admission during the Fair and advanced parking fees. The Fair Authority's net assets for fiscal year 2016 are expected to have a modest increase.

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

CONTACTING THE FAIR AUTHORITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Iowa State Fair Authority

Iowa State Fair Authority

Statement of Net Position

October 31, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and investments	\$ 2,933,773	18,174,246	21,108,019
Unexpended appropriation	1,166,510	-	1,166,510
Receivables:			
Accounts	-	349,562	349,562
Accrued interest	2,804	34,404	37,208
Pledges	1,519,453	-	1,519,453
Internal balances	(1,139,677)	1,139,677	-
Inventories	193,161	-	193,161
Total current assets	4,676,024	19,697,889	24,373,913
Noncurrent assets:			
Pledges receivable	3,020,000	-	3,020,000
Capital assets, net of accumulated depreciation:			
Land	-	8,422,592	8,422,592
Buildings	-	58,243,591	58,243,591
Equipment	-	2,261,333	2,261,333
Vehicles	43,463	279,974	323,437
Infrastructure	-	4,931,626	4,931,626
Construction in progress	-	7,243,255	7,243,255
Total noncurrent assets	3,063,463	81,382,371	84,445,834
Total assets	7,739,487	101,080,260	108,819,747
Deferred Outflows of Resources			
Pension related deferred outflows	-	285,865	285,865
Liabilities			
Current liabilities:			
Accounts payable	-	1,102,798	1,102,798
Salaries payable	5,655	177,455	183,110
Unearned revenue	-	56,900	56,900
Compensated absences and OPEB	4,679	322,722	327,401
Refundable deposits	-	55,697	55,697
Total current liabilities	10,334	1,715,572	1,725,906
Noncurrent liabilities:			
Compensated absences and OPEB	137,341	1,219,063	1,356,404
Net pension liability	-	3,140,365	3,140,365
Total noncurrent liabilities	137,341	4,359,428	4,496,769
Total liabilities	147,675	6,075,000	6,222,675
Deferred Inflows of Resources			
Pension related deferred inflows	-	569,092	569,092
Net Position			
Net investment in capital assets	43,463	81,382,371	81,425,834
Restricted for:			
Endowment	347,014	-	347,014
Capital improvements	1,166,510	-	1,166,510
Other purposes	6,034,825	-	6,034,825
Unrestricted	-	13,339,662	13,339,662
Total net position	\$ 7,591,812	94,722,033	102,313,845

See notes to financial statements.

Iowa State Fair Authority

Statement of Activities

Year ended October 31, 2015

	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Functions				
Governmental activities:				
Blue Ribbon Foundation	\$ 2,565,951	548,738	1,577,862	6,004,030
Business type activities:				
State Fair and other events	23,000,608	23,368,398	964,521	-
Total	<u>\$25,566,559</u>	<u>23,917,136</u>	<u>2,542,383</u>	<u>6,004,030</u>
General revenues and transfers:				
State appropriation				
Investment earnings				
Gain on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
5,564,679	-	5,564,679
-	1,332,311	1,332,311
5,564,679	1,332,311	6,896,990
2,325,000	-	2,325,000
8,315	43,446	51,761
-	2,808	2,808
(3,858,490)	3,858,490	-
(1,525,175)	3,904,744	2,379,569
4,039,504	5,237,055	9,276,559
3,552,308	89,484,978	93,037,286
\$ 7,591,812	94,722,033	102,313,845

Iowa State Fair Authority

Balance Sheet
Special Revenue Funds

October 31, 2015

	Special Revenue		
	Blue Ribbon Foundation	Nonmajor Foundation Endowment	Total
Assets			
Cash and investments	\$ 2,586,759	347,014	2,933,773
Unexpended appropriation	1,166,510	-	1,166,510
Receivables:			
Accrued interest	2,804	-	2,804
Pledges	4,539,453	-	4,539,453
Inventories	193,161	-	193,161
Total assets	\$ 8,488,687	347,014	8,835,701
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Internal balances	\$ 1,139,677	-	1,139,677
Salaries payable	5,655	-	5,655
Total liabilities	1,145,332	-	1,145,332
Deferred inflows of resources:			
Unavailable revenues	3,860,912	-	3,860,912
Fund balances:			
Nonspendable:			
Inventories	193,161	-	193,161
Restricted for:			
Endowment	-	347,014	347,014
Capital improvements	1,166,510	-	1,166,510
Administration	2,122,772	-	2,122,772
Total fund balance	3,482,443	347,014	3,829,457
Total liabilities, deferred inflows of resources and fund balances	\$ 8,488,687	347,014	8,835,701
Reconciliation of the Special Revenue Funds			
Balance Sheet to the Statement of Net Position			
Fund balances - Special Revenue Funds	\$ 3,482,443	347,014	3,829,457
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	\$ 113,983		
Less accumulated depreciation	(70,520)	43,463	43,463
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.		3,860,912	3,860,912
Certain liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities consist of compensated absences and OPEB.		(142,020)	(142,020)
Net position of governmental activities	\$ 7,244,798	347,014	7,591,812

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, 2015

	Special Revenue		
	Blue Ribbon Foundation	Nonmajor Foundation Endowment	Total
Revenues:			
State appropriation	\$ 2,325,000	-	2,325,000
Contributions	4,395,335	11,690	4,407,025
Sales of promotional items	317,952	-	317,952
Other sales	230,786	-	230,786
In-kind support	319,541	-	319,541
Interest on investments	8,292	23	8,315
Total revenues	7,596,906	11,713	7,608,619
Expenditures:			
Administration	1,345,052	2,805	1,347,857
Promotion	1,180,125	-	1,180,125
Total expenditures	2,525,177	2,805	2,527,982
Excess of revenues over expenditures	5,071,729	8,908	5,080,637
Transfers out	(3,858,490)	-	(3,858,490)
Change in fund balances	1,213,239	8,908	1,222,147
Fund balances beginning of year	2,269,204	338,106	2,607,310
Fund balances end of year	\$ 3,482,443	347,014	3,829,457
Reconciliation of the Special Revenue Funds			
Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities			
Change in fund balances - Special Revenue Funds	\$ 1,213,239	8,908	1,222,147
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.	2,855,326	-	2,855,326
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 expense in the current year was \$6,997.	(6,997)	-	(6,997)
Compensated absences and OPEB reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(30,972)	-	(30,972)
Change in net position of governmental activities	\$ 4,030,596	8,908	4,039,504

See notes to financial statements.

Exhibit E

Iowa State Fair Authority

Statement of Net Position
Enterprise Fund

October 31, 2015

Assets

Current assets:

Cash and investments	\$ 18,174,246
Receivables:	
Accounts	349,562
Accrued interest	34,404
Internal balances	<u>1,139,677</u>
Total current assets	<u>19,697,889</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation:

Land	8,422,592
Buildings	58,243,591
Equipment	2,261,333
Vehicles	279,974
Infrastructure	4,931,626
Construction in progress	<u>7,243,255</u>
Total noncurrent assets	<u>81,382,371</u>

Total assets101,080,260**Deferred outflows of resources:**

Pension related deferred outflows of resources	<u>285,865</u>
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Liabilities

Current liabilities:

Accounts payable	1,102,798
Salaries payable	177,455
Unearned revenue	56,900
Compensated absences and OPEB	322,722
Refundable deposits	<u>55,697</u>
Total current liabilities	<u>1,715,572</u>

Noncurrent liabilities:

Compensated absences and OPEB	1,219,063
Net pension liability	<u>3,140,365</u>
Total noncurrent liabilities	<u>4,359,428</u>

Total liabilities6,075,000**Deferred inflows of resources:**

Pension related deferred inflows of resources	<u>569,092</u>
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Net Position

Net investment in capital assets	81,382,371
Unrestricted	<u>13,339,662</u>
Total net position	<u><u>\$ 94,722,033</u></u>

See notes to financial statements.

Iowa State Fair Authority

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

Year ended October 31, 2015

Operating revenues:	
Admissions	\$ 7,420,295
Attractions	1,478,685
Commercial exhibitors	1,472,424
Concessions	3,941,346
Grandstand and racetrack entertainment	3,317,138
Parking	902,308
Entry fees	476,476
Campground fees and services	1,454,285
Sponsorships	964,521
Interim events	2,546,242
Miscellaneous	359,199
Total operating revenues	<u>24,332,919</u>
Operating expenses:	
Administration	3,397,749
Admissions	403,272
Concessions	519,294
Entry and competitive events	1,210,763
Fair services	1,552,250
Grandstand and racetrack	3,048,862
Utilities and maintenance	5,995,958
Marketing and promotion	861,602
Parking	197,736
Public safety	1,022,911
Sponsorship	23,263
Special entertainment	791,281
Treasurer	59,675
Depreciation	3,338,607
Interim events	577,385
Total operating expenses	<u>23,000,608</u>
Operating income	<u>1,332,311</u>
Non-operating revenues:	
Investment income	43,446
Gain on disposition of capital assets	2,808
Total non-operating revenues	<u>46,254</u>
Income before transfers	1,378,565
Transfers in	<u>3,858,490</u>
Change in net position	5,237,055
Net position beginning of year, as restated	<u>89,484,978</u>
Net position end of year	<u><u>\$ 94,722,033</u></u>

See notes to financial statements.

Exhibit G

Iowa State Fair Authority

Statement of Cash Flows
Enterprise Fund

Year ended October 31, 2015

Cash flows from operating activities:		
Cash received from events	\$ 24,496,291	
Cash paid to suppliers	(11,960,660)	
Cash paid to employees	(7,422,056)	
Net cash provided by operating activities		\$ 5,113,575
Cash flows from non-capital financing activities:		
Transfers in from other funds		3,698,590
Cash flows from capital financing activities:		
Proceeds from the sale of capital assets	2,808	
Acquisition of property and equipment	(9,922,091)	(9,919,283)
Net cash used by capital financing activities		
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	15,167,000	
Purchase of investments	(14,900,792)	
Net cash provided by investing activities		266,208
Decrease in cash and cash equivalents		(840,910)
Cash and cash equivalents beginning of year		9,603,824
Cash and cash equivalents end of year		8,762,914
Investments		9,411,332
Cash, cash equivalents and investments end of year		<u>\$ 18,174,246</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 1,332,311
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 3,338,607	
Changes in assets and liabilities:		
Decrease in accounts receivable	184,547	
Decrease in deferred outflows of resources	13,909	
Increase in accounts payable	277,644	
Increase in salaries payable	6,168	
Decrease in unearned revenue	(21,175)	
Increase in compensated absences and OPEB	203,658	
Decrease in refundable deposits	(2,393)	
Increase in net pension liability	342,335	
Decrease in deferred inflows of resources	(562,036)	
Total adjustments		3,781,264
Net cash provided by operating activities		<u>\$ 5,113,575</u>

See notes to financial statements.

Iowa State Fair Authority

Notes to Financial Statements

October 31, 2015

(1) Summary of Significant Accounting Policies

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

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

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

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

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

A. Reporting Entity

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

B. Entity-wide and fund financial statements

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

The Statement of 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. Enabling legislation did not result in any restricted net position.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

The Fair Authority reports the following major governmental fund:

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

The Fair Authority reports the following major proprietary fund:

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

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

D. Budgets, Budgetary Accounting and State Appropriations

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

E. Assets, 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 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 net meeting the definition of cash equivalents at October 31, 2015 include certificates of deposit of \$4,819,017.

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

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the year ended October 31, 2015, no interest costs were capitalized since the Fair Authority’s policy is not to capitalize interest costs on assets.

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

Asset Class	Years
Buildings	20 - 40
Equipment	5 - 10
Vehicles	5 - 10
Infrastructure	15 - 20

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 consist of unrecognized items not yet charged to pension 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.

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 consist of pledges receivable not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

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

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

(2) Cash, Cash Equivalents and Investments

The Fair Authority's deposits in banks and with the Treasurer of State throughout the year and at October 31, 2015 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, 2015, the Fair Authority had the following investments in corporate notes and U.S. Government securities.

Investment	Fair Value	Maturity	Credit Risk
Goldman Sachs	\$ 800,552	November 23, 2015	Baa1
Federal Home Loan Bank	249,830	May 11, 2016	Aaa
U.S. Treasury	309,531	December 31, 2016	Aaa
Federal National Mortgage	316,818	February 13, 2017	Aaa
U.S. Treasury	232,256	February 28, 2017	Aaa
U.S. Treasury	264,785	May 15, 2017	Aaa
U.S. Treasury	309,927	May 31, 2017	Aaa
U.S. Treasury	247,214	June 30, 2017	Aaa
Federal Home Loan Mortgage	401,668	July 28, 2017	Aaa
Federal Home Loan Bank	402,284	July 28, 2017	Aaa
Federal National Mortgage	250,365	October 26, 2017	Aaa
U.S. Treasury	257,475	November 30, 2017	Aaa
Federal National Mortgage	250,000	March 28, 2018	Aaa
Federal Home Loan Bank	299,610	May 25, 2018	Aaa
Total	<u>\$ 4,592,315</u>		

Investments are held by the Foundation in accordance with Chapter 540A of the Code of Iowa and its investment policy. The Foundation's Endowment Fund actively seeks and encourages planned gifts consistent with its purpose, which are the maintenance and improvement of the Iowa State Fairgrounds. At October 31, 2015, the Foundation had investments held by Morgan Stanley which had a fair value of \$347,014.

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

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

Concentration of credit risk – The Fair Authority places no limit on the amount which may be invested in any one issuer. More than 5% of the Fair Authority's cash and investments are in U.S. Treasury (8.92%) and Federal Home Loan Bank (5.24%) investments.

(3) Capital Assets

Capital assets activity for the year ended October 31, 2015 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Equipment	\$ 113,983	-	-	113,983
Less accumulated depreciation	(63,523)	(6,997)	-	(70,520)
Governmental activities capital assets, net	\$ 50,460	(6,997)	-	43,463
Business type activities:				
Land, not being depreciated	\$ 7,594,321	828,271	-	8,422,592
Buildings	85,086,046	9,612,108	(259,192)	94,438,962
Equipment	4,444,746	208,767	-	4,653,513
Vehicles	817,541	179,835	(21,130)	976,246
Infrastructure	11,248,518	-	-	11,248,518
Construction in progress, not being depreciated	8,150,146	5,147,216	(6,054,107)	7,243,255
Total capital assets	117,341,318	15,976,197	(6,334,429)	126,983,086
Less accumulated depreciation for:				
Buildings	(33,879,007)	(2,575,257)	258,893	(36,195,371)
Equipment	(2,147,512)	(244,668)	-	(2,392,180)
Vehicles	(669,004)	(48,397)	21,129	(696,272)
Infrastructure	(5,846,908)	(469,984)	-	(6,316,892)
Total accumulated depreciation	(42,542,431)	(3,338,306)	280,022	(45,600,715)
Business type activities capital assets, net	\$ 74,798,887	12,637,891	(6,054,407)	81,382,371

(4) Operating Leases

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

Year Ending October 31,	Amount
2016	\$ 18,780
2017	18,780
2018	18,780
Total	<u>\$ 56,340</u>

Rental expense for the year ended October 31, 2015 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$18,780.

(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 7401 Register Drive, 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used 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 - Effective July 1, 2012, as a result of a 2010 law change, the 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%. 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 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Fair Authority contributed 8.93% for a total rate of 14.88%.

The Fair Authority's contributions to IPERS for the year ended October 31, 2015 were \$394,950.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At October 31, 2015, the Fair Authority reported a liability of \$3,140,365 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate 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, 2015, the Fair Authority's collective proportion was 0.063564%, which was a decrease of 0.006988% from its collective proportion measured as of June 30, 2014.

For the year ended October 31, 2015, the Fair Authority recognized pension expense of \$189,157. At October 31, 2015, 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	\$ 47,447	-
Changes of assumptions	86,462	-
Net difference between projected and actual earnings on IPERS' investments	-	261,360
Changes in proportion and differences between Fair Authority contributions and its proportionate share of contributions	-	307,732
Fair Authority contributions subsequent to the measurement date	151,956	-
Total	<u>\$ 285,865</u>	<u>569,092</u>

\$151,956 reported as deferred outflows of resources related to pensions resulting from Fair Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending October 31, 2016. 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
2016	\$ (162,963)
2017	(162,963)
2018	(162,963)
2019	67,898
2020	(14,192)
Total	<u>\$ (435,183)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 arithmetic 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
Core-plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 to Changes in the Discount Rate - The following presents the Fair Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Fair Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	Decrease (6.50%)	Rate (7.50%)	Increase (8.50%)
Fair Authority's proportionate share of the net pension liability	\$ 5,498,214	3,140,365	1,150,171

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, 2015, the Fair Authority reported payables to IPERS of \$32,240 for legally required Fair Authority contributions and \$21,482 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(6) Long Term Liabilities

A summary of changes in long-term liabilities for the year ended October 31, 2015 is as follows:

	Governmental Activities			Business Type Activities			
	Compensated			Compensated		Net Pension	
	Absences	OPEB	Total	Absences	OPEB	Liability	Total
Beginning balance, as restated	\$ 96,342	14,706	111,048	1,083,223	254,904	2,798,030	4,136,157
Additions	28,635	2,337	30,972	652,123	74,594	342,335	1,069,052
Deletions	-	-	-	523,059	-	-	523,059
Ending balance	\$ 124,977	17,043	142,020	1,212,287	329,498	3,140,365	4,682,150
Due within one year	\$ 4,679	-	4,679	322,722	-	-	322,722

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:

<u>If the sick leave balance is:</u>	<u>The conversion rate is:</u>
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, 2015, two retired employees received benefits of \$7,361 under the SLIP program.

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

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

The annual valuation of liabilities under the OPEB plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$233,200,000 for the State of Iowa as of June 30, 2015. The Fair Authority's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2015. The report may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

The Fair Authority recognized a cumulative net OPEB liability of \$346,541 for other postemployment benefits, which represents the Fair Authority's portion of the State's net OPEB obligation. The Fair Authority's portion of the net OPEB obligation was calculated using the ratio of full time equivalent employees of the Fair Authority compared to full time equivalent employees of the State of Iowa.

(7) Contractual Commitments

The Fair Authority has entered into contracts for capital improvement projects throughout the Fairgrounds and has spent \$3,295,736 under these contracts as of October 31, 2015. The remaining contractual obligation as of October 31, 2015 for projects already in progress totals \$1,714,501.

(8) Risk Management

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

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

(9) Accounting Change

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

		<u>Business type Activities</u>
Net position October 30, 2014, as previously reported		\$ 93,114,362
Net pension liability at June 30, 2014		(2,798,030)
Deferred outflows of resources at June 30, 2014:		
Differences between expected and actual experience	\$ 30,409	
Changes in assumptions	123,483	
Prior year contributions made after the June 30, 2014 measurement date	<u>145,882</u>	299,774
Deferred inflows of resources at June 30, 2014:		
Net difference between projected and actual earnings on IPERS investments	(1,067,088)	
Change in proportion and differences between Fair Authority contributions and the Fair Authority's proportionate share of contributions	<u>(64,040)</u>	<u>(1,131,128)</u>
Net position November 1, 2014, as restated		<u>\$ 89,484,978</u>

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
Last Two Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015	2014
Fair Authority's proportion of the net pension liability	0.063564%	0.070552%
Fair Authority's proportionate share of the net pension liability	\$ 3,140	2,798
Fair Authority's covered-employee payroll	\$ 4,423	4,485
Fair Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70.99%	62.39%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Iowa State Fair Authority

Schedule of Fair Authority Contributions

Iowa Public Employees' Retirement System
Last Fiscal Three Years*
(In Thousands)

Required Supplementary Information

	2015	2014	2013
Statutorily required contribution	\$ 395	401	399
Contributions in relation to the statutorily required contribution	<u>(395)</u>	<u>(401)</u>	<u>(399)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fair Authority's covered-employee payroll	\$ 4,423	4,485	4,568
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.73%

See accompanying independent auditor's report.

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

Iowa State Fair Authority

Notes to Required Supplementary Information – Pension Liability

Year ended October 31, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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 beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation, date and the effective date of the annual actuarial contribution rate.

Supplementary Information

Iowa State Fair Authority

Iowa State Fair Authority

Expenditures by Object
Special Revenue Funds

Year ended October 31, 2015

	Administration	Promotion	Total
Personal services	\$ 393,872	-	393,872
Travel	4,166	-	4,166
Supplies and materials	57,715	-	57,715
Contractual services	50,222	-	50,222
Miscellaneous	815,696	-	815,696
Equipment	26,186	-	26,186
Marketing	-	791,660	791,660
Donor promotion	-	388,465	388,465
Total	<u>\$ 1,347,857</u>	<u>1,180,125</u>	<u>2,527,982</u>

See accompanying independent auditor's report.

Iowa State Fair Authority

Expenses by Object
Enterprise Fund

Year ended October 31, 2015

	Admin- istration	Admissions	Concessions	Entry and Competitive Events	Fair Services	Grandstand and Racetrack	Utilities and Maintenance
Personal services	\$2,533,801	269,880	35,728	155,702	68,270	70,941	3,241,233
Travel and conferences	113,076	-	-	-	-	-	-
Supplies and materials	72,297	73,973	463,863	109,846	379,022	-	721,496
Judging	-	-	-	213,851	-	-	-
Contractual services	309,203	47,339	9,875	150,015	1,076,209	473,806	1,869,632
Repair and improvements	-	-	-	-	-	-	32,763
Talent	-	-	-	4,500	-	2,503,280	-
Advertising	-	-	-	355	-	-	-
Claims and miscellaneous	369,372	12,080	9,828	101,299	28,749	835	130,834
Premiums	-	-	-	475,195	-	-	-
Depreciation	-	-	-	-	-	-	-
Total	\$3,397,749	403,272	519,294	1,210,763	1,552,250	3,048,862	5,995,958

See accompanying independent auditor's report.

Marketing and Promotion	Parking	Public Safety	Sponsorship	Special Entertain- ment	Treasurer	Depreciation	Interim Events	Total
-	-	831,514	-	6,778	12,363	-	-	7,226,210
-	-	-	-	-	-	-	-	113,076
-	-	56,633	23,263	9,751	-	-	82,276	1,992,420
-	-	-	-	2,505	-	-	-	216,356
34,146	197,736	134,764	-	139,531	-	-	412,658	4,854,914
-	-	-	-	-	-	-	-	32,763
-	-	-	-	575,600	-	-	76,339	3,159,719
766,164	-	-	-	-	-	-	-	766,519
61,292	-	-	-	57,116	-	-	6,112	777,517
-	-	-	-	-	47,312	-	-	522,507
-	-	-	-	-	-	3,338,607	-	3,338,607
861,602	197,736	1,022,911	23,263	791,281	59,675	3,338,607	577,385	23,000,608

Schedule 3

Iowa State Fair Authority

Summary of Operating Revenues and State Fair Attendance

For the Five Years Ended October 31, 2015

Fiscal Year	Operating Revenues	Operating Income	State Fair Attendance (Unaudited)
2011	\$ 20,638,067	257,145	1,081,000
2012	21,112,711	597,173	1,097,000
2013	21,810,173	1,288,096	1,047,000
2014	22,883,932	1,596,335	1,016,000
2015	24,332,919	1,332,311	1,117,000

See accompanying independent auditor's report.

Iowa State Fair Authority
Grandstand Performances
Year ended October 31, 2015

Main Act Performer	Attendance (Net of Complimentary Tickets)	Receipts	Performer's Share	State Fair's Share
Casting Crowns	7,508	\$ 240,256	165,968	74,288
Justin Moore	8,765	306,775	208,420	98,355
Def Leppard	10,446	558,643	466,279	92,364
Reba	10,233	460,485	356,412	104,073
Carrie Underwood	10,426	628,800	530,250	98,550
Yes & Toto	3,593	125,755	125,000	755
Grand Outlaw National Tractor and Truck Pull	5,646	116,550	65,300	51,250
Alabama	9,885	395,400	294,090	101,310
The Fray	4,358	165,604	165,000	604
Rock-A-Thon	2,368	71,040	110,000	(38,960)
Total	<u>73,228</u>	<u>\$ 3,069,308</u>	<u>2,486,719</u>	<u>582,589</u>

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

See accompanying independent auditor's report.

Schedule 5

Iowa State Fair Authority

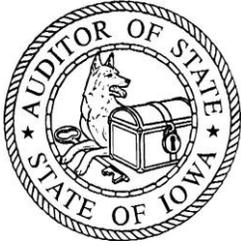
Concessionaire Sales

For the Five Years Ended October 31, 2015
(Unaudited)

Fiscal Year	Sales Reported by Vendor		
	Food	Beer	Merchandise
2011	\$ 8,908,188	739,272	2,526,453
2012	9,302,603	743,607	2,760,725
2013	10,090,048	832,232	3,042,989
2014	10,207,060	681,326	3,156,928
2015	10,776,916	765,746	3,469,027

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

See accompanying independent auditor's report.



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

To the Board Members of the
Iowa State Fair Authority:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa State Fair Authority as of and for the year ended October 31, 2015, and the related Notes to Financial Statements, which collectively comprise the Iowa State Fair Authority's basic financial statements, and have issued our report thereon dated June 8, 2016. Our report includes a reference to other auditors who audited the financial statements of the Foundation Endowment, as described in our report on the Iowa State Fair Authority's financial statements. The financial statements of the Foundation Endowment were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iowa State Fair Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We did not identify any deficiencies in compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Comments about the Iowa State Fair Authority's operations for the year ended October 31, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Iowa State Fair Authority. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments are not intended to constitute legal interpretations.

The Iowa State Fair Authority's Responses to the Findings

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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 8, 2016

Iowa State Fair Authority

Schedule of Findings

Year Ended October 31, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Change Transactions – During the State Fair, the Fair Authority operates a service where concessionaires and various departments of the Fair exchange cash. However separate change drawers are not maintained for each employee at an authorized amount. Also, daily reconciliations to the authorized amount were not reviewed on a timely basis.

Recommendation – Each employee should have a separate authorized change drawer to improve accountability. Also, reconciliations to authorized amounts should be prepared daily and independent review of these reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – Proposed changes have been documented and will be implemented for the 2016 Fair.

Conclusion – Response accepted.

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

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

Response – The Blue Ribbon Foundation will reiterate existing procedures with all staff regarding reconciliation of credit card receipts to the statement prior to payment.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Iowa State Fair Authority

Staff

This audit was performed by:

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