Financial Statements
September 30, 2021

North Dakota State Fair Association

EideBailly

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Independent Auditor's Report

The Board of Directors
North Dakota State Fair Association
Minot, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the North Dakota State Fair Association, a component unit of the State of North Dakota, and of its discretely presented component unit, North Dakota State Fair Foundation, as of and for the year then ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Dakota State Fair Association, and of its discretely presented component unit as of September 30, 2021, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements of North Dakota State Fair Association, an enterprise fund of the State of North Dakota, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the State of North Dakota that is attributable to the transactions of North Dakota State Fair Association. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of September 30, 2021, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Employer's Share of Net Pension Liability and Employer Contributions, and Schedules of Employer's Share of OPEB Liability and Employer Contributions as listed in the table of contents 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of the North Dakota State Fair Association'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 effectiveness of the North Dakota State Fair Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Dakota State Fair Association's internal control over financial reporting and compliance.

Eide Bailly LLP
Bismarck, North Dakota
October 26, 2022

This section of the Association's annual financial report presents our analysis of the financial performance during the fiscal year that ended September 30, 2021. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Association's net position increased by $2,457,593 or 9.45% in fiscal year 2021.
- During fiscal year, the Association's operating revenues increased by $5,380,923 or 460.17%, while operating expenses increased by $3,160,296 or 75.51%.
- Fair revenues increased to $9,583,519 or 419.44%.
- Property and equipment additions totaled $0.
- Depreciation expense totaled $1,205,732.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Financial Statements of the Association report information about the Association using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Balance Sheet includes all of the Association's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Association creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Association and assessing the liquidity and financial flexibility of the Association. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Change in Net Position. This statement measures the success of the Association's operations over the past year and can be used to determine whether the Association has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Association's cash receipts and cash payments during the reporting period.

The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Association

One of the most important questions asked about the Association's finances is "Is the Association as a whole better off or worse off as a result of the year's activities?" The Balance Sheet, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Association's activities in a way that will help answer this question. These two statements report the net position of the Association and changes in them. You can think of the Association's net position-the difference between assets, deferred outflows and inflows and liabilities-as one way to measure financial health or financial position. Over time, increases or decreases in the Association's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population declines, and competitive forms of entertainment.

Net Position

To begin our analysis, a summary of the Association's Balance Sheets is presented in the following:

Condensed Balance Sheets
(In Thousands of Dollars)

The condensed balance sheet shows the categories of items that are owned and owed by the Association. Total assets increased by $2,427 thousand from 2020 to 2021 mainly due to the depreciation of capital assets. Total deferred outflows of resources decreased by $307 thousand from 2020 to 2021 due to changes in assumptions such as inflation, discount, and investment rates of return. Total liabilities decreased $1,756 thousand from 2020 to 2021 mainly due to payments being made on the bond.

	2021	2020	Dollar Change	Total Percent Change
Assets				
Current and other assets	$ 9,837	$ 6,205	$ 3,632	58.53%
Capital assets	21,856	23,061	(1,205)	-5.23%
Total assets	31,693	29,266	2,427	8.29%
Deferred outflows of resources	1,269	1,576	(307)	-19.48%
Total assets and deferred outflows of resources	32,962	30,842	2,120	6.87%
Liabilities				
Current liabilities	275	226	49	21.57%
Long-term debt outstanding	1,155	1,297	(143)	-11.02%
Other liabilities	1,035	2,693	(1,659)	-61.60%
Total liabilities	2,465	4,216	(1,753)	-41.57%
Deferred inflow of resources	2,034	621	1,414	227.76%
Net Position				
Net invested in capital assets	20,571	21,634	(1,063)	-4.91%
Unrestricted	7,892	4,371	3,521	80.55%
Total net position	$ 28,463	$ 26,005	$ 2,458	9.45%

Condensed Statements of Revenues, Expenses and Changes in Net Position
(In Thousands of Dollars)

	2021	2020	Dollar Change	Total Percent Change
Operating Revenues				
Fair proceeds and other revenue	$ 6,278	$ 927	$ 5,351	577.58%
Arena revenue	261	242	19	7.96%
Other revenue	11	0	11	0.00%
	6,550	1,169	5,381	460.17%
Nonoperating Revenues				
Local grants	666	635	31	4.93%
Federal grant	2,349	-	2,349	0.00%
Interest and investment income	18	26	(8)	-30.47%
(Loss)/Gain on sale of fixed assets	-	15	(15)	0.00%
	3,033	676	2,357	348.93%
Total Revenues	9,583	1,845	7,738	419.44%
Operating Expenses				
General expenses	4,039	732	3,307	451.78%
Depreciation expense	1,206	1,463	(257)	-17.57%
Salaries, wages and vacation pay	1,845	1,991	(146)	-7.33%
Premiums, trophies and awards	257	-	257	0.00%
	7,347	4,186	3,161	75.51%
Non Operating Expenses				
Interest expense	49	53	(4)	-7.02%
Bond fees	13	13	0	0.60%
Amortization	(12)	(12)	-	0.00%
	50	54	(4)	-8.03%
Total Expenses	7,397	4,240	3,157	74.44%
Transfers -				
State Appropriations	271	-	271	0.00%
Change in Net Position	2,457	(2,396)	4,853	-202.58%
Net Position, Beginning of Year	26,005	28,401	(2,396)	-8.43%
Net Position, End of Year	$ 28,463	$ 26,005	$ 2,457	9.45%

The condensed statements of revenues, expenses and changes in net position shows both the revenue streams and expenditures associated with operating the Association. Total revenues were up $7,738 thousand from 2020 to 2021 while total expenses were up $3,161 thousand from 2020 to 2021. During 2021, the Association received Shuttered Venue (SVOG) federal grant funding totaling $2,349 thousand related to the global COVID-19 pandemic and the related cancellation of the 2020 State Fair. The grant was used to cover ongoing Association Expenses. State appropriations were up $271 thousand from 2020 to 2021. This resulted in a net impact of $2,458 thousand increase from 2020 to 2021.

Capital Assets

The Association had invested more than $53 million in infrastructure including land, buildings, improvements and equipment. Approximately 96 percent of that total is related to land and structures. Maintenance and upkeep of those structures and improvements is a continual ongoing process for the Association. Annual yearly costs for building and grounds upkeep exceeded $642 thousand, excluding payroll costs for Association employees engaged in repair and upkeep procedures.

Current year additions to the capital asset category totaled $0. See footnote 6 for additional details.

Long-Term Bond Debt

The Association had $1,190,000 in long term debt down from $1,320,000 in fiscal year 2020. See footnote 7 for additional details.

Net Pension Liability

As of October 1, 2014, the Association adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. As a result of implementing this standard, the Association reported a net pension liability of $956,363 at year end in 2021 and $2,606,290 in 2020. See additional information in Note 10.

Net Other Post-Employment Benefits Liability

As of October 1, 2017, the Association adopted GASB Statement No. 74 and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of these standards requires governments to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. As a result of implementing this standard, the Association reported a net OPEB liability of $44,093 at year end in 2021 and $67,435 in 2020. See additional information in Note 11.

Economic Factors and Next Year's Operations

The North Dakota State Fair Association is in the entertainment business, and as such is dependent upon many factors affecting the entertainment spending decisions of its customers. Factors such as condition of the agriculture economy, oil industry, Minot Air Force Base, Canadian exchange rates, weather, and competing entertainment providers such as casinos can all have significant impact on turnout for the annual State Fair.

Contacting the Association's Financial Manager

This financial report is designed to provide our state citizens, customers, and creditors with a general overview of the Association's finances and to demonstrate the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the North Dakota State Fair Association office at P.O. Box 1796, Minot, ND 58702-1796.

	Primary Government	Component Unit
	Business-Type Activities (State Fair)	State Fair Foundation
Current Assets		
Cash and cash equivalents	$ 7,748,171	$ 244,559
Investments	2,000,000	-
Accounts receivable, net of allowance for uncollectible accounts of $3,000	28,676	75,000
Prepaid items	59,729	-
Total current assets	9,836,576	319,559
Noncurrent Assets		
Capital assets		
Land	741,502	1,115,389
Other capital assets, net of depreciation	21,114,179	-
Total noncurrent assets	21,855,681	1,115,389
Other Assets		
Restricted cash	-	12,077
Notes receivable, net of allowance for uncollectible accounts of $1,075,000	-	35,000
Total other assets	-	47,077
Deferred Outflows of Resources	1,268,930	-
Total assets and deferred outflows of resources	$ 32,961,187	$ 1,482,025
Current Liabilities		
Trade accounts payable	73,759	210
Accrued expenses	-	164
Current portion of accrued employee leave	70,000	-
Current portion of bonds payable	130,000	-
Current portion of note payable	-	64,950
Total current liabilities	273,759	65,324
Noncurrent Liabilities		
Accrued employee leave, net of current portion	34,683	-
Bonds payable, net of unamortized premium of $95,014	1,155,014	-
Note payable	-	-
Net pension liability	956,363	-
Net other post-employment benefits liability	44,093	-
Total noncurrent liabilities	2,190,153	-
Deferred Inflow of Resources	2,034,162	-
Net Position		
Net investment in capital assets	20,570,667	-
Permanently Restricted Endowment	-	2,155,492
Unrestricted	7,892,446	(738,791)
Total net position	$ 28,463,113	$ 1,416,701
	$ 32,961,187	$ 1,482,025

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government: Business-Type Activities (State Fair)	Net (Expense) Revenue and Change in Net Position: Component Unit: State Fair Foundation
Primary Government:					
Business-Type Activities:					
State Fair Association	$ 7,408,186	$ 6,549,707	$ 3,014,696	$ 2,156,217	$ -
Component Unit:					
State Fair Foundation	167,542	97,268	85,080	-	14,806
General Revenues:					
State appropriations				271,417	-
Investment earnings				17,699	26,178
Amortization of bond premium				12,260	-
Total general revenues				301,376	26,178
Change in net position				2,457,593	40,984
Net position, Beginning of Year				26,005,520	1,375,717
Net position, End of Year				$ 28,463,113	$ 1,416,701

	2021
Current Assets	
Cash and cash equivalents	$ 7,748,171
Investments	2,000,000
Accounts receivable, net of allowance for uncollectible accounts of $3,000	28,676
Prepaid items	59,729
Total current assets	9,836,576
Noncurrent Assets	
Capital assets	
Land	741,502
Other capital assets, net of depreciation	21,114,179
Total noncurrent assets	21,855,681
Total assets	31,692,257
Deferred outflows of resources	1,268,930
Total assets and deferred outflows of resources	$ 32,961,187
Current Liabilities	
Trade accounts payable	73,759
Current portion of accrued employee leave	70,000
Current portion of bonds payable	130,000
Total current liabilities	273,759
Noncurrent Liabilities	
Accrued employee leave, net of current portion	34,683
Bonds payable, net of unamortized premium of $95,014	1,155,014
Net pension liability	956,363
Net other post-employment benefits liability	44,093
Total noncurrent liabilities	2,190,153
Total liabilities	2,463,912
Deferred Inflow of Resources	2,034,162
Net Position	
Net investment in capital assets	20,570,667
Unrestricted	7,892,446
Total net position	$ 28,463,113
Total liabilities, deferred inflows of resources and net position	$ 32,961,187

	2021
Operating Revenues	
Fair proceeds and other revenue	$ 6,277,547
Arena revenue	260,992
Other revenue	11,168
Total operating revenues	6,549,707
Operating Expenses	
General expenses	4,038,528
Depreciation expense	1,205,732
Salaries, wages and vacation pay	1,845,024
Premiums, trophies and awards	257,179
Total operating expenses	7,346,463
Operating Loss	(796,756)
Nonoperating Revenues (Expenses)	
Local grants	665,955
Federal grants	2,348,741
Interest and investment income	17,699
Amortization of bond premium	12,260
Interest expense	(49,012)
Bond fees	(12,711)
Total nonoperating revenues	2,982,932
Loss before transfers	2,186,176
Transfers - State Appropriations	271,417
Change in Net Position	2,457,593
Net Position, Beginning of Year	26,005,520
Net Position, End of Year	$ 28,463,113

	2021
Operating Activities	
Cash received from customers	$ 6,632,562
Cash payments for goods and services	(4,251,902)
Cash payments to employees	(1,783,428)
Net Cash from Operating Activities	597,232
Non-Capital Financing Activities	
Federal and local grants received	3,014,696
State appropriations received	271,417
Net Cash from Non-Capital Financing Activities	3,286,113
Capital and Related Financing Activities	
Bond fees	(12,711)
Principal payments on bonds	(130,000)
Interest paid	(49,012)
Net Cash used for Capital and Related Financing Activities	(191,724)
Investing Activities	
Receipts of interest and dividends	17,699
Net Change in Cash and Cash Equivalents	3,709,320
Cash and Cash Equivalents, Beginning of Year	4,038,851
Cash and Cash Equivalents, End of Year	$ 7,748,171
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating loss	$ (796,756)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	1,205,732
Adjustment to pension expense	47,606
Changes in operating assets and liabilities	
Customer receivables	82,855
Prepaid expenses	(4,852)
Trade accounts payable	48,657
Accrued leave	13,990
Net Cash used for Operating Activities	$ 597,232

	2019-2021 Appropriation	7/1/2020- 9/30/2020 Expenditures	10/1/2020- 9/30/2021 Expenditures	Unexpended Appropriations at 9/30/2021
Premiums	$ 542,833	$ -	$ 271,417	$ 271,416

The following schedule shows the appropriated and non-appropriated portion of premiums, operating expenses, interest expense and bond costs for the year-ended September 30, 2021. Non-appropriated expenditures are made in accordance with NDCC 4-02.1-15.

	FY 2021 Appropriated	FY 2021 Non-appropriated	Fiscal Year 2021 Total
Premiums	$ 271,417	$ (271,417)	$ -
Operating expenses	-	7,076,999	7,076,999
Bond administration fees	-	12,711	12,711
Interest expenses	-	49,012	49,012
Asphalt	-	12,285	12,285
	$ 271,417	$ 6,879,590	$ 7,151,007

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

The North Dakota State Fair Association (Association) is an Enterprise Fund of the State of North Dakota. The purpose of the State Fair Association is to conduct an annual exhibition of the state's resources and products in order to promote the state.

The accompanying financial statements of the North Dakota State Fair Association follow the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing generally accepted accounting principles for governmental entities.

The accounting policies of the North Dakota State Fair Association conform to generally accepted accounting principles as applicable to local governmental units. The following is a summary of the more significant policies:

Reporting Entity

For financial reporting purposes, the North Dakota State Fair Association has included all funds, and has considered all potential component units for which the North Dakota State Fair Association is financially accountable, and other organizations for which the nature and significance of their relationship with the North Dakota State Fair Association are such that exclusion would cause the North Dakota State Fair Association's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board has set forth criteria to be considered in evaluating the nature and significance of the relationship such that exclusion would cause the financial statements to be misleading or incomplete. This criteria includes (1) being a legally separate, tax-exempt organization, (2) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, (3) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, and (4) the economic resources received or held by an individual organization that the primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

Based upon the criteria of the Governmental Accounting Standards Board, the North Dakota State Fair Foundation is a component unit of the Association that should be presented discretely. It is considered part of the Association's reporting entity because of the significance of its relationship with the Association. The North Dakota State Fair Foundation's mission is to develop lifelong relationships with donors to secure philanthropic gifts that will enhance and support the work of the North Dakota State Fair.

Component Unit

In conformity with GAAP, the financial statements of the component unit have been included in the financial reporting entity as a discretely presented component unit.

Discretely Presented Component Unit-The component unit column in the government-wide financial statements includes the financial data of the Association's one component unit, North Dakota State Fair Foundation. This unit is reported in a separate column to emphasize that it is legally separate from the Association.

North Dakota State Fair Foundation (Foundation), a nonprofit organization, was established to develop lifelong relationships with donors to secure philanthropic gifts that will enhance and support the work of the North Dakota State Fair Association. The Foundation's major sources of revenue include endowments and cash contributions. The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue is recognized on the accrual basis for financial reporting.

Infrastructure, Buildings, and Equipment

Infrastructure, buildings and equipment are stated at cost except for donated assets which are reported at fair value on the date received. Expenditures exceeding $5,000 for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance, repairs and improvements less than $5,000 are currently charged to expense.

Depreciation is provided for over the estimated useful lives of the individual assets using the straight-line method. The estimated useful lives used in the computation of depreciation are as follows:

Infrastructure	5-25 years
Buildings	20-40 years
Equipment	3-15 years

Cash and Cash Equivalents

For purposes of reporting cash flows, the Association considers all Treasury bills, commercial paper, certificates of deposit and money market funds which have an original maturity of three months or less to be cash equivalents.

Investments

Investments consist entirely of certificates of deposit and are reported at amortized cost.

Accounts Receivable

Accounts receivable are carried at original invoice amount less a reserve estimate made for doubtful accounts. Management's estimate of the allowance for doubtful accounts is based on historical loss levels and an analysis of the collectability of individual accounts. Accounts receivable are due within 30 days.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

Operating Revenues

For purposes of differentiating operating revenues from non-operating revenues, the Association considers support received from the federal government, the City of Minot (hotel tax) and Ward County to be non-operating revenues. The stated purpose of the support from the mentioned entities is to help offset the operating expenses related to the fair and arena activities. Expenses related to the maintenance and operations of these facilities are classified as operating expenses.

Other non-operating revenue received during 2021 included Shuttered Venue (SVOG) federal grant funding related to the global COVID-19 pandemic and the related cancellation of the 2020 State Fair. The grant was used to cover ongoing Association Expenses.

Restricted Resources

It is the Association's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Unrestricted Net Assets – Foundation

This includes unrestricted resources, which represents the portion of expendable funds that are available for the support of the Foundation's operations.

Permanently Restricted Net Assets – Foundation

Permanently restricted net assets represent net assets resulting from contributions, whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organizations.

Notes Receivable – Foundation

See Note 4 to the financial statements for details pertaining to notes receivable. The Foundation provides an allowance for doubtful collections, which is based upon a review of outstanding receivables. As of September 30, 2021, there was an allowance for doubtful collection on the notes receivable totaling $1,075,000.

Restricted Cash – Foundation

This consists of cash collected as part of permanently restricted endowments that has not been invested in land or notes receivable.

Income Taxes - Foundation

North Dakota State Fair Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In Addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the Section 509(a) of the code.

The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support with the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

Compensated Absences

Employees accrue annual leave at a rate of eight hours per month for the first three years of continuous service. The accrual rate is increased to ten hours per month after three years, twelve hours per month after seven years, fourteen hours per month after thirteen years, and sixteen hours per month after eighteen years of service. The maximum amount of leave that may be carried forward each calendar year is 240 hours. All unpaid leave is payable upon termination.

Permanent employees also earn sick leave at a rate of eight hours per month. Sick leave is being carried over from year to year. If an employee leaves after ten continuous years of service, the employee will be paid for ten percent of any unused accumulated sick leave.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

The North Dakota State Fair Association has evaluated subsequent events through October 26, 2022, the date which the financial statements were available to be issued.

Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. See Note 10 and Note 11 for additional information.

Pension

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 North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. 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.

Other Post-Employment Benefits (OPEB)

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

Note 2 - Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the year ended September 30, 2021 is $332,584.

Note 3 - Cash and Investments

Custodial and Concentration of Credit Risk

State law generally requires that all state funds be deposited in the Bank of North Dakota. NDCC 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "all state funds… must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State Fair Association will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State Fair Association does not have a formal policy that limits custodial credit risk for deposits. Deposits held with Bremer Bank are covered by depository insurance. The State Fair Association's remaining deposits are uncollateralized and held on deposit at the Bank of North Dakota and are guaranteed by the State of North Dakota (NDCC Section 6-09-10).

Investments

The Association has investments in certificates of deposit totaling $2,000,000 as of September 30, 2021. At year end, there were two certificates of deposit, one for $1,000,000 bearing interest at 1.0% maturing December 2021 and one for $1,000,000 bearing interest at 1.0% maturing November 2021.

Foundation

At September 30, 2021, the North Dakota State Fair Foundation, a discretely presented component unit of the State Fair Association, had carrying amount of deposits of $256,636 all of which was covered by Federal Depository Insurance.

Details pertaining to unrestricted cash for the year ended September 30, 2021 are as follows:

Bank	Type		
Dacotah Bank	Checking-Operations	$	236,484
Dacotah Bank	Checking-Gaming		402
UCB	Checking-Gaming		7,673
		$	244,559

Details pertaining to restricted cash for the year ended September 30, 2021 are as follows:

Bank	Type		
Dacotah Bank	Checking-Endowment	$	12,077

Note 4 - Notes Receivable – Foundation

The North Dakota State Fair Foundation's endowed notes require interest only payments with full principal due on maturity. The Foundation's endowed notes receivable consists of the following:

Payee		Note Balance	Rate	Due	Collateral
Golf Minot, Inc.	$	500,000	2.50%	July 1, 2025	Unsecured
Golf Minot, Inc.		125,000	2.50%	August 10, 2025	Unsecured
Golf Minot, Inc.		50,000	2.50%	November 1, 2025	Unsecured
Golf Minot, Inc.		100,000	2.50%	December 31, 2025	Unsecured
Golf Minot, Inc.		100,000	2.50%	June 16, 2026	Unsecured
Golf Minot, Inc.		50,000	2.50%	October 1, 2026	Unsecured
Golf Minot, Inc.		160,000	2.50%	October 16, 2026	Unsecured
Golf Minot, Inc.		25,000	2.50%	January 31, 2027	Unsecured
Total notes receivab		1,110,000			
Allowance for uncollectible accou		(1,075,000)			
	$	35,000			

Note 5 - Endowments - Foundation

The Foundation's endowment consists of a fund established as a permanent endowment for such purposes as the Foundation determines prudent. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to be appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundations investment policies.

The Board of Directors has authorized the spending of all prior accumulated interest and dividend earnings from donor-restricted endowment funds as allowed. All earnings from donor-restricted funds are classified as temporarily restricted until they are spent.

Permanently restricted endowment net asset composition by type of fund as of September 30, 2021 is as follows:

Beginning Endowment Net Assets	$ 2,155,492
Endowment Contributions	-
Ending Endowment Net Assets	$ 2,155,492

Note 6 - Capital Assets

The components and changes in components of capital assets of the Association at September 30, 2021 are as follows:

	Balance 09/30/20	Additions/ Depreciation Expense	Deletions	Balance 09/30/21
Capital Assets Not Being Depreciated				
Land	$ 741,502	$ -	$ -	$ 741,502
Capital Assets Being Depreciated				
Infrastructure	8,024,967	-	-	8,024,967
Buildings	41,969,740	-	-	41,969,740
Equipment	2,175,213	-	-	2,175,213
	52,911,422	-	-	52,911,422
Less accumulated depreciation				
Infrastructure	(4,305,911)	(302,752)	-	(4,608,663)
Buildings	(23,596,504)	(843,714)	-	(24,440,218)
Equipment	(1,947,596)	(59,266)	-	(2,006,862)
	(29,850,011)	(1,205,732)	-	(31,055,743)
Net	$ 23,061,411	$ (1,205,732)	$ -	$ 21,855,679

Foundation

The components and changes in components of capital assets of the Foundation at September 30, 2021 is as follows:

	Balance 09/30/20	Additions/ Depreciation Expense	Deletions	Balance 09/30/21
Capital Assets Not Being Depreciated				
Land	$ 1,115,389	$ -	$ -	$ 1,115,389

Note 7 - Long – Term Debt

Changes in Bonds Payable and Accrued Employee Leave

The following is a summary of changes in bonds payable and accrued employee leave for the year ended September 30, 2021:

	Balance 09/30/20	Additions	Retirements	Balance 09/30/21	Current Portion
Bonds Payable	$ 1,320,000	$ -	$ (130,000)	$ 1,190,000	$ 130,000
Accrued Employee Leave	90,693	67,389	(53,399)	104,683	70,000
	$ 1,410,693	$ 67,389	$ (183,399)	$ 1,294,683	$ 200,000

Capital Financing Program Bonds Series 2015A

Interest on the 2015A Series Bonds is payable semi-annually on June 1 and December 1 of each year. The bonds maturing on June 1, 2029 are not subject to optional redemption prior to maturity except under extraordinary circumstances. The bonds are presented on the balance sheet net of unamortized premium of $95,014 for the year ended September 30, 2021. The bonds are secured by the Association's net revenues and by the lodging tax proceeds received from the City of Minot.

Minimum principal and interest payments required on 2015A Series Bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	$ 130,000	$ 43,550	$ 173,550
2023	135,000	39,650	174,650
2024	140,000	35,600	175,600
2025	145,000	31,400	176,400
2026-2029	640,000	65,400	705,400
	$ 1,190,000	$ 215,600	$ 1,405,600

Foundation

The Foundation has a note payable due in monthly installments of $641, bearing interest at 4.22%, maturing March 15, 2022, secured by land.

	Balance 09/30/20	Additions	Retirements	Balance 09/30/21	Current Portion
Note payable for land	$ 69,750	$ -	$ (4,800)	$ 64,950	$ 64,950

Minimum principal and interest payments required are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	$ 64,950	$ 1,356	$ 66,306

Note 8 - Appropriations

The North Dakota State Fair Association receives premium appropriations from the State of North Dakota. These premium appropriations are restricted for the purpose of providing premiums to fair exhibition winners. Premium appropriations expended for the year ended September 30, 2021 was $271,417.

Note 9 - Related Party Transactions

The North Dakota State Fair Association receives commission payments on beer and concession sales from vendors who operate on the fairgrounds. The Association has a standard agreement with a vendor, M & S Concessions, who is a related party through common governance and ownership. Commission payments totaling $708,598 were received from M & S Concessions by the Association during the year ended September 30, 2021.

Note 10 - Pensions

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021 the Association reported a liability of $956,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. North Dakota State Fair Association's proportion of the net pension liability was based on the Association's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the Association's proportion was 0.091755% which was an increase of 0.008911% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the Association recognized pension expense of $49,643. At September 30, 2021, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Difference between expected and actual experience	$ 16,512
Changes in assumption	1,058,508
Changes in proportion and difference between Association contributions and proportionate share of contributions	145,889
Association contributions subsequent to the measurement date	34,397
	$ 1,255,306
Deferred Inflows of Resources	
Difference between expected and actual experience	$ 97,610
Changes in assumption	1,380,073
Net difference between projected and actual earnings on pension plan investments	354,700
Changes in proportion and difference between Association contributions and proportionate share of contributions	175,869
	$ 2,008,252

$34,397 reported as deferred outflows of resources related to pensions resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	
2022	$ 131,368
2023	184,422
2024	150,510
2025	321,043
Total	$ 787,343

Actuarial assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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 of return (expected returns, net of pension plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.0%	6.30%
International Equity	21.0%	6.85%
Private Equity	7.0%	9.75%
Domestic Fixed Income	23.0%	1.25%
International Fixed Income	0.0%	0.00%
Global Real Assets	19.0%	5.01%
Cash Equivalents	0.0%	0.00%
Total	100%	

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the North Dakota State Fair Association's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Association's proportionate share of the net pension liability	$ 1,520,938	$ 956,363	$ 486,265

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

Note 11 - Other Post-Employment Benefits

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges
retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. . Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to $5.00 for each of the employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At September 30, 2021, the Association reported a liability of $44,093 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Association's proportion of the net OPEB liability was based on the Association's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the Association's proportion was 0.079279%.

For the year ended September 30, 2021, the Association recognized OPEB expense of -$2037. At September 30, 2021, the Association reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources		
Difference between expected and actual experience	$	2,532
Changes in assumption		6,828
Changes in proportion and difference between Association contributions and proportionate share of contributions		1,616
Association contributions subsequent to the measurement date		2,648
	$	13,624
Deferred Inflows of Resources		
Difference between expected and actual experience	$	1,209
Net difference between projected and actual earnings on OPEB plan investments		15,107
Changes in proportion and difference between Association contributions and proportionate share of contributions		9,594
	$	25,910

$2,648 reported as deferred outflows of resources related to OPEB resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

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

Year Ending September 30:		
2022	$	(3,336)
2023		(3,445)
2024		(4,103)
2025		(4,274)
2026		224
Totals	$	(14,934)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33.0%	6.10%
Small Cap Domestic Equities	6.0%	7.00%
International Equities	21.0%	6.45%
Core-Plus Fixed Income	40.0%	1.15%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Association's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Association's proportionate share of the net OPEB liability	$ 65,395	$ 44,093	$ 26,068

Note 12 - Lease Agreements

The North Dakota State Fair Association, as lessor, has entered into lease agreements with local organizations for the use of Association buildings. The lessees have use of the facilities for established months of each year and the Association has use of the facilities for the period which coincides with fair time.

Lease terms are as follows:

	Term and Expiration Date	Annual Rental
Minot Soccer Association	5 years through September 2022	$ 25,200
Minot Park District	3 years through February 2022	66,538
Minot Curling Club Contract	5 years through April 2022	7,200
North Dakota Firefighter's Association	5 years through March 2020	25,600
Minot Y's Men's PRCA	3 years through October 2020	1,604
Circus Contract	5 years through April 2021	4,871
Northwest Dakota Cellular of North Dakota	5 years through August 2024	22,000

The leases are accounted for as operating leases. All contracts are cancelable in the event the facilities specified within the contracts are destroyed.

The minimum aggregate lease revenue over the next five years is as follows:

Years Ending September 30,	Amount
2022	$ 120,938
2023	22,000
2024	22,000
	$ 164,938

Foundation

The North Dakota State Fair Foundation leases land to Golf Minot, Inc. for an annual lease payment of $25,000. The term of the lease is 49 years, expiring October 31, 2063.

Note 13 - Risk Management

The North Dakota State Fair Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the State for risk management issues:

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of State agencies resulting from the elimination of the State's sovereign immunity. The RMF manages the tort liability of the State, its agencies' employees and the University System. All State agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of $250,000 per person and $1,000,000 per occurrence.

In 1986 State agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for over 2,000 State agencies and political subdivisions. The North Dakota State Fair Association pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

The Association also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The agency pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the agency with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The agency participates in the North Dakota Workforce Safety and Insurance Fund (WSI), an Enterprise Fund of the State of North Dakota. The WSI is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past two fiscal years.

Note 14 - Commitments

The North Dakota State Fair Association entered into a lease and concessions arrangement with M & S Concessions. The lessee is responsible to provide for its own concession equipment. In the event that the lease is not renewed or terminated, the Association is committed to purchase the equipment and improvements installed by the lessee at a price equal to "depreciated value." Depreciated value means the original cost of the equipment or improvements, less 10% per year from the date of installation to the date of termination. Estimated depreciated value at September 30, 2021 was $58,236.

Note 15 - Subsequent Events

The Fair has evaluated subsequent events through October 26, 2022, the date which the financial statements were available to be issued. The State Fair received a supplemental award to the 2021 federal Shuttered Venue Operators Grant for a revised grant award totaling $2,994,750 in April 2022.

Required Supplementary Information
September 30, 2021

North Dakota State Fair Association

Schedules of Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	0.091755%	0.082844%	0.104758%	0.099552%	0.103911%	0.107160%
Employer's proportionate share of the net pension liability	$956,363	$2,606,290	$1,227,840	$1,670,191	$1,044,379	$704,238
Employer's covered payroll	$913,866	$1,089,664	$1,060,771	$1,079,917	$922,657	$927,789
Employer's proportionate share of the net pension liability as a	104.65%	239.18%	115.75%	154.66%	113.19%	75.90%
Plan fiduciary net position as a percentage of the total pension	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Association will present information for those years for which information is available. Complete data for this schedule is not available prior to 2015.

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$70,678	$106,540	$116,941	$108,283	$112,794	$114,398	$112,171
Contributions in relation to the statutorily required contribution	($70,678)	($106,540)	($116,941)	($108,283)	($112,794)	($114,398)	($112,171)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
Employer's covered payroll	$1,039,021	$1,496,353	$1,642,423	$1,520,829	$1,584,181	$1,606,715	$1,575,432
Contributions as a percentage of covered payroll	6.80%	7.12%	7.12%	7.12%	7.12%	7.12%	7.12%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Association will present information for those years for which information is available. Complete data for this schedule is not available prior to 2015.

Changes of Benefit Terms

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes in Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.5% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

Schedules of Required Supplementary Information

Schedule of Employer's Share of OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018
Employer's proportion of the OPEB liability	0.079279%	0.080166%	0.097653%	0.093465%
Employer's proportionate share of the net OPEB liability	$44,093	$67,435	$78,434	$73,610
Employer's covered-employee payroll	$864,347	$913,866	$1,089,664	$1,022,715
Employer's proportionate share of the net OPEB liability as a	5.10%	7.38%	7.20%	7.20%
Plan fiduciary net position as a percentage of the total OPEB	73.63%	63.38%	63.13%	61.89%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Association will present information for those years for which information is available. Complete data for this schedule is not available prior to 2017.

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2021	2020	2019	2018
Statutorily required contribution	$10,206	$17,058	$18,724	$17,337
Contributions in relation to the statutorily required contribution	($10,206)	($17,058)	($18,724)	($17,337)
Contribution deficiency (excess)	$0	$0	$0	$0
Employer's covered-employee payroll	$864,347	$1,496,353	$1,642,423	$1,520,829
Contributions as a percentage of covered-employee payroll	1.18%	1.14%	1.14%	1.14%

*GASB Statement no. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Association will present information for those years for which information is available. Complete data for this schedule is not available prior to 2017.

Changes of Benefit Terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

Federal Awards Reports in Accordance with the Uniform Guidance
September 30, 2021

North Dakota State Fair Association

EideBailly

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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 of Directors
North Dakota State Fair Association
Medora, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the North Dakota State Fair Association and its discretely presented component unit as of and for the year then ended September 30, 2021, and the related notes to the financial statements which collectively comprise North Dakota State Fair Association's basic financial statements, and have issued our report thereon dated October 26, 2022.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Bismarck, North Dakota
October 26, 2022

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for its Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
North Dakota State Fair Association
Minot, North Dakota

Report on Compliance for its Major Federal Program
We have audited North Dakota State Fair Association's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended September 30, 2021. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for the Association's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on The Major Federal Program
In our opinion, North Dakota State Fair Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance
Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities and the aggregate discretely presented component unit of the North Dakota State Fair Association as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the North Dakota State Fair Association's basic financial statements. We issued our report thereon dated October 26, 2022 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Bismarck, North Dakota
October 26, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Small Business Administration			
Direct Award			
COVID-19 - Shuttered Venue Operators Grant	59.075	N/A	$ 2,348,741

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the North Dakota State Fair Association (the Association) under programs of the federal government for the year ended September 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position or changes in net position of the Association.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Association does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
COVID-19 - Shuttered Venue Operators Grant	59.075

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II –Financial Statement Findings

2021-001 Material Journal Entries
Material Weakness

Criteria: A good system of internal control for the North Dakota State Fair Foundation (Foundation), a discretely presented component unit of the North Dakota State Fair Association contemplates an adequate system for recording and processing entries material to the financial statements.

Condition: During the course of our engagement, we proposed a material audit adjustment to reclassify revenues and expenditures, which would not have been identified as a result of the Foundation's existing internal controls, and therefore could have resulted in a material misstatement of the Foundation's financial statements.

Cause: The Foundation does not have an internal control system designed to identify all necessary adjustments.

Effect: This control deficiency could result in a material misstatement to the Foundation financial statements that would not be prevented or detected.

Recommendation: A thorough review and reconciliation of accounts in each account should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisory levels.

View of Responsible Officials: Management of the Foundation is in agreement with the finding.

Section III – Federal Award Findings and Questioned Costs

None reported