

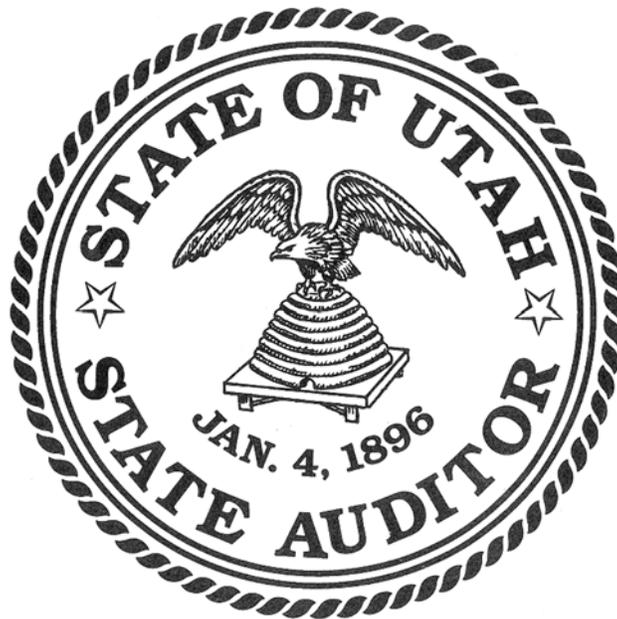
# UTAH STATE FAIR CORPORATION

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Annual Financial Report  
For the Year Ended December 31, 2017

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Report No. 17-40



OFFICE OF THE  
STATE AUDITOR

# UTAH STATE FAIR CORPORATION

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Annual Financial Report  
For the Year Ended December 31, 2017

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Report No. 17-40

AUDIT LEADERSHIP:

John Dougall, State Auditor  
Bertha Lui, CPA, Senior Audit Manager  
Nate Grondel, Audit Senior

# **UTAH STATE FAIR CORPORATION**

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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OFFICE OF THE  
**STATE AUDITOR**

**INDEPENDENT STATE AUDITOR'S REPORT**

To the Board of Directors  
and  
Larry Mullenax, Executive Director  
Utah State Fair Corporation

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Utah State Fair Corporation (the Corporation), a component unit of the State of Utah, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation'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 an opinion 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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utah State Fair Corporation as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 and the schedules of proportionate share of net pension liabilities and defined benefit pension contributions on pages 25 and 26 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 April 19, 2018 on our consideration of the Corporation'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 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 Corporation's internal control over financial reporting and compliance.

*Office of the State Auditor*

Office of the State Auditor  
April 19, 2018

# **UTAH STATE FAIR CORPORATION**

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

As management of the Utah State Fair Corporation (Corporation), we offer the readers of the following basic financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended December 31, 2017.

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements consist of Financial Statements and the Notes to the Financial Statements.

**Financial Statements** are designed to provide the readers with a broad overview of the Corporation's finances in a basis comparable to a private-sector business.

- The *Statement of Net Position* presents the information on all of the Corporation'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 net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. However, other nonfinancial factors should also be considered.
- The *Statement of Revenues, Expenses, and Changes in Net Position* presents information on the revenues and expenses of conducting operations. The statement also presents information on the net position of the Corporation as affected by the operations during the year.
- The *Statement of Cash Flows* presents information about the cash flows of the Corporation during the year. The statement reconciles the operating income or loss to the net cash provided or used by operating activities.

**The Notes to the Financial Statements** are designed to provide detailed information about specific policies, accounts, and transactions to the reader for a better understanding of how the Corporation functioned during the year.

### **FINANCIAL ANALYSIS**

As noted earlier, the net position may serve over time as a useful indicator of the Corporation's financial position. The Corporation's assets exceeded its liabilities by \$985,322 as of December 31, 2017.

During the 2016 Legislative General Session, the Legislature passed Senate Bill 173. This bill gives the Corporation the exclusive rights to manage the land and buildings of the Fairpark without an actual lease. The land and buildings are still owned by the State. Therefore, those assets do not appear on the Corporation's Statement of Net Position. Capital improvements made by the Corporation to the grounds and buildings are recorded as leasehold improvements. Most of the current assets of the Corporation are held in cash or cash equivalents to provide for

# **UTAH STATE FAIR CORPORATION**

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

the current operating expenses of conducting the annual Utah State Fair and rental operations during non-fair times.

### CONDENSED STATEMENT OF NET POSITION

	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>ASSETS</b>		
Current and other assets	\$ 1,355,554	\$ 808,957
Capital assets	379,242	202,657
Total assets	<u>1,734,796</u>	<u>1,011,614</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>301,060</u>	<u>248,406</u>
<b>LIABILITIES</b>		
Current liabilities	228,429	234,080
Noncurrent liabilities	524,700	461,863
Total liabilities	<u>753,129</u>	<u>695,943</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>70,608</u>	<u>55,221</u>
<b>NET POSITION</b>		
Net investment in capital assets	379,242	202,657
Restricted	14,533	16,013
Unrestricted	818,344	290,186
Total net position	<u>\$ 1,212,119</u>	<u>\$ 508,856</u>

Total assets increased by \$723,182 during the year ended December 31, 2017. Capital asset book values increased by \$176,585 due to equipment purchased for the new arena less the depreciation on the other assets in 2017. Cash also increased by \$529,669, due to improved operations of the annual state fair and new events at the Fairpark as well as an additional appropriation of \$500,000 from the state to help offset some of the costs of the new arena, and will be used to carry the Corporation through to the 2018 annual state fair.

Accounts payable decreased \$15,271. Total liabilities increased by \$57,186 during the year ended December 31, 2017.

Approximately 1.2 percent of the net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position at December 31, 2017 is a surplus of \$818,344.

# UTAH STATE FAIR CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

### CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>Year Ended</u>	
	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>REVENUES</b>		
Admissions	\$ 1,446,501	\$ 1,486,325
Rentals and fees – state fair	1,081,045	1,137,258
Building rentals – non-fair	929,487	595,828
Parking	444,270	414,906
Sponsorships	153,745	148,066
Leases and concessions – non-fair	89,167	66,829
Other	46,877	66,202
State appropriation	1,175,000	675,000
Total revenues	<u>5,366,092</u>	<u>4,590,414</u>
<b>EXPENSES</b>		
Salaries, wages and benefits	1,452,195	1,371,343
Actuarial determined pension expense	141,002	104,829
Travel	42,325	25,887
Advertising	402,339	345,410
Contractual and technical services	607,734	692,417
Professional entertainment	627,129	478,956
Exhibit awards and premiums	214,924	171,155
Maintenance and grounds	375,803	350,433
Utilities	358,273	356,671
Insurance	80,441	87,030
Depreciation	113,149	209,190
Other operating	158,532	174,077
Other administrative	88,983	27,057
Total expenses	<u>4,662,829</u>	<u>4,394,455</u>
<b>INCREASE/(DECREASE) IN NET POSITION</b>	703,263	195,959
<b>TOTAL NET POSITION – BEGINNING</b>	508,856	312,897
<b>TOTAL NET POSITION – ENDING</b>	<u>\$ 1,212,119</u>	<u>\$ 508,856</u>

Corporation revenues increased by \$775,678 from the previous year as the Corporation hosted more events on Fairpark property and received the additional appropriation. Corporation expenses also increased by \$268,374 compared to 2016. A large portion of the expense increase was the result of a \$148,173 increase in professional entertainment expenses and a \$80,852 increase in payroll related expenses. The Corporation brought in more entertainment acts for the new arena, both for the fair and other events. The increase in payroll expense was mostly attributable to the addition of full and part time staff. There was also a \$84,683 decrease in

## **UTAH STATE FAIR CORPORATION**

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

contractual and technical services and an increase of \$61,926 in other administrative expenses as Fairpark security expenses were recorded in a more accurately described account.

The Corporation is a business-type entity that does have taxing authority. This authority was given as part of S.B. 173. The Corporation depends upon revenues from services provided, sponsorships for the annual state fair, and an appropriation from the Utah State Legislature as its principal sources of revenue. In the year ended December 31, 2017, the Corporation generated 78 percent of its own revenue and the Utah State Legislature provided 22 percent of the revenue. In 2016, the Corporation generated 85 percent of its own revenue and the Utah State Legislature provided 15 percent.

Amounts appropriated by the Legislature for the Corporation vary from year to year. The Corporation received \$1,175,000 in state appropriations in 2017. The additional \$500,000 was appropriated by the state to cover additional costs incurred from the building of the new arena.

Because budget requests are subject to the Governor's budget action and legislative action, the Corporation's annual budget is made with assumptions for the upcoming session. We expect that future appropriations will also be subject to this type of fluctuation.

The Corporation has a line of credit (LOC) at Zions Bank. The amount of the LOC is not to exceed \$500,000. The purpose for the LOC was to assist the Corporation in maintaining seasonal operations until the appropriation for July was received from the State. Due to the strong cash position during 2017, the Corporation did not use the LOC.

### **CAPITAL ASSETS**

The Corporation now has a management agreement with the State of Utah for the use of the Fairpark grounds. The State of Utah owns the land and buildings situated at the Fairpark. The Corporation has made improvements to the buildings, grounds, and equipment at the Fairpark since the inception of a previous lease. The improvements to the buildings and grounds are recorded as leasehold improvements. If the Corporation's management agreement were not renewed, the leasehold improvements would become property of the State of Utah. The board of directors of the Corporation has authorized leasehold improvements to upgrade the facilities and improve the looks of the Fairpark.

As mentioned above, the Corporation does not record state funded infrastructure such as land or buildings. However, capital projects initiated and funded by the Corporation are capitalized and depreciated, as discussed in the footnotes.

# **UTAH STATE FAIR CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017**

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Utah State Fair Corporation, 155 North 1000 West, Salt Lake City, Utah 84116.

# **UTAH STATE FAIR CORPORATION**

## STATEMENT OF NET POSITION DECEMBER 31, 2017

### **ASSETS**

Current assets	
Cash and cash equivalents (Notes 2 and 3)	\$ 1,232,106
Accounts receivable, net (Note 2)	28,310
Accounts receivable – State of Utah	1,209
Prepaid expenses	93,929
Total current assets	<u>1,355,554</u>
Noncurrent assets	
Capital assets (Note 4)	
Leasehold improvements	1,552,145
Furniture and fixtures	180,623
Machinery and equipment	1,180,836
Vehicles	262,895
Less accumulated depreciation	<u>(2,797,257)</u>
Capital assets, net (Note 4)	<u>379,242</u>
Total noncurrent assets	<u>379,242</u>
Total assets	<u>1,734,796</u>

### **DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources relating to pensions (Note 8)	<u>301,060</u>
Total deferred outflows of resources	<u>301,060</u>

### **LIABILITIES**

Current liabilities	
Accounts payable	53,525
Payable to State of Utah	31,758
Wages payable	25,591
Vacation payable	28,638
Sick leave liability	15,495
Payroll taxes payable	13,107
Retirement fund payable	10,960
Unearned revenue	28,767
Unclaimed property liability	20,588
Total current liabilities	<u>228,429</u>
Noncurrent liabilities	
Net pension liability (Note 8)	<u>524,700</u>
Total noncurrent liabilities	<u>524,700</u>
Total liabilities	<u>753,129</u>

### **DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources relating to pensions (Note 8)	<u>70,608</u>
Total Deferred Inflows of Resources	<u>70,608</u>

### **NET POSITION**

Net investment in capital assets	379,242
Restricted – expendable	
Livestock	14,533
Unrestricted	<u>818,344</u>
Total net position	<u>\$ 1,212,119</u>

*The accompanying notes are an integral part of these financial statements.*

# UTAH STATE FAIR CORPORATION

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2017

<b>OPERATING REVENUES</b>	
Admissions	\$ 1,446,501
Rentals and fees – state fair	1,081,045
Building rentals – non-fair	929,487
Parking	444,270
Sponsorships	153,745
Leases and concessions – non-fair	89,167
Miscellaneous income	34,038
	<hr/>
Total operating revenues	4,178,253
<b>OPERATING EXPENSES</b>	
Salaries, wages and benefits	1,452,195
Actuarial determined pension expense (Note 8)	141,002
Travel	42,325
Advertising	402,339
Contractual and technical services	607,734
Professional entertainment	627,129
Exhibit awards and premiums	214,924
Maintenance and grounds	375,803
Utilities	358,273
Insurance	80,441
Depreciation	113,149
Other operating	158,532
Other administrative	88,983
	<hr/>
Total operating expenses	4,662,829
	<hr/>
Net operating loss	(484,576)
<b>NONOPERATING REVENUES/(EXPENSES)</b>	
State appropriation	1,175,000
Interest income	12,839
	<hr/>
Total nonoperating revenues	1,187,839
	<hr/>
<b>INCREASE/(DECREASE) IN NET POSITION</b>	703,263
<b>TOTAL NET POSITION – BEGINNING</b>	508,856
	<hr/>
<b>TOTAL NET POSITION – ENDING</b>	<u>\$ 1,212,119</u>

*The accompanying notes are an integral part of these financial statements.*

# **UTAH STATE FAIR CORPORATION**

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

<b>Cash Flows from Operating Activities</b>	
Receipts from Customers	\$ 4,188,130
Payments to Suppliers	(2,997,284)
Payments for Employee Services and Benefits	(1,542,281)
Net Cash Used by Operating Activities	<u>(351,435)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Appropriations from the Utah State Legislature	1,175,000
Net Cash Provided by Noncapital Financing Activities	<u>1,175,000</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	(306,735)
Net Cash Used by Capital and Related Financing Activities	<u>(306,735)</u>
<b>Cash Flows from Investing Activities</b>	
Receipts of Interest from Investments	12,839
Net Cash Provided by Investing Activities	<u>12,839</u>
Net Increase in Cash and Cash Equivalents	529,669
Beginning Cash and Cash Equivalents	702,437
Ending Cash and Cash Equivalents	<u>\$ 1,232,106</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities</b>	
Net Operating Loss	\$ (484,576)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Difference between Actuarial Pension Expense and Actual Contributions	25,664
Depreciation	113,149
Changes in Assets and Liabilities:	
Accounts Receivable	11,459
Due from Related Parties	(526)
Prepaid Expenses	(27,981)
Accounts Payable and Other Liabilities	11,376
Net Cash Used by Operating Activities	<u>\$ (351,435)</u>

*The accompanying notes are an integral part of these financial statements.*

# **UTAH STATE FAIR CORPORATION**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### **NOTE 1. ORGANIZATION AND NATURE OF BUSINESS**

The Utah State Fair Corporation (Corporation) was created on July 1, 1995 by action of the Utah State Legislature (*Utah Code*, Section 63H-6-101 through 63H-6-107) as a public, nonprofit corporation. The Corporation was established to plan expositions of livestock, poultry, agriculture, domestic science, horticulture, floriculture, mineral and industry, manufactured articles, and domestic animals to stimulate and promote livestock breeding, agriculture, horticulture, mining, manufacturing, mechanical arts, creative arts, and educational pursuits of the people of Utah. The Corporation was also charged with the responsibility to provide, sponsor, and arrange for public entertainment, displays, and exhibits and publicize and promote the various events, securing funds to cover the cost of the exhibits from private contributions and public appropriations, admission charges, and by other lawful means.

During the 2016 General Session, the Legislature passed Senate Bill 173—*State Fair Park Revisions*, which modified the Corporation's board of directors effective May 10, 2016. The Corporation's board of directors is comprised of the director of the State of Utah's Division of Facilities Construction and Management (DFCM), the commissioner of the State of Utah's Department of Agriculture and Food, two members appointed by the president of the Senate, two members appointed by the speaker of the House, four members appointed by the governor, and one member appointed by the mayor of Salt Lake City. Additional members may be appointed by representatives of Salt Lake County and the Days of '47 Rodeo if these entities have lease agreements with the Corporation. The board hires an executive director who serves at the pleasure of the board and may be terminated at the board's will.

The Corporation is a 501(c)(3) organization as determined by the Internal Revenue Service.

For financial reporting purposes, the Corporation is a discrete component unit of the State of Utah.

#### Economic Dependence

The Corporation has significant economic dependence on the State of Utah to support continuing operations through general fund appropriations. The appropriation received during the year ended December 31, 2017 was \$1,175,000.

Prior to May 2016, the Corporation had a lease agreement with the State of Utah for the use of the Fairpark grounds. Senate Bill 173—*State Fair Park Revisions*, which was passed during the 2016 Legislative General Session, dissolved the lease agreement and established a management agreement between the Corporation and the State of Utah. Because the State owns the land and buildings of the Fairpark, the State is primarily responsible to fund maintenance of the buildings and infrastructure, and the Corporation is dependent on the State to fund such maintenance. A significant amount of deferred maintenance exists for the buildings and infrastructure at the Fairpark as defined in the

## **UTAH STATE FAIR CORPORATION**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

DFCM's Utah State Fairpark Masterplan report presented in July of 2014. Per the DFCM Masterplan report, \$33 million over the next 20 years is needed to maintain the facilities at the Fairpark.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of Accounting

The accounting and reporting policies of the Corporation conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation are included on the Statement of Net Position.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from conducting the annual state fair and building rental operations during non-fair times. The principal operating revenues of the Corporation are admissions, rentals, fees, and sponsorships. Operating expenses for the Corporation include various expenses from conducting the annual state fair, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

##### Financial Statement Presentation

The Corporation's financial statements for the year ended December 31, 2017 will be included in the State of Utah's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2018 as a discrete component unit of the State of Utah.

##### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, deposits, and short-term, highly liquid investments with original maturities of less than three months. The Corporation invests in the Utah Public Treasurers' Investment Fund (PTIF), an external investment pool managed by the State Treasurer. PTIF investments are considered cash equivalents.

# UTAH STATE FAIR CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### Restricted Cash

Both the operating account and the junior livestock auction account receive contributions that have been restricted based on the contributors' wishes. The amounts received in the operating account during the period under audit were restricted for use in paying awards and premiums, constructing special exhibits, and conducting the rodeo at the annual state fair, as well as conducting other events at the Fairpark.

The contributions received in the junior livestock auction account are restricted for use in the junior livestock auction conducted during the annual fair and for auction committee expenses.

Because these donations support the day-to-day operations of the Corporation, the restricted cash is included in "Cash and cash equivalents" on the Statement of Net Position.

### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are primarily made up of receivable contracts for facility rentals by the State of Utah or private functions that are owed at December 31, 2017. The Statement of Net Position reflects the receivables, net of a \$2,951 allowance for doubtful accounts.

### Accounts Payable

Accounts payable primarily include payables to the Corporation's vendors and the State of Utah.

### 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 Utah Retirement Systems (Systems) Pension Plan, and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. 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 Outflows/Inflows of Resources

In addition to assets, financial statements 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 will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*

## **UTAH STATE FAIR CORPORATION**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

*of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

#### **NOTE 3: DEPOSITS AND INVESTMENTS**

*Utah Code*, Section 63H-6-103(7)(a)(b) states that “the corporation is exempt from...Title 51, Chapter 7, State Money Management Act,” but that “the board shall adopt policies parallel to and consistent with...Title 51, Chapter 7, State Money Management Act.” The board of directors and management of the Corporation have authorized investments in financial instruments that are commonly used by state agencies, such as the Utah Public Treasurers’ Investment Fund (PTIF), and in qualified depositories as defined by the Money Management Act.

##### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation’s deposit may not be returned to it. The Corporation does not have a formal deposit policy for custodial credit risk. As of December 31, 2017, \$188,993 of the Corporation’s bank balance was uninsured and uncollateralized.

##### Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the Money Management Act that relate to the deposit and investment of public funds.

The Corporation follows the requirements of the Money Management Act in handling its depository and investment transactions. The Act requires the depositing of Corporation funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the Corporation’s funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Corporation to invest in negotiable or nonnegotiable deposits of qualified depositories or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the

## UTAH STATE FAIR CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the PTIF.

The Utah State Treasurer’s Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

#### *Fair Value of Investments*

The Corporation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2017, the Corporation had \$878,734 in the PTIF. These investments were valued by applying the December 31, 2017 fair value factor, as calculated by the Utah State Treasurer, to the Corporation’s December 31 balance in the PTIF. Such valuation is considered a *Level 2* valuation for GASB 72 purposes.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In

## **UTAH STATE FAIR CORPORATION**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of December 31, 2017, the Corporation's investment in the PTIF had an average maturity of less than 1 year.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's policy for reducing its exposure to credit risk is to comply with the Money Management Act, as previously discussed.

At December 31, 2017, the Corporation's investment in the PTIF was unrated.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Corporation's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

#### **NOTE 4: CAPITAL ASSETS**

As explained in Note 1, the land and buildings of the Fairpark are owned by the State of Utah and managed by the Corporation. Maintenance and improvements funded by the State through the Division of Facilities Construction and Management are not reflected in the financial statements of the Corporation. Maintenance and capital improvements funded by the Corporation are reported in the financial statements as expenses and leasehold improvements, respectively.

Capital assets are recorded at historical cost. Donated assets are valued at their acquisition value at the date of donation. The useful lives of the assets vary between 3 and 21 years based on the type of asset. A salvage value is assigned to each asset varying from 0 to 16 percent based on the type of the asset. Depreciation is calculated on a straight-line basis on the depreciable basis for the useful life of the asset. Assets placed in service through the 15th of the month are depreciated from the beginning of the month in which they are placed in service. Assets placed in service after the 15th of the month are depreciated at the beginning of the next month.

The capitalization policy for the Corporation is to capitalize those assets with costs exceeding \$3,000 and a useful life greater than 1 year.

## UTAH STATE FAIR CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Depreciation expense for the period ended December 31, 2017 was \$113,149.

	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2017</u>
<b>Capital Assets</b>				
Leasehold improvements	\$ 1,552,145	\$ -	\$ -	\$ 1,552,145
Furniture and fixtures	119,763	60,860	-	180,623
Machinery and equipment	951,961	245,875	17,000	1,180,836
Vehicles	262,895	-	-	262,895
Total	<u>2,886,764</u>	<u>306,735</u>	<u>17,000</u>	<u>3,176,499</u>
<b>Accumulated Depreciation</b>				
Leasehold improvements	1,433,351	75,499	-	1,508,850
Furniture and fixtures	102,538	11,647	-	114,185
Machinery and equipment	900,031	22,312	-	922,343
Vehicles	248,188	3,691	-	251,879
Total Accumulated Depreciation	<u>2,684,108</u>	<u>113,149</u>	<u>-</u>	<u>2,797,257</u>
Net Capital Assets	<u>\$ 202,656</u>	<u>\$ 193,586</u>	<u>\$ 17,000</u>	<u>\$ 379,242</u>
<b>Net Book Value</b>				
Leasehold improvements				\$ 43,295
Furniture and fixtures				66,438
Machinery and equipment				258,493
Vehicles				11,016
Total				<u>\$ 379,242</u>

#### **NOTE 5. LONG-TERM LIABILITIES**

The following is a summary of the changes to the Corporation's long-term liabilities during the year ended December 31, 2017.

	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/2017</u>	<u>Due Within One Year</u>
Net Pension Liability	\$ 461,863	\$ 62,837	\$ -	\$ 524,700	\$ -

## **UTAH STATE FAIR CORPORATION**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### **NOTE 6: LINE OF CREDIT**

In March 2017, the Corporation secured a line of credit (LOC) for \$500,000. The purpose for the LOC was to assist the Corporation in maintaining operations until the annual state fair in September 2017. The LOC was not used in the year 2017. The LOC matures in March of 2018.

#### **NOTE 7: DONATIONS**

##### Nonmonetary Transactions

Several entities donated services (e.g., advertising and equipment rentals) valued at \$11,411 to the Corporation for the annual state fair. These same entities also received benefits valued at \$6,605 from the Corporation (e.g., fair gate admission and entertainment admission). These services and benefits are recorded as revenues and expenses by the Corporation. The amount by which the value of services donated by the entities exceeded the value of benefits given to the entities is \$4,806 which is classified as “Sponsorships” operating revenue by the Corporation.

#### **NOTE 8: EMPLOYEE RETIREMENT PLANS**

As required by State law, eligible employees of the Corporation are covered by defined benefit plans or defined contribution plans sponsored by the Utah Retirement Systems (Systems).

The Systems are established and governed by the respective sections of *Utah Code*, Chapter 49. The Systems’ defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (URS Board) whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Chapter 49 of the *Utah Code* grants the authority to establish and amend the benefit terms. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website [www.urs.org](http://www.urs.org).

##### Defined Benefit Plans

*Plan description:* Eligible plan participants are provided with pensions through the Public Employees Noncontributory Retirement System (Noncontributory System) and the Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) which are cost-sharing, multiple employer, public employee retirement systems.

# UTAH STATE FAIR CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

The Tier 2 Public Employees System was created July 1, 2011. All eligible employees who have no previous service credit with any of the Systems prior to that date, are members of the Tier 2 Public Employees System.

*Benefits provided:* The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefits</u>	<u>Benefit Percent per Year of Service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*\*with actuarial reductions*

*\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) Increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

*Contributions:* As a condition of participation in the Systems, employers are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	<u>Employer Contribution Rates</u>
Noncontributory System	22.19%
Tier 2 Public Employees System *	18.44%

\* Tier 2 rates include a statutorily-required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the period ended December 31, 2017, the Corporation contributed \$74,385 to the Noncontributory System and \$18,206 to the Tier 2 Public Employees System.

## UTAH STATE FAIR CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

At December 31, 2017, the Corporation's net pension asset and liability were as follows:

	Net Pension Asset	Net Pension Liability	Proportionate Share Dec. 31, 2016	Proportionate Share Dec. 31, 2015	Change
Noncontributory System	\$ -	\$ 521,489	0.0160908%	0.0147030%	0.0013878%
Tier 2 Public Employees System	-	3,211	0.0287866%	0.0426401%	-0.0138535%
Total Net Pension Liability	<u>\$ -</u>	<u>\$ 524,700</u>			

The net pension asset and liability were measured as of December 31, 2016 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. For the year ended December 31, 2017, pension expense of \$141,002 was recognized. At December 31, 2017, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 30,795
Changes in assumptions	57,368	6,760
Net difference between projected and actual earnings on pension plan investments	98,901	28,415
Changes in proportion and differences between contributions and proportionate share of contributions	29,268	4,638
Contributions subsequent to the measurement date	115,523	-
<b>Total</b>	<u>\$ 301,060</u>	<u>\$ 70,608</u>

The amount of \$115,523 was reported as deferred outflows of resources related to pensions resulting from contributions the Corporation made prior to fiscal year end but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

# UTAH STATE FAIR CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 34,284
2018	\$ 35,646
2019	\$ 46,153
2020	\$ (1,996)
2021	\$ 59
Thereafter	\$ 781

*Actuarial assumptions:* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary Increases	3.35 - 10.35 Percent, Average, including Inflation
Investment Rate of Return	7.20 Percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013.

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 and is applied consistently to each defined benefit pension plan. 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:

## UTAH STATE FAIR CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash & Cash Equivalents	0%	0.00%	0.00%
<b>Totals</b>	100%		5.23%
	Inflation		2.60%
	Expected Arithmetic Nominal Return		7.83%

The 7.2% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

*Discount rate:* The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.2 percent from 7.5 percent from the prior year.

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2%, as well as what the proportionate share would be if calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	Proportionate Share of Net Pension (Asset)/Liability		
	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Noncontributory System	\$ 956,160	\$ 521,489	\$ 157,193
Tier 2 Public Employees System	21,857	3,211	(10,974)
	\$ 978,017	\$ 524,700	\$ 146,219

# **UTAH STATE FAIR CORPORATION**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### Defined Contribution Savings Plans

Retirement plan employees are also eligible to participate in deferred compensation 401(k) and 457 defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Systems and as a primary retirement plan for some Tier 2 Public Employees System participants. Under certain IRS and plan restrictions, employees can make additional contributions. Eligible employees may also contribute to Roth IRA plans offered by Utah Retirement Systems as supplemental retirement plans.

For employees participating in defined benefit plans, the Corporation is also required to contribute 1.5-1.78 percent of the employee's salary into a 401(k)/457 plan. For employees who choose to participate in the Tier 2 defined contribution plan, the Corporation is required to contribute 20.02 percent of the employee's salary, of which 10 percent is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Public Employee Systems, as required by law. Employee and Employer contributions to the 401(k)/457 plans for the fiscal year ended December 31, 2017 were as follows:

401(k) Plan	
Employer Contributions	\$ 29,359
Employee Contributions	\$ 23,340
457 Plan	
Employer Contributions	\$ -
Employee Contributions	\$ 2,274
Roth IRA Plan	
Employer Contributions	N/A
Employee Contributions	\$ -

### **NOTE 9: RISK MANAGEMENT AND INSURANCE**

The Corporation is at risk for loss from general liability, property damage, and worker injury. The risk for general liability and property damage is handled by paying insurance premiums to the State of Utah Risk Management Fund. The risk for worker injury is handled by paying insurance premiums to the Workers Compensation Fund of Utah (WCF).

The right of the Corporation is to have legitimate claims paid by Risk Management and WCF. The responsibility of the Corporation is to conduct operations in a prudent and safe manner and make timely premium payments. The right of Risk Management and WCF is to have the Corporation pay its premiums and conduct operations in a prudent and safe manner. The responsibility of Risk Management and WCF is to pay legitimate claims promptly.

## **UTAH STATE FAIR CORPORATION**

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### **NOTE 10: LITIGATION**

The Corporation is involved in legal action arising from the ordinary course of business. The Corporation is vigorously contesting all of these matters, but as of now it is not possible to determine the outcome of these proceedings. In the opinion of legal counsel and management, the ultimate disposition of these matters will not have a material adverse effect on the Corporation's financial position. The final settlement amount, if any, will be paid by the State of Utah's Department of Risk Management, the Corporation's liability insurance policy holder.

#### **NOTE 11: RELATED PARTY TRANSACTIONS**

The State of Utah's Drivers License Division currently pays the Corporation \$9,000 every month to use office space located on Fairpark property.

#### **NOTE 12: SUBSEQUENT EVENTS**

During the 2018 Legislative General Session, the Corporation requested an appropriation of \$1,005,000 in addition to the \$675,000 appropriated for operating purposes. The additional appropriation is a one-time appropriation for furniture, fixtures, and equipment expenses needed to complete the new rodeo arena.

As of March 1, 2018, the Corporation applied for a renewal of its line of credit (LOC) at Zions Bank. The amount of the LOC is for a limit not to exceed \$500,000. The purpose for the LOC will be to assist the Corporation in maintaining seasonal operations until the annual state fair in September 2018.

On January 1, 2017, Utah Retirement Systems conducted an actuarial experience study to review performance over the preceding five years. As a result, several actuarial assumptions were changed relating to inflation, cost-of-living, mortality, retirement, termination, and payroll growth rates, and the actuarial return assumption was reduced to 6.95%. The changes were approved by the URS Board and will be recognized in the Corporation's pension disclosures for the year ending December 31, 2018.

## UTAH STATE FAIR CORPORATION

### REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

*Schedule of Utah State Fair Corporation's Proportionate Share of the Net Pension Liability  
Noncontributory & Tier 2 Public Employees Systems of the Utah Retirement Systems*

	December 31,		
	2016	2015	2014
<b><i>Noncontributory System</i></b>			
Proportion of Net Pension Liability (Asset)	0.0160908%	0.0147030%	0.0149785%
Proportionate Share of Net Pension Liability (Asset)	\$ 521,489	\$ 461,863	\$ 376,339
Covered Payroll	\$ 342,699	\$ 296,440	\$ 296,134
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	152.17%	155.80%	127.10%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.90%	84.50%	87.20%
<b><i>Tier 2 Public Employees System</i></b>			
Proportion of Net Pension Liability (Asset)	0.0287866%	0.0426401%	0.0651448%
Proportionate Share of Net Pension Liability (Asset)	\$ 3,211	\$ (93)	\$ (1,974)
Covered Payroll	\$ 236,071	\$ 275,304	\$ 319,817
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	1.36%	0.03%	0.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.10%	100.20%	103.50%

The Utah State Fair Corporation implemented GASB Statement No. 68 in 2015. Information on the Corporation's portion of the plans' net pension liabilities (assets) is not available for periods prior to 2014.

## UTAH STATE FAIR CORPORATION

### REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

*Schedule of Utah State Fair Corporation's Defined Benefit Pension Contributions  
Noncontributory & Tier 2 Public Employees Systems of the Utah Retirement Systems <sup>1</sup>*

*Noncontributory System*

	2017	2016	2015	2014 <sup>2</sup>
Actuarial Determined Contributions	\$ 74,385	\$ 72,531	\$ 63,500	\$ 61,398
Contributions in relation to the contractually required contribution	(74,385)	(72,531)	(63,500)	(61,398)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 358,780	\$ 340,305	\$ 296,440	\$ 296,134
Contributions as a percentage of covered payroll	20.73%	21.31%	21.42%	20.73%

*Tier 2 Public Employees System <sup>3</sup>*

	2017	2016	2015	2014 <sup>2</sup>
Actuarial Determined Contributions	\$ 18,206	\$ 43,059	\$ 50,514	\$ 56,318
Contributions in relation to the contractually required contribution	(18,206)	(43,059)	(50,514)	(56,318)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 99,198	\$ 236,071	\$ 276,650	\$ 319,817
Contributions as a percentage of covered payroll	18.35%	18.24%	18.26%	17.61%

<sup>1</sup> This schedule reflects the legislative authorized rates and contributions for these systems.

<sup>2</sup> The Utah State Fair Corporation started accumulating this information in 2014 as per GASB 68. There will eventually be a 10-year running history.

<sup>3</sup> Contributions in Tier 2 include a statutorily-required amortization rate to help fund the unfunded liabilities in the Tier 1 systems.  
Tier 2 systems were created effective July 1, 2011