



INDIANA STATE  
**FAIRGROUNDS**  
& EVENT CENTER

INDIANA STATE FAIR COMMISSION

# 2016 ANNUAL REPORT

   /IndianaStateFair.com



# INDIANA STATE **FAIRGROUNDS** & EVENT CENTER

## **MISSION**

To preserve and enhance the Indiana State Fairgrounds & Event Center and the annual Indiana State Fair for the benefit of all citizens of Indiana.

## **VISION**

To be a premier year-round gathering place that maximizes its resources to host a wide range of diverse activities. To be recognized as the best State Fair in the country, showcasing agriculture and youth in an educational, entertaining and safe environment.

## **CORE VALUES**

Pride in:

- **Teamwork** – We take pride in operating as a team with integrity and a sense of caring for our staff, our guests and our community.
- **Service** – We are committed to delivering outstanding service and great experiences to each other and our entire community.
- **Tradition** – We are passionate about honoring our past and shaping our future as we provide a platform for creating time-honored memories and traditions.
- **Excellence** – We are dedicated to being a premier leader in our industry through hard work, perseverance and resilience.

In 2016 the Indiana State Fairgrounds & Event Center re-examined its core values, in a collaborative effort that included staff members with experience ranging from 2-30 years, and from varying departments on the team. The updated Core Values now better reflect the culture in which team members take such great pride and why they are dedicated to advancing the ISFC's Mission each and every day.

# INDIANA STATE FAIR COMMISSION (ISFC)

**Andre B. Lacy**, Chairman

**Nick DeKryger**

**Todd Uhl**

President, Indiana State Fair Board

**Matthew Rekoweg**

Chairman, C.A.S.H.  
Board of Trustees

**Bruce Everhart**

**Matt Martin**

**Ted McKinney**

Director, Indiana  
State Dept. of  
Agriculture

**Rep. Robert Cherry**

Member, State Fair Legislative  
Advisory Committee

**Beth Bechdol**

**Leigh Riley Evans**

**Joe Elsener**

Governor's Representative

**Sen. James W. Merritt, Jr.**

Member, State Fair Legislative  
Advisory Committee

## ISFC EXECUTIVE TEAM

**Cynthia C. Hoye** - Executive Director

**David Ellis** - Chief Financial Officer

**Mike Berkery** - Chief Operating Officer

**Ray Allison** - Vice President, Administration

## INDIANA STATE FAIR BOARD

### Elected

District 1	Scott Fritz
District 2	Bill Leeuw
District 3	Patrick Barker
District 4	Stanley Poe
District 5	Todd Uhl
District 6	Terry Clifford
District 7	Ashton Eller

### Appointed

Alan D. Washburn
Lee Ann Eizinger
Jackie Bell
OPEN
Paul Graf
Dr. Jim Weisman
Carlos Garcia

### Ex-Officio Members

Governor's Representative - **Joe Elsener**

Director of Indiana State Department of Agriculture - **Ted McKinney**

Associate Dean & Director of Purdue Extension - **Dr. Jason Henderson**



## MESSAGE FROM THE COMMISSION CHAIRMAN & EXECUTIVE DIRECTOR

In 2016, the Indiana State Fairgrounds & Event Center continued the evolution to better meet our current customer expectations, create strategies that will help us stay relevant for future generations, and remain true to the mission of preserving the history of this iconic institution.



At the heart of the evolution there was a deep dive to create a 10-year strategic “Master Plan” that will guide our operations and investments. The process included a wide variety of stakeholders, neighbor organizations and partners. The resulting plans are creative and bold but realistic, and will ensure that we remain a first-rate destination for visitors and event planners, a great community neighbor and an asset to the State of Indiana.

Another highlight in the evolution was redeveloping our Core Values. Through the process we re-learned that our team most values and takes enormous pride in teamwork, service, tradition and excellence – as evidenced in the 2016 Highlights section of this Report. We saw a great example of those values when the staff collectively adapted as necessary during the most unseasonably hot and rainy Fair in two decades.

At the forefront of our organization, the Indiana State Fair Commission continues to provide fresh perspectives and feedback that helps our team enhance operations, financial and marketing processes, and make improvements to our aging facilities. We are deeply grateful to the business and government leaders who serve on the Commission.

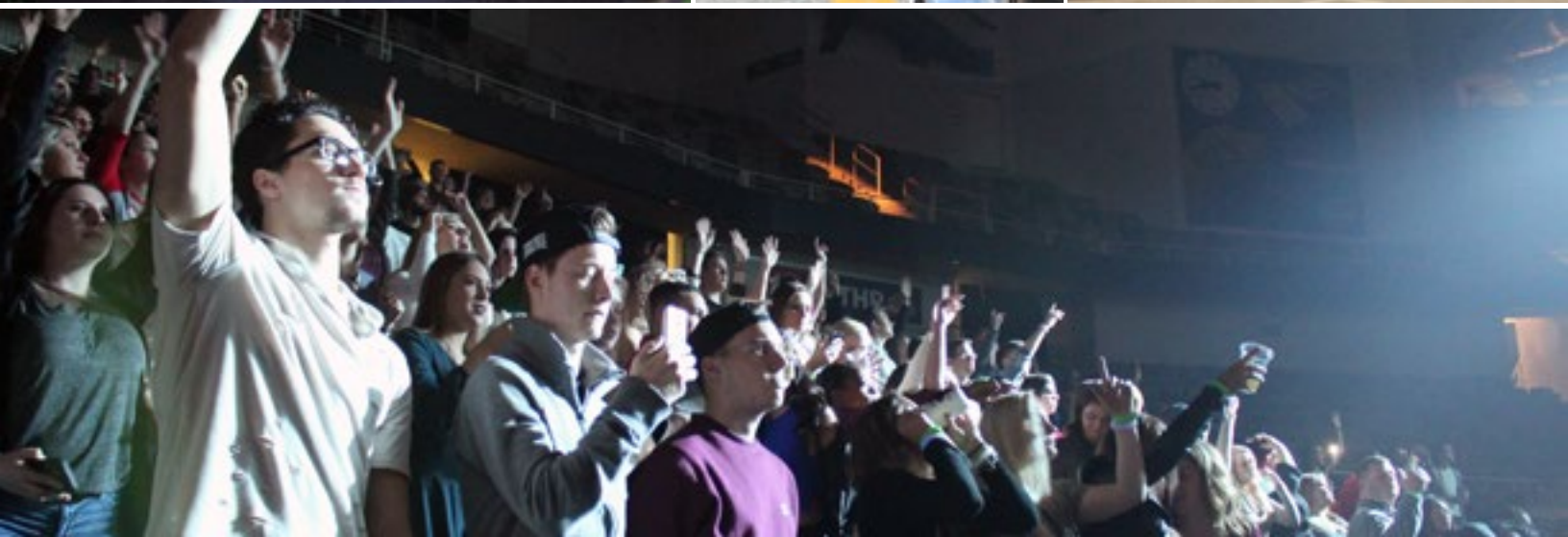
The 2017 Indiana State Fair theme – “The Wonderful World of Food” – will allow us to showcase 17 different foods and Featured Farmers and do what we do best – highlight our State’s agricultural base, history, art, and tradition. We hope to see you there!

A handwritten signature in blue ink that reads "Andre B. Lacy".

**Andre B. Lacy**  
Chairman  
Indiana State Fair Commission

A handwritten signature in blue ink that reads "C. Hoyer".

**Cynthia C. Hoyer, CFE**  
Executive Director  
Indiana State Fairgrounds & Event Center





## 2016 HIGHLIGHTS

- The Indiana State Fair Foundation completed the Coliseum Capital Campaign, which raised a total of \$10,142,811 – exceeding the initial \$10 million goal. This achievement was announced during the 2016 Fair.
- Continued to expand the scope of events hosted in the renovated Indiana Farmers Coliseum with the Indiana Bicentennial Gala, a Presidential political rally for candidate, now president, Donald Trump, and a visit by the Dalai Lama to complement the schedule of professional hockey, college basketball, trade shows and concerts. Overall, the Coliseum hosted 131 events, a 50% increase over 2015.
- Reached a new high for hosting “year-round” events with a total of 323 events, 70 of which were first-time events. The increased activity resulted in a 23% increase in net stagehand revenue and a 146% increase AV Equipment Rental revenue. Additionally, camping revenue was at an all-time high.
- Established a new single-day attendance record on the final day of the Fair, when the rain stopped.
- Created a field of decorative bison replicas during the Fair to celebrate Indiana’s Bicentennial and showcase the themes of participating counties.
- Collaborated with a team of industry professionals, stakeholders, board members and 16 community partner organizations to develop and guide our big thinking and vision for the next decade.
- Completed a Facility Usage Analysis for all rented buildings on the campus to develop targeted marketing and sales goals for each facility and for specific types of events.
- Completed comprehensive facility assessments for 19 buildings on campus, including a least-to-most urgent prioritization of renovation, replacement and repair needs.











## 2016 HIGHLIGHTS CONTINUED

- Fully integrated our financial and event operations into the Ungerboeck Software platform which is now utilized by every Director organization-wide to manage their business unit.
- Conducted 50+ Safety & Security training exercises for Indiana State Fairgrounds & Event Center staff throughout 2016, and coordinated five national/diplomatic security events on site.
- Added Automated Logic HVAC Controls to the Farm Bureau, Grand Hall, Administration and Communications buildings - to better manage utility costs.
- Formed a relationship with TeenWorks, a summer work program providing 15 to 18-year-old high school teens an opportunity to learn valuable skills, earn a paycheck and have an impact in the community. We had teen crews assisting in our Operations Department for six weeks in preparation for the 2016 Fair.
- Redesigned and launched new websites and built a new Mobile App for the Fair, which improves the customer experience and provides us better insights into the preferences of our customers. Additionally, we had an increase in all Social Media platforms - Twitter, Facebook, Instagram - over the 2015 Fair.
- Added 20 new sponsors for the 2016 Fair and continued our partnership with Dow AgroSciences and the Featured Farmers program, which has now been established as an annual Fair program.
- Conducted a sponsorship valuation audit leading to a decision to bring sales back "in-house" by hiring a Director of Sponsorship Sales and a Sales Manager.
- Increased student enrollment for on-site field trip participation to 9,994 students in 2016, an increase of 16.5% over 2015. In a thank you message to the staff, Mrs. Will, a 2nd grade teacher at Robert Lee Frost #106 Elementary School, best described the reason for the increased number of visitors to the Indiana State Fairgrounds during the school-year:

"I just wanted to thank you for the best field trip we have ever had! What a well-organized event. Thank you so much! The kids loved it, and they learned SO much. What a wonderful opportunity for them to see all that you had available. The workers were amazingly qualified, great with the kids and knew their stuff. I hope we can do this again next year. Please pass on our thanks."



# COMMUNITY SPOTLIGHT

## Giving Back through Safe Night Halloween

Maybe better than any other event, Safe Night Halloween demonstrates how seriously the Indiana State Fairgrounds & Event Center and its staff are committed to being an asset for the community. Each Halloween for the past twenty years, the annual event allows nearby and even not so close neighbors to visit the Fairgrounds and trick-or-treat in a safe, fun and family-friendly environment.

Rather than ringing doorbells in their neighborhoods, friends, neighbors and strangers mingle in the Expo Hall, and visit the decorated cars of staff members in costume who hand out candy from their treat-filled trunks. The staff has even created a competition for the best decorated cars, and incorporated fun and educational exhibits into the evening.

Safe Night has evolved from a small event to a well-advertised event supported by sponsors donating pounds of candy and over a dozen staff members and their family members volunteering their evenings to serve the community.



# INDIANA FARMERS COLISEUM EVENT SPOTLIGHT

## The Indiana Bicentennial Gala

On Sunday, December 11, the Indiana Farmers Coliseum was transformed into an elegant venue to host the Bicentennial Gala which attracted a “who’s who” list of Hoosier business, political and entertainment celebrities, and created a sense of civic pride to cap the yearlong celebration of our state’s 200th birthday.

The black-tie event honored Indiana’s distinct personality showcasing Indiana-born entertainers and highlighting the County Coordinators from all 92 counties who had volunteered time and talent to get their communities involved in celebrating the Bicentennial.

The program highlighted and celebrated Indiana’s past, present and future. The event was later broadcast by Indiana Public Television.





# ORGANIZATION SPOTLIGHT

## The Indiana State Fair Foundation

In 2016 there were many great accomplishments for the Indiana State Fairgrounds & Event Center but none as significant as the Indiana State Fair Foundation closing out the Coliseum Capital Campaign, on time, while exceeding the initial fundraising goal of \$10 million by raising \$10,142,811.52. Appropriately, the contribution that put the Campaign “over the top” was made during the 2016 Great Indiana State Fair.

The largest and most ambitious project in Fairgrounds history is a testament to the deep connection Hoosiers have with the Indiana State Fairgrounds.

### **Coliseum Capital Campaign by the numbers...**

217 total donors made this campaign a success

3 donors made seven figure gifts

8 donors made six-figure gifts and 13 donors made five-figure gifts

The average campaign gift was \$46,349.13

Indiana State Commission leadership had 100% participation in the campaign

Established in 2011 to raise private funding to support the renovation of the Indiana Farmers Coliseum and construction of the Pop Weaver Youth Pavilion and Cheri Daniels Arena, the campaign was the first major initiative of the Foundation. Now the Foundation looks to replicate that success to benefit many other areas.

Specifically, the Foundation raises funds to support year-round agriculture education, youth development and campus stewardship of the Indiana State Fairgrounds & Event Center.

### **A History of Connecting with Hoosiers**

For more than 160 years (125 at its current location) the Indiana State Fair has created countless memories for generations of Hoosiers. Rooted in Agriculture, the Fair has grown to become an annual celebration of all things Indiana. Each year, urban and rural families come together for 17 days in August to create memories that will last a lifetime.

The Fair isn't just an event, although it is Indiana's largest multi-day event. The Fair is a tradition for many; an end-of-summer destination where countless memories are made. The reasons people attend the Fair are as unique as the individuals themselves, but they all share a deep connection with the Fair. The Indiana State Fair Foundation was created to ensure this connection continues and that future generations of Hoosiers will be able to create their own memories and traditions.

### **Andre Lacy, Indiana State Fair Commission Chairman describes it best:**

“I have been attending our Great Indiana State Fair for 60 years and, in my heart, I cherish the special and often vivid memories of this extraordinary summertime event. In a world filled with challenge and change, the State Fair is that gentle, well-loved event from which we all treasure recollections from our past and happily anticipate creating countless memories in the future.”

# PHILANTHROPY & THE FAIRGROUNDS

Philanthropy has deep roots at the Fairgrounds – passionate friends of the Fair who love the history, culture, and tradition have led to magnificent iconic structures and grounds improvements well before the Foundation was incorporated in 2011. People love the Fairgrounds and want to be a part of its pulse and helping future generations continue to have the experiences they cherish.



**Several iconic structures have been funded partly, or entirely, through philanthropy including:**

- The Indiana Farmers Coliseum
- Pop Weaver Youth Pavilion & Cheri Daniels Arena
- The Glass Barn
- Centennial Hall and 4-H Exhibit Hall
- Normandy Barn
- The Greenhouse
- Boy Scout Bridge and Base Camp
- Art Piece at 38th and Fall Creek
- Covered Bridge
- Little Hands on the Farm

## Continuing the Legacy

Today, the Indiana State Fairgrounds & Event Center is a year-round event facility attracting more than 2.5 million people annually. To remain vibrant and relevant, the Fairgrounds must continue to evolve and improve. Over 70% of the Fairgrounds' revenue is earned through the State Fair, year-round events and philanthropy. Earned revenue, including philanthropic gifts, is used to renovate buildings and grounds, provide educational opportunities year-round and during the Fair, and reward the hard work and dedication of 4-H youth who have risen to the best-of-the-best at the annual Celebration of Champions during the Indiana State Fair.

The Foundation has evolved during its first five years of operation to ensure there are options for varying size contributions, because every gift truly makes a difference. Friends of the Fair provides unrestricted funding for the Indiana State Fair Foundation while donors receive benefits including Fair tickets, recognition on the Foundation website, and tickets to events at the Fairgrounds throughout the year.

Unrestricted funds are used for Foundation operations and programs, which allows 100% of designated donations to go directly to Youth Development, The BARNs Global Learning Initiative, and the Preservation Fund.

"You can see from the looks on the faces of these kids, everything that they have learned and the benefits that can come from a program like this."

Carol Willoughby, Willoughby Sales



## Youth Development

Since 2013, The Foundation has awarded \$370,900 to 92 youth who have risen to the level of Champion in showing animals and their 4-H projects during the Great Indiana State Fair.

Celebration of Champions rewards their hard work and dedication with a memorable dinner ceremony and monetary award for being the best of the best.

The event and premium prizes are fully funded through philanthropy, and provides an opportunity for the youth to be recognized in front of their peers, families, agriculture leaders, event sponsors, and the world via a live webcast.



# The BARNs Global Learning Initiative

## Field Trips

Over 10,000 students annually visit the Fairgrounds on field-trips during the school year, and during the Fair, as a compliment to their Science, Technology, Engineering and Mathematics (STEM) curriculum. Field trips have been approved by the Indiana Department of Education and written specifically for curriculum enrichment. Philanthropy can play a big role in making field trips possible:

- A \$12 donation covers a Fairgrounds field trip for a student who otherwise would not have had the opportunity for this hands-on educational opportunity.
- \$500 allows a classroom of students to attend a field trip, including transportation.





## State Fair Farm

- The current version of the Little Hands on the Farm is bringing education to life with hands-on experiences that highlight where food comes from and the importance of agriculture in delivering it into our lives.
- On the planning table is a revamped 5-acre State Fair Farm located in the northeast corner of the Fairgrounds which will be fully funded through philanthropy.

## Preservation Fund

The Preservation Fund ensures that the 250-acre Indiana State Fairgrounds & Event Center, its buildings and infrastructure receive the proper investment in annual maintenance to effectively host more than 2 million visitors annually.

On the planning table is the construction of the New Fall Creek Pavilion/ Swine Barn, which will require public and private funding. The reasons for this initiative include:

- The nearly 100-year-old Swine Barn has passed its useful life;
- The need for an enclosed, multi-use facility that can host livestock shows and consumer events throughout the year;
- The opportunity for the New Swine Barn to tell the story of agriculture and the Indiana Pork Industry on a year-round basis.



**INDIANA STATE FAIR COMMISSION**  
**CONSOLIDATED STATEMENT OF NET POSITION**  
as of December 31, 2016

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 2,373,757
Restricted Cash and Cash Equivalents: Standardbred Racing Fund	721,946
Cash and Cash Equivalents: Foundation	1,365,488
Restricted Cash and Cash Equivalents: Foundation	5,066,301
Commission Designated Cash and Cash Equivalents:	
Indiana State Fair Reserve	500,000
Accounts Receivable	863,597
Pledge Receivable	948,850
Receivable from the State of Indiana	224,429
Prepaid Expense	11,325
Total Current Assets	<u>12,075,693</u>

Capital Assets:

Construction in Progress	105,662
Property, Plant and Equipment	
Land and Improvements	15,787,092
Buildings and Improvements	140,601,685
Machinery and Equipment	4,193,967
Office Furniture and Equipment	1,295,996
Less: Accumulated Depreciation	<u>(77,848,930)</u>
Capital Assets, Net of Depreciation	<u>84,135,472</u>
Total Noncurrent Assets	<u>84,135,472</u>

**Deferred Outflows of Resources**

Unamortized Loss on Sale of Bonds	50,207
Deferred Pension Expense	<u>1,519,015</u>

**Total Assets and Deferred Outflows of Resources**

\$ 97,780,387

**Liabilities**

Current Liabilities:

Accounts Payable	\$ 1,063,958
Salaries Payable	154,665
Payroll Withholdings Payable	12,422
Capital Leases Payable	1,635,000
Taxes Payable	8,469
Unearned Revenue	284,791
Compensated Absences Payable	114,889
Total Current Liabilities	<u>3,274,194</u>

Noncurrent Liabilities:

Capital Leases Payable	55,254,067
Compensated Absences	132,718
Net Pension Liability	3,941,185
Total Noncurrent Liabilities	<u>59,327,970</u>
Total Liabilities	<u>62,602,164</u>

**Deferred Inflows of Resources**

Deferred pension expense	<u>58,465</u>
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**Net Position:**

Net Investment in Capital Assets	27,296,612
Restricted - Expendable:	
Indiana State Fair Foundation	5,066,301
Standardbred Racing Fund	721,946
Unrestricted	2,034,899
Total Net Position	<u>35,119,758</u>

**Total Liabilities, Deferred Inflow of Resources,  
and Net Position**

\$ 97,780,387



**INDIANA STATE FAIR COMMISSION**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For Year Ended December 31, 2016

**Operating Revenues:**

Admissions Revenue	\$ 3,679,898
Parking Revenue	2,184,931
Facility Revenue	5,709,118
Concessions Revenue	3,575,152
Sponsorship Revenue	1,815,793
Other Revenue	<u>1,876,081</u>

Total Operating Revenue	<u>18,840,973</u>
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**Operating Expenses:**

Payroll Expense	8,999,343
Maintenance	4,134,919
Marketing	1,018,060
Event Services	2,397,814
Operations	780,719
Technology	628,360
Education	45,145
Security	417,032
Coliseum	1,181,196
Fair Production	3,090,421
Depreciation	5,285,617
Administrative & Other	<u>2,701,095</u>

Total Operating Expenses	<u>30,679,721</u>
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<b>Operating Loss</b>	<u>(11,838,748)</u>
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**Nonoperating Revenues (Expenses):**

State General Fund Appropriations	2,426,810
Riverboat Distribution	5,580,866
Pari-Mutual, Off Track Betting Distribution	142,940
Standardbred Racing Fund	1,000,000
Investment Earnings	22,750
Interest Expense	(2,674,713)
Grants and Contributions	<u>879,776</u>

Total Nonoperating Revenues	<u>7,378,429</u>
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<b>Change in Net Position</b>	<u>(4,460,318)</u>
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<b>Total Net Position, January 1</b>	<u>39,580,076</u>
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<b>Total Net Position, December 31</b>	<u><u>\$ 35,119,758</u></u>
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**INDIANA STATE FAIR COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

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As management of the Indiana State Fair Commission (Commission), we offer readers of the Commission's basic financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2016.

**FINANCIAL HIGHLIGHTS**

- The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$35.1 million (net position). Of this amount, \$2.0 million (unrestricted net position) may be used to meet any of the Commission's ongoing obligations. There is a total of \$0.5 million in net position that has been internally designated by the Commission for specific purposes: this amount is set aside as a reserve for net earnings for the Indiana State Fair; the funds are intended to be available for the Commission to use toward paying lease payments associated with the Coliseum Project debt service if the Fair fails to hit budgeted net earnings.
- The Commission's current assets decreased by \$0.8 million, and total liabilities decreased \$0.5 million during the current fiscal year. Cash and cash equivalents increased \$0.5 million. The most significant shifts in current assets were increases in cash and cash equivalents: foundation, and restricted cash and cash equivalents (both related to the Indiana State Fair Foundation's collection of pledges and additional contributions); the liabilities decrease was due to principle payments made towards the capital lease related to the Coliseum Renovation Project; cash had a minimal change due to normal business fluctuations.
- The Commission's total net position decreased by \$4.5 million during the current fiscal year. There are two main factors that contributed to the decrease in net position: revenue from Fair Operations was down significantly due to several days of inclement weather during the seventeen-day run, and grants and contributions were also significantly lower from the previous year due the successful completion of the capital campaign related to the Indiana Farmers Coliseum project.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The State Fair Commission was established per Indiana Code 15-1.5-2 as the trustee for and on behalf of the people of the State of Indiana to administer the State Fairgrounds as trust property of the State of Indiana. The Commission is a separate body, corporate and politic. The Commission is not a state agency. Therefore, the organization's financial activities are accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Commission's basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Fund Position, Statement of Cash Flows, and the notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. All information included in this analysis is presented for the two most recent fiscal years to provide the opportunity for comparison between years.

The Indiana State Fair Foundation was created in July, 2011. The Board of Directors of the Foundation is made up of Commission Members of the Indiana State Fair Commission. Therefore, the Foundation is considered a blended component unit of the Commission for the purpose of financial reporting.

The *Statement of Net Position* presents information on all of the Commission's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.



**INDIANA STATE FAIR COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

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**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Commission's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. In contrast, the *Statement of Cash Flows* is concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

In addition to the financial statements within this report, the *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Commission, assets exceeded liabilities by \$35.4 million at the close of the most recent fiscal year.

**Indiana State Fair Commission's Comparative Summary of Net Position**  
**(In Thousands of Dollars)**

	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 12,076	\$ 12,894
Capital assets	84,135	88,494
Total assets	<u>96,211</u>	<u>101,388</u>
Deferred outflows of resources	<u>1,569</u>	<u>1,266</u>
Current liabilities	3,274	2,876
Noncurrent liabilities	59,328	60,182
Total liabilities	<u>62,602</u>	<u>63,058</u>
Deferred inflows of resources	<u>58</u>	<u>16</u>
Net position:		
Net investment in capital assets	27,297	30,117
Restricted	5,788	5,224
Unrestricted	<u>2,035</u>	<u>4,239</u>
Total net position	<u>\$ 35,120</u>	<u>\$ 39,580</u>

Net position decreased in 2016 and 2015. The decrease in 2016 is primarily lower operating revenue for the Fair due to weather, and less grants and contributions due to the successful completion of the foundation's capital campaign. These factors were combined with the continued higher depreciation expense and interest expense that impacted 2015.

Restricted net position increased in 2016 by \$0.6 million. The one major factor related to this increase was more funds received by the Foundation primarily for the Coliseum Renovation Project. The Coliseum Project funds continue to be restricted and will be used to make an early call on the bonds associated with the capital lease obligation. The early call will take place in fiscal year 2017.

**INDIANA STATE FAIR COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

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**FINANCIAL ANALYSIS** (continued)

The Commission changed the formatting of the Statement of Revenue, Expenses, and Changes in Net Position in 2016 to give a clearer picture of the overall business. The 2015 activity has been reformatted for this discussion and analysis for easier comparisons.

**Indiana State Fair Commission's Comparative Summary of Changes in Net Position**  
**(In Thousands of Dollars)**

	2016	As Reformatted 2015
Operating revenues:		
Admissions Revenue	\$ 3,680	\$ 5,227
Parking Revenue	2,185	2,298
Facility Revenue	5,709	4,067
Concessions Revenue	3,575	3,824
Sponsorship Revenue	1,816	1,902
Other Revenue	1,876	2,725
Total operating revenues	<u>18,841</u>	<u>20,043</u>
Operating expenses:		
Payroll Expenses	8,999	8,463
Maintenance	4,135	4,115
Marketing	1,018	946
Event Services	2,398	1,848
Operations	781	870
Technology	628	903
Education	45	82
Security	417	576
Coliseum	1,181	1,432
Fair Production	3,091	3,138
Depreciation	5,286	5,259
Administrative & Other	2,701	2,474
Total operating expenses	<u>30,680</u>	<u>30,106</u>
Loss from operations	<u>(11,839)</u>	<u>(10,063)</u>
Non-operating revenues:		
Tax distributions	9,151	9,401
Contributions	880	2,208
Investment income	23	7
Total Nonoperating Revenues	<u>10,054</u>	<u>11,616</u>
Non-operating expense:		
Interest expense	<u>(2,675)</u>	<u>(2,572)</u>
Total non-operating expense	<u>(2,675)</u>	<u>(2,572)</u>
Change in net position	<u>(4,460)</u>	<u>(1,019)</u>

**FINANCIAL ANALYSIS** (continued)

Net position:		
Beginning of year	39,580	40,599
End of year	<u>\$ 35,120</u>	<u>\$ 39,580</u>

2015 operating expenses were not adjusted for the prior period adjustment related to implementing GASB Statement No. 68. The adjustment is shown as an adjustment to beginning net position.



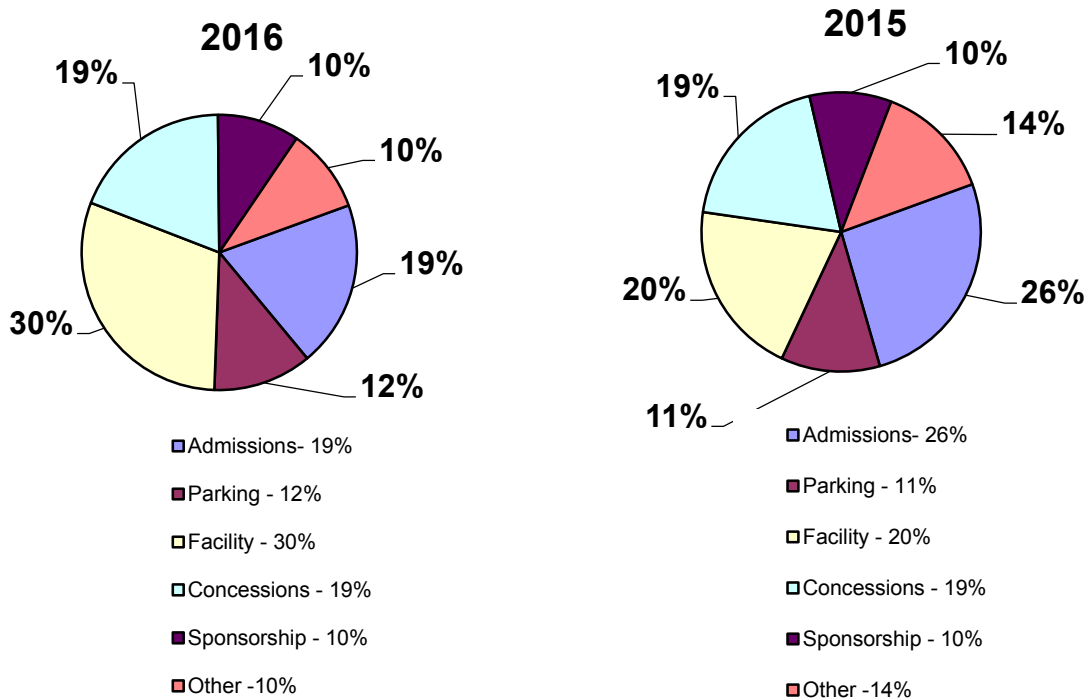
**INDIANA STATE FAIR COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

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Operating revenue decreased \$1.2 million. After a couple of years of good weather, the Fair experienced a combination of excessive heat and fourteen days of rain. The less than desirable weather caused attendance to the 2016 Great Indiana State Fair to barely exceed 730,000. Revenue streams for the Fair that are directly impacted by weather (sponsorship, entry fees, etc.) exceeded the previous year results; revenue streams like gates, parking, and revenue is where the major decreased occurred. Fair attendance of 731,543 was the lowest since changing to the seventeen-day format. Operating Expenses increased approximately \$0.5 million. The slight increase is primarily in payroll roll expenses which includes the offsetting expense related to the \$0.75 million increase in net pension liability.

The Commission's net position decreased \$4.5 million during the current fiscal year, after decreasing \$1.0 million the previous year. The decreases of the past two years are a notable correlation to the increase in depreciation and interest expense; both associated directly with the financial impact of the Coliseum Renovation Project. The 2016 results were additionally impacted by the decrease in operating revenue for the Fair.

**REVENUES BY SOURCE**

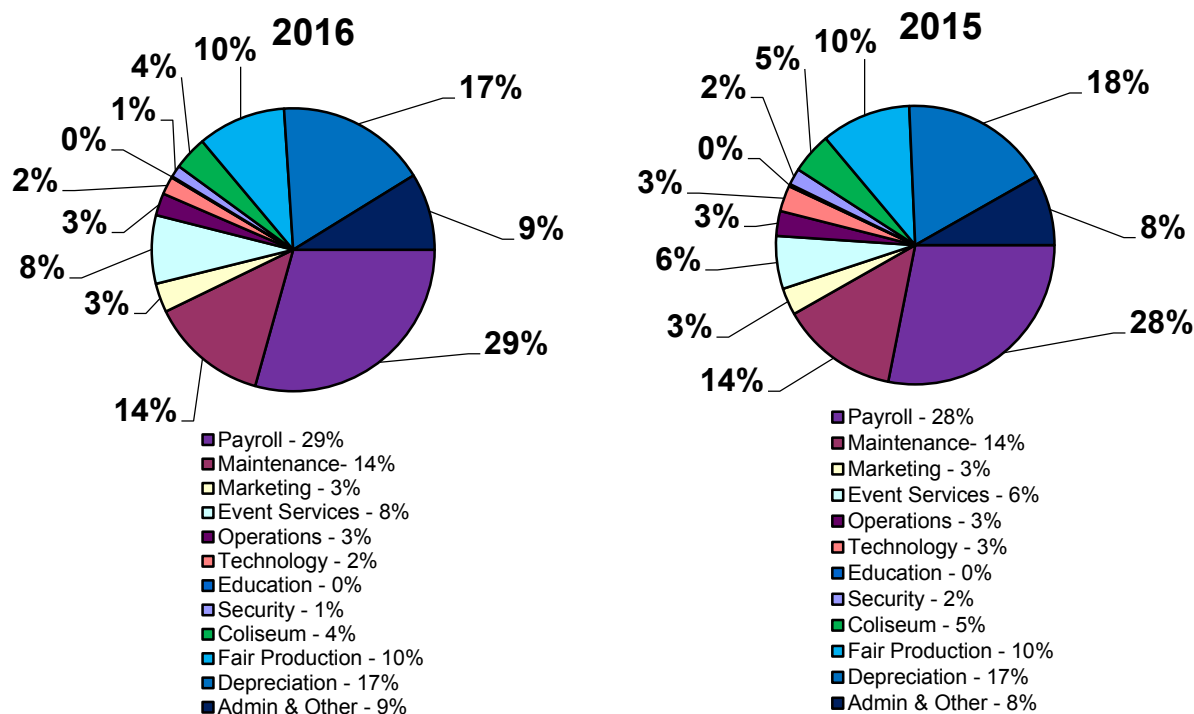


**INDIANA STATE FAIR COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

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**FINANCIAL ANALYSIS (continued)**

**EXPENSES BY TYPE**



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The Commission's total capital assets as of December 31, 2016, amounts to \$84.0 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. There was \$0.1 million in construction in progress as of that date. Net investment in capital assets at December 31, 2016 was \$27.3 million. The total decrease in the Commission's net investment in capital assets for the current fiscal year was \$2.8 million.

Major capital asset events during the current fiscal year included the following:

- Phase II of the Speed Barn Renovation Project was completed in 2016. This phase represented the refurbishment of Barn #4, with a cost of \$280,000. There was also \$55,000 used to replacing fencing around the speed barn facilities. Continued renovations of additional barns will take place in 2017.
- There was an investment of capital in the HVAC system located in the Communications Building. The project had a total cost of roughly \$132,000. In 2012, the Commission invested \$156,000 in replacing individual office units; the work done in 2016 was on the boiler system for the building.



**INDIANA STATE FAIR COMMISSION**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

- The Commission purchased five (5) vacant lots in 2016 neighboring property already owned on 46th street. The property will be used for additional parking during the Fair, and was purchased at a price of approximately \$10,000 per lot; total investment was \$50,422.
- Other major projects include replacing asphalt roofing on the Safety Building and Hooks Drugs Building (\$111 thousand), major renovations to the Indiana Arts Building (\$90 thousand), and the purchase of a used Farmall 115U Tractor (\$48 thousand).

**Indiana State Fair Commission's Capital Assets**  
**(Net of Depreciation)**  
**(In Thousands of Dollars)**

	<b>2016</b>	<b>2015</b>
Land	\$ 1,384	\$ 1,334
Land improvements	3,028	3,524
Buildings	79,422	83,336
Equipment	108	109
Furnishings & fixtures	87	191
Construction in progress	<u>106</u>	<u>0</u>
Total	<u>\$ 84,135</u>	<u>\$ 88,494</u>

Additional information on the Commission's capital assets can be found in the notes to the financial statements.

**Debt:** On November 9, 2012 the Indiana Finance Authority (IFA) completed a bond issue (Series 2012L), maturing July 1, 2017, used to pay a one-time lease payment of \$4.7 million to the Commission; whereby the Commission leased the Coliseum to the IFA under a Base Lease. The proceeds, along with other available funds were used to pay off the 2002 bonds.

Also, on November 9, 2012, the IFA completed a second bond issue (Series 2012M); the principal of that bond issue was \$57.6 million. The proceeds from that bond were used for the Coliseum Renovation Project. The Commission has entered into a Master Use and Occupancy Agreement with the IFA; per the agreement, the Commission will make lease payments to the IFA for the use of the Coliseum. As of December 31, 2016, there was \$1.6 million in short term principal and \$55.3 million in long term debt principal outstanding on the agreement.

Both debt transactions are recorded as a capital lease payable in the financial statements and notes.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of this information should be addressed to Indiana State Fair Commission, 1202 East 38th Street, Indianapolis, IN 46205.

INDIANA STATE FAIR  
Indiana Farmers Coliseum



INDIANA STATE  
**FAIRGROUNDS**  
& EVENT CENTER