

INDIANA STATE FAIR COMMISSION

2017 ANNUAL REPORT



INDIANA STATE
FAIRGROUNDS
& EVENT CENTER

   /IndianaStateFair.com

MESSAGE FROM THE COMMISSION CHAIRMAN & EXECUTIVE DIRECTOR



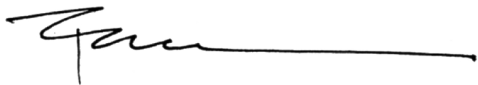
It is an honor and privilege to serve as chairman of the Indiana State Fair Commission. As I've become acquainted with staff and learned more about the organization's operations, one of my observations has been the high level of professionalism, energy and dedication exhibited by Cindy Hoyer, the executive team and team members of the Indiana

State Fairgrounds & Event Center. They have affirmed my optimism about the future of the Fairgrounds and of our signature event, the Indiana State Fair.

As I continue to dive into this role, I have found support from the Commission, Fair Board, and staff energizing. And while I am excited about the future, it is with deep respect that I acknowledge former chairman Andre Lacy. His steady leadership contributed greatly to this iconic institution. Much like Andre, it is my intention to bring my unique background and abilities to the forefront of the organization. Therefore, you will find it as no surprise that maintaining facilities and improving operations will continue to be a top priority in the years to come.

I celebrate the Fairgrounds and the special sense of place that our visitors experience. I have found that its culture is unique and effective for its mission. It's important that we continue to nurture that DNA. We must continue to strive every day to delight our guests, stay true to our mission, and operate this community asset with care and optimism.

I am confident our best years lie ahead. Together we will continue to make the Indiana State Fairgrounds & Event Center the magical place that it is known to be, and the Great Indiana State Fair the best Fair in the country.



Bradley B. Chambers

Chairman

Indiana State Fair Commission



The title of our 2017 Business Plan was "The Year of Optimism" and with determination and bold vision we experienced a financially successful year, while planning for our future.

We completed one Strategic Plan, PATH 2017, and planned for our next, Experience 2020 which focuses on two key objectives—The

People and This Place. These road maps provide the lanes we live in as a highly functioning organization. To complement our Strategic Plan, we completed an aggressive ten-year Master Plan, a comprehensive Facility Assessment, a Community Assessment and a Market Feasibility Study. With these studies in place, the tools are within reach to launch our future growth.

Our 2017 Fair theme—The Wonderful World of Food—delivered programming that authentically connected with more than 900,000 fairgoers while keeping us true to our Ag-Education mission. And, our efforts did not go unnoticed. The International Association of Fairs & Expositions (IAFE) recognized this theme activation by awarding our team with the 2017 BEST Overall Marketing Campaign during its annual national convention. Additionally, we were profitable enough to restore our \$500,000 rainy day fund for the State Fair.

Throughout 2017, we hosted five national events: National FFA Convention, American Rabbit Breeders Association's National Convention, Indiana Chinese Lantern Festival, 96th Annual Family Motor Coach Association (FMCA) International Convention, and the North American Flyball Can-Am Tournament. In addition to these large-scale events, we hosted a sitting U.S. President when President Trump rolled out his Tax Reform Plan to the Nation.

The Commission, Board and staff said goodbye to a beloved friend in Andre Lacy and welcomed a new leader to the organization in Brad Chambers. We are privileged to have visionary and impactful leadership at our helm. Here's to a great 2017 and to an even better 2018, filled with possibilities, energy and enthusiasm!



Cynthia C. Hoyer, CFE

Executive Director

Indiana State Fair Commission



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 committed to being a premier leader in our industry through hard work, perseverance and resilience.



INDIANA STATE FAIR COMMISSION (ISFC)

Andre B. Lacy, Chairman

Nick De Kryger

Leigh Riley Evans

Mathew Rekeweg

Senator James W. Merritt, Jr. and Representative Robert Cherry

Members, State Fair Legislative Advisory Committee

Todd Uhl, President ISF Board

Bruce Everhart

Matt Martin

Beth Bechdol

Joe Elsener

Ted McKinney

ISFC EXECUTIVE TEAM

Cynthia C. Hoye – Executive Director

Ron Broughton – Vice President, Finance

Ray Allison – Vice President, Administration

Mike Berkery – Chief Operating Officer

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
Paul Graf
Dr. Jim Weisman
Carlos Garcia

Ex-Officio Members

Governor's Office Representative – **Joe Elsener**

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

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



YEAR IN REVIEW

The entire ISFC team, including staff, the Fair Board and Commission are proud of the 2017 accomplishments highlighted on the following pages.

The 2017 Great Indiana State Fair

- The 2017 Indiana State Fair proved fantastic weather equals success for our business. For 17 days, we experienced near perfect weather and Hoosiers responded by the thousands. Our final attendance was 907,000, which is our “perfect weather” attendance figure. The cooperation, collaboration, communication and coordination between departments was fantastic! This, coupled with consistent and advanced planning, produced a smooth and safe event.
- Overall concessions revenue during the Fair was up in 2017 and 30% of the vendors exhibiting in Expo Hall were first-time partners.
- Apart from food, two other incredibly popular new Fair features were:
 - The Subaru Sky Ride which proved to be one of the most popular non-food or livestock Fair attractions, and a key component of media coverage during opening day ceremonies. The Sky Ride will continue as an annual Fair attraction.
 - The mixed entertainment/interactive center—or Parklet—located between the Grandstand and Grand Hall. The Parklet offered outdoor, semi-shaded programming for guests of all ages, ranging from ping-pong and a soccer field to NPR’s interview stage which featured celebrities such as Holocaust survivor and author Eva Kor.
- We also introduced new loading and unloading procedures in the Swine Barn during the Fair, a tremendous improvement on operations that will be expanded on and incorporated with the Sheep Barn in 2018.

Marketing Highlights

- The creativity, strategic planning and theme execution led by ISFC’s marketing team and supported by all departments was recognized as 2017’s *BEST Fair Marketing Campaign* by the International Fairs & Expositions Association. The “Wonderful World of Food” theme was a springboard to authentic activation and promotion that connected with all ages of fairgoers, whether urban, suburban or rural-based attendees.
- Daily activation of the theme tied nicely to programming such as the Ice Cream Eating competition and the daily Featured Farmers program - presented again by Corteva Agriscience, formerly Dow AgroSciences. Each daily featured food corresponded with the day’s farming focus.
- Another key to 2017 Fair theme activation was “Our Global Kitchen”—a museum quality exhibit secured through collaboration with the American Museum of Natural History in New York. An estimated 10% of all Fair attendees enjoyed the exhibit.

Finance Department Highlights

- Revamped the budgeting process to engage even more staff members—increasing departmental accountability and inter-departmental communication.
- Developed an improved the rolling monthly reporting process.

Optimization and Strategy Highlights

- We concluded our journey through PATH 2017—the organization’s second formal strategic plan—and launched EXPERIENCE 2020, developed with broad input from staff, the Fair Board, Commission and stakeholders.
- A key aspect of every strategic plan has been the full-utilization of the powerful software tool used to drive and integrate ISFC operations: Ungerboeck. In 2017 five members of our staff attended Ungerboeck’s Global Users International Conference, during which we presented



a “tour” of ISFC’s 10-year journey in the system, highlighting the evolution of becoming fully integrated within Ungerboeck software. Our staff returned with pride in learning we are among the **“BEST” in the world implementing** the software to its full potential.

- We continued to integrate overall operations by adding components of many business units into the Ungerboeck software platform allowing easy access to key information for all staff members, 24-7. For the first time, Fair-specific processes such as wayfinding signage orders, internal ticket requests and parking pass orders went through the system. Regarding year-round business support, the portal was used to process vendor contracts and deliverables such as contracts, tickets and parking credentials; and the Education Department began processing field trip registration through the system.

Sponsorship Highlights

- In the first full-year of handling sponsorship in-house, the team set an ISFC record for sponsorship sales with more than \$1.85 million secured.
- Standardized Day Sponsorships, Ticketing, Website, and Booth partnerships, and created a Day Sponsorship Valuation sheet to better prepare for 2018 and realize true market values.
- Completed an analysis to better understand our closing time on contracts and determined that in our average close time was 35 days, with 75% of contracts closing between March and May. We are looking to cut this time down to 25 days and move our close dates closer to December-February.

Indiana State Fair Foundation Highlights

- The Foundation’s work supports the Fairground’s year-round Ag Education mission, including field-trips, and the monetary awards provided to 4H livestock winners during the Celebration of Champions Gala held during the State Fair.
- The Foundation secured a \$50,000 grant from ISDA to support Ag Education and further work on the Swine Barn renovation project, and a \$62,125 grant from Allen Whitehill Clowes Charitable Foundation for renovation of display areas in the Indiana Arts Building. The latter was the Foundation’s first grant with an art focus and helps introduce our Foundation to many other arts granting organizations.
- Attracted a record number guests from the general business and ag-business communities to the Harvest Dinner, the Foundation’s single biggest fundraising event held during the Fair.

Technology Highlights

- Completed the transition away from the Indiana Department of Technology and oriented the team to the cloud-based Microsoft 365 platform, and its document sharing and remote access advantages.
- Established an employee training lab in the Technology Department office with five workstations to aid in computer-based training.



Human Resources Highlights

- Facilitated the hiring of 16 new full-time employees and processed and trained 38 summer interns and 1,155 seasonal Fair employees.
- We transitioned to a new and improved payroll software system, TruPay, which is better suited for the nature of our year-round and Fair business.
- Researched and implemented a new performance management tool that incorporates V2MOM, our staff's individual goal setting platform, and ties into the organization's overall Strategic Plan.

Contracts & Written Agreements Highlights

- To better support all components of our year-round and Fair-specific business, the contracts office produced an "A-Z" manual of contract creation and approvals policies and procedures.
- The contracts department also orientated ISFC staff and external clients to the Electronic Signature system to more efficiently finalize all agreements.

Education Highlights

- In 2017 The Education Department hosted 8,770 students, 1,299 chaperones, and 561 teachers for field trips, and launched on-line registration of field trips through Ungerboeck.
- Collaborated with three ISFC event partners – Junior Achievement, Indiana's Celebrate Science and the National FFA - to incorporate Ag Education into the activities of their event guests and conference participants. Highlights from these three events included:
 - Junior Achievement's "Spark" providing 8,000 middle school students with the chance to explore career clusters. The Education Department participated in the Agriculture cluster with a nutrition activity and had "Spot" and "Not" – a pair of field trip pigs on display that allowed students to interact with and learn about Animal Science Careers.
 - Indiana's Celebrate Science brought approximately 4,000 youth and families to have fun with hands-on science activities. The Education Department participated with the swine nutrition activity and utilized the field trip pigs and calves for youth and families to interact with and ask questions about science.
 - FFA's community service day, was part of the organization's annual convention. Nearly 320 FFA members from around the country worked with the Events, Marketing and Facility Maintenance departments on a multitude of campus improvement projects.

Safety & Security Highlights

- During the Fair, the use of walk-through metal detectors (magnetometers) were introduced for the first time and, based on this successful test, they will continue to be used throughout the 2018 Fair. In late 2017, we began using magnetometers for every event held at the Indiana Farmers Coliseum. All guests, performers, athletes, employees, etc. entering the building passed through one of these magnetometers.

Facility Maintenance & Operations Highlights

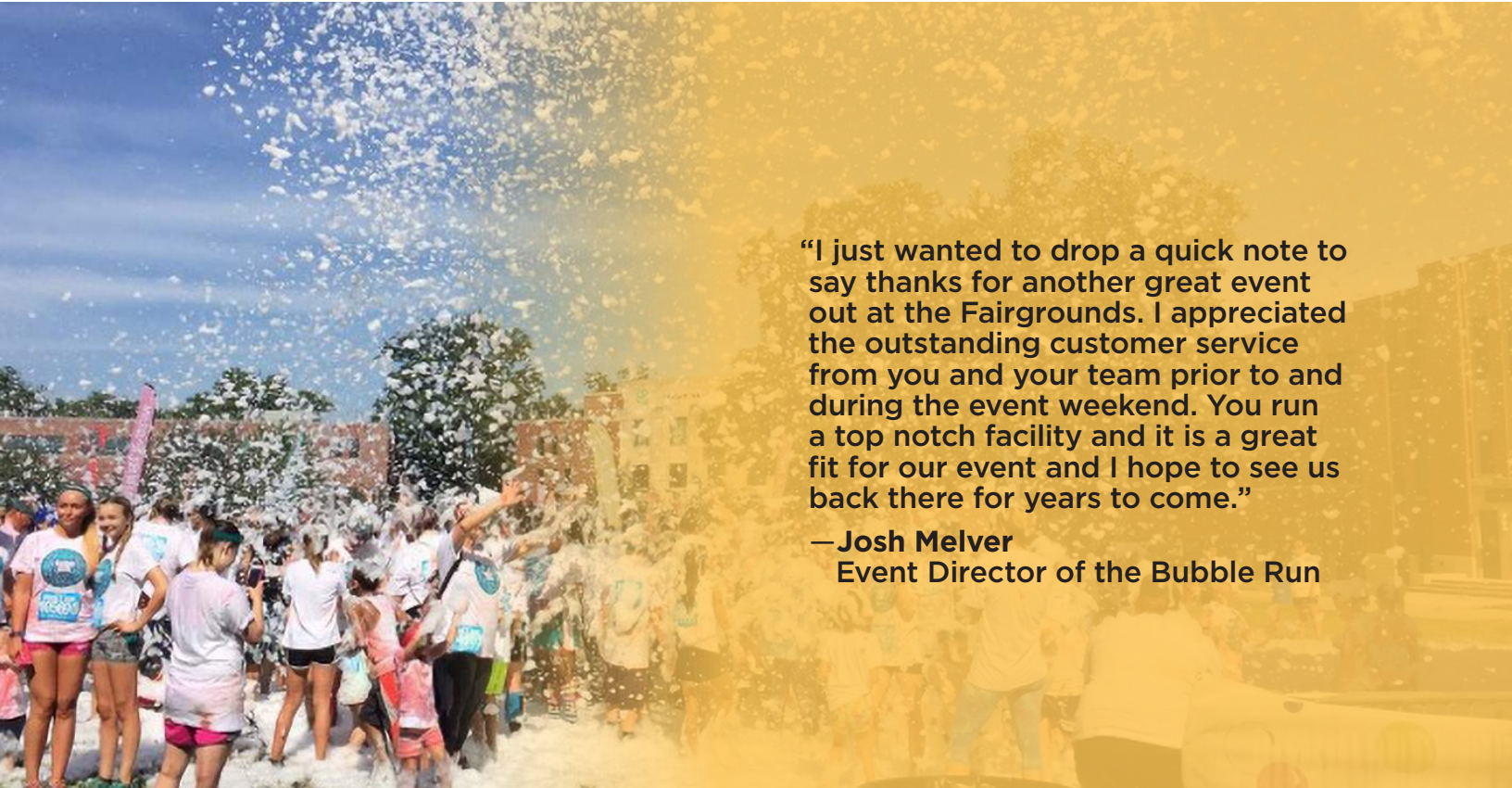
- Capital improvements included renovating restrooms in Elements Blue Ribbon Pavilion and the Ag Hort Building, and nearing completion on the full-renovation of historical Speed Barn #7.
- Our team addressed several critical, but previously deferred projects, including:
 - roof upgrades on Discovery Hall, Expo Hall, Indiana Arts, West Pavilion, Centennial and Discovery Halls, and the Powerhouse
 - HVAC controls on the West Pavilion, Champions and Elements Blue Ribbon
 - the dumpster lot drainage system
 - and masonry work on the Communications Building.
- On the staffing front we worked through changes with the Indiana Department of Corrections (DOC) to provide labor for night clean-up and barn turnovers. DOC closed the facility near our campus, requiring us to develop new partners, systems and policies with other DOC locations to support Fair and year-round operations.

Indiana Farmers Coliseum

- In 2017 the Coliseum hosted 127 of the Fairground's 338 events.
- We successfully hosted two new major events the NCAA Fencing Championship and WWE, which was held at the renovated Coliseum for the first time.

Event Services Highlights

- To continue to provide best in class service to our event partners and attendees we made two important strategic changes:
 - Created and introduced a Vendor Portal and conducted three "Vendor Feedback Sessions" during the Fair, to establish a dialogue with these key partners on how to improve the look and presentation of our stands.
 - Streamlined our year-round and Fair catering business to three partners: Spectrum Catering, Urick and RE Smith Concessions – that are best suited to deliver on ISFC's goals of elevating the guest experience through food and beverage service.



"I just wanted to drop a quick note to say thanks for another great event out at the Fairgrounds. I appreciated the outstanding customer service from you and your team prior to and during the event weekend. You run a top notch facility and it is a great fit for our event and I hope to see us back there for years to come."

— Josh Melver
Event Director of the Bubble Run

YEAR-ROUND EVENTS

In the early 90s, the Indiana State Fair Commission began its aggressive year-round events solicitation. Since that time, many venues have undergone renovations and upgrades that have continued to bring modern comforts to the Indiana State Fairgrounds & Event Center's ability to host conventions, consumer shows, conferences, sports, concerts, fairs, exhibitions, meetings, weddings, banquets and retreats.

Laid out over 250 acres, the Indiana State Fairgrounds & Event Center is home to more than 1,000,000 square feet of event space and offers the most flexible event venues in the state of Indiana.

Having hosted 338 events, including 31 new events, 2017 ranks as one the organization's busiest event schedules to-date.

In addition to increasing the quantity of events, the Fairgrounds hosted five national events including the National FFA Convention, American Rabbit Breeder Association's National Convention, the Indiana Chinese Lantern Show from Zigong, Sichuan China, and the 96th Annual Family Motor Coach Association (FMCA) International Convention. Another significant show was the World's Largest Flyball Tournament - the North American Flyball Can-Am Tournament. The event attracts competitors from throughout the United States, as well as Canada, Japan and England.

One of the Fairgrounds' signature events, the Mecum Original Spring Classic Auction, celebrated its 30th anniversary in 2017. Mecum, the world leader of collector car, vintage and antique motorcycle and Road Art sales, boasted \$55.6 million in sales during the Spring Classic, making it their highest grossing auction in the company's history.

Other large shows held at the Fairgrounds in 2017 included:

- Indianapolis Antique Festival
- Insane Inflatable 5K
- Canine Catwalk Gala Fundraiser
- Lumberman's Inc. Training Seminars
- GPAA Gold Prospectors Show
- Turbo Jam Cheer Competition
- Hoosier City Classic Cheer Competition

The Fairgrounds proved, once again, that it could be nimble when asked to host President Donald Trump as he delivered a speech detailing his plan for tax reform to the nation. The invitation-only event was attended by local/regional/national press, Hoosier workers, government officials, business executives and farmers.



FORWARD THINKING

In 2017, ISFC completed a 10-year Master Plan, which included a Market Demand Analysis, Site Survey, comprehensive Building Assessment, feedback from the local community and illustrations for future redevelopment. In particular, the Master Plan allows the organization to:

- Increase efficiencies in operations
- Source opportunities for added revenue
- Improve the guest experience, as well as community and neighborhood relationships
- Address ingress/egress of the grounds
- Consider the addition of new experiences and amenities

Combined, these documents provide a roadmap for future investment in the Indiana State Fairgrounds & Event Center:

Master Plan

- Enhancements and improvements to address issues, upgrade amenities, create iconic attractions and programming and attract new business
- Bold, but realistic
- Building Assessment and Market Assessment inform Master Plan

Facility Assessment

- Provides a working database of building maintenance information
- Used to prioritize R&R spending
- Transition to a planned maintenance and repair approach, vs. breakdown maintenance and repair approach

Market Assessment

- Assessed and identified market potential for expanded or new events and uses at the Fairgrounds
- Identified types, sizes, and features of facilities, structures, and amenities to support the identified market potential
- Informs investment to ensure ROI

Community Engagement Assessment

- Assessed and identified the following themes that represent objectives the Fairgrounds shares with community organizations, and opportunities to work together and improve the surrounding neighborhoods:
 - Agritourism & Education - bridge the urban/rural divide
 - Agribusiness & Employment - workforce development and career exploration
 - Food Access - advances in agricultural innovation that provide relief for families struggling with food insecurity
 - Land Use & Development - thoughtful redevelopment of ISFC's campus perimeter and adjacent properties
 - Connectivity - reduce neighborhood barriers
 - Identity & Brand - physical and programmatic improvements that extend the Fairground's brand to the broader community
 - Partner Engagement - a framework for neighborhood input and discussion
 - Sports & Recreation - increase recreation opportunities for families
 - Hotel & Lodging - opportunities to partner with organizations that benefit from additional lodging

GIVING BACK

The Indiana State Fair Foundation was incorporated in 2011 as a non-profit public charity to raise funds to sustain and enhance the traditions and grounds of the Indiana State Fairgrounds & Event Center. The Foundation allows tax-deductible donations to make an impact on Fairgrounds projects such as educational programming, youth development, and campus stewardship. Fairgrounds patrons are given the opportunity to donate to a Hoosier institution that they love and want to see thrive for generations to come.

Friends of the Fair

The Friends of the Fair annual giving program was launched in 2017 to raise unrestricted funds for the Foundation. There are donor levels ranging from \$100 to \$5,000 that each have unique benefits. Friends of the Fair was advertised during the Indiana State Fair using signage on the Foundation water station which was selling water to benefit the Foundation as well.

Education

Students attended field trips at the Fairgrounds where they learned about where their food comes from and their relationship with food. A generous donation from the Marion County Farm Bureau allowed for 1,384 of those students to come free of charge including the cost of transportation which is often what deters schools from coming on field trips.

State Fair Farm

Education has been an important tradition at the Indiana State Fairgrounds & Event Center since the beginning. There is a great opportunity to reimagine and expand the educational offerings to be year-round through a project called State Fair Farm. State Fair Farm would tell the story of Indiana agriculture and where our food comes from in a multigenerational and interactive capacity. The Foundation received multiple grants from the Indiana State Department of Agriculture used for State Fair Farm planning and concept designs.

Celebration of Champions

The Celebration of Champions recognizes 4-H youth competing at the Great Indiana State Fair through a transformative gala with monetary awards that celebrate achievement, scholarship, and hard work. Each year nearly \$100,000 is given to 4-H youth who are Champions at the Great Indiana State Fair. The monetary awards and program are fully funded through philanthropy.

Harvest Dinner

Leaders from around Indiana come together at our annual fundraiser benefiting the Celebration of Champions. This year's keynote speaker was John Schnatter, the founder of Papa John's Pizza. A record audience of 640 people networked and learned about our mission. The Harvest Award is given annually at the Harvest Dinner to an individual, organization or company that has made a significant contribution to the growth of our Great Indiana State Fair with a focus on agriculture, youth and education. The 2017 Harvest Award was given posthumously to Mauri Williamson who was crucial to the development and success of Pioneer Village.

Safe Night Halloween

Each year, Indiana State Fairgrounds & Event Center hosts a trunk-or-treat opportunity for families in the community to have a fun and safe Halloween. This event is made possible by monetary donations and volunteers from staff and partners in the community. There were 2,473 children and their families who attended this year.

Preservation

A generous grant from Allen Whitehill Clowes Charitable Foundation allowed for the replacement of all the pegboards in the Indiana Arts Building. The new board will allow for modern and optimal displaying of art at the Indiana State Fair from artists throughout Indiana.

STRATEGIC PLANNING

The Indiana State Fair Commission completed its four-year Strategic Plan, PATH 2017, which has served as a guidepost leading the organization to exceptional opportunities in areas such as safety, education, community outreach and best business practices. The plan's goals fell within one of four categories – **ADVANCE**, **BUSINESS**, **LEARN** and **PRODUCE**. Below are some of the key accomplishments from each:

ADVANCE

- **Tell Our Story**
 - Comprehensive Communications Plan Completed and Implemented
- **New and Innovative Engagements**
 - Foundation Annual Campaign Launched
 - Food (Harvest) Pavilion Fully Developed
- **Develop a Comprehensive Community Relations Program**
 - Four Staff Volunteer Projects Planned in Community
 - Established a New Community Event – The Drive Thru Food Drive

BUSINESS

- **Maximize Underutilized Campus Assets**
 - Prioritized Capital Projects by Need and Cost with ROI
 - Conducted Semi-Annual Review of Master Plan
- **Implement Best Business Practices**
 - Established Baseline Employee Satisfaction and Increased by 5% Each Year
 - Conducted Semi-Annual Review of Maintenance Plan and Update Each Year
 - Four New Safety Initiatives Developed for Organization Annually
 - Development of Continuity of Operations Plan



- **Create a Year-Round Platform for Farm to Food Experiences for all Audiences**

- 30 new or expanded curriculums offered
- Increased youth field trip participation 25% annually

LEARN

- **Develop Campus-Wide Touch Points with Agriculture on a Year-Round Basis**

- Implemented targeted education to year-round attendees at existing events (JA Job Spark, Celebrate Science)

- **LEARN – Create the Indiana State Fairgrounds University**

- Maintained or Exceeded 90% Customer Satisfaction at the Indiana State Fair
- Developed Two Avenues for Measuring Customer Satisfaction in Year-Round Attendees – Mobile App; Email Marketing

- **LEARN – Increase Mission Partner Participation in Programming**

- New Granting Opportunities Secured, Executed and Delivered

PRODUCE

- **Expand Premium Production**

- Showcased Possible Ways to Use Facilities by Collaborating in Events with Other Producers – Chinese Lantern Festival
- Solid National Livestock Show RFP Template in Place

- **Maximize Campus Utilization**

- Completed Preliminary Design Package of Infield, Track, Grandstand
- Completed and implemented a 3-Year Marketing Plan

- **Maintain Tradition of the Annual Indiana State Fair While Growing Revenue Potential**

- State Fair Programming Matrix Complete
- 7 New Signature Elements Developed for Fair



INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- The Commission's assets exceeded its liabilities at the close of the most recent fiscal year by \$33.2 million (net position). Of this amount, \$1.1 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 unrestricted net position internally designated by the Commission for specific purposes: this amount is set aside as an operating reserve for the Indiana State Fair; and 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 increased by \$0.3 million, and total liabilities decreased \$1.3 million during the current fiscal year. Cash and cash equivalents increased \$0.9 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 net position decreased \$1.9 million during the current fiscal year. A reduction in riverboat funding combined with increases in payroll expense and utilities as well as a significant write-off of bad debt are the most noteworthy causes for the decrease in total net position.

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 required 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
For the year ended December 31, 2017

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33.3 million at the close of the most recent fiscal year.

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

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 12,364	\$ 12,076
Capital assets	<u>81,164</u>	<u>84,135</u>
Total assets	93,528	96,211
 Deferred outflows of resources	 <u>1,040</u>	 <u>1,569</u>
 Current liabilities	 3,649	 3,274
Noncurrent liabilities	<u>57,622</u>	<u>59,328</u>
Total liabilities	<u>61,271</u>	<u>62,602</u>
 Deferred inflows of resources	 <u>30</u>	 <u>58</u>
 Net position:		
Net investment in capital assets	25,920	27,297
Restricted	6,222	5,788
Unrestricted	<u>1,125</u>	<u>2,035</u>
 Total net position	 <u>\$ 33,267</u>	 <u>\$ 35,120</u>

Restricted net position increased in 2017 by \$0.4 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 at December 31, 2017 and will be used to make an early call on the bonds associated with the capital lease obligation in 2018.

Operating revenue increased \$1.4 million in 2017. Fair admissions revenues recovered (an increase of \$0.9 million) from the low levels experienced in 2016, when the Fair experienced an unseasonable combination of excessive heat and multiple days of rain. Operating expenses decreased approximately \$0.6 million from 2016.

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

FINANCIAL ANALYSIS (Continued)

The Commission's net position decreased \$1.9 million during the current fiscal year, after decreasing \$4.5 million the previous year. The decreases in net position of the past two years are a notable correlation to the financial impact of the Coliseum Renovation Project through depreciation and debt service. The 2016 results were additionally impacted by the decrease in operating revenue for the Fair.

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

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Admissions revenue	\$ 4,592	\$ 3,680
Parking revenue	2,264	2,185
Facility revenue	6,414	5,709
Concessions revenue	3,964	3,575
Sponsorship revenue	2,011	1,816
Other revenue	<u>1,038</u>	<u>1,876</u>
Total operating revenue	20,283	18,841
Operating Expenses:		
Payroll and benefit expenses	9,384	8,999
Utilities	2,839	2,476
Maintenance	1,826	1,659
Marketing	971	1,018
Event services	2,012	2,398
Operations	938	731
Technology	444	628
Education	23	45
Security	495	417
Coliseum	719	1,181
Fair production	3,059	3,091
Administrative and other	2,073	2,701
Depreciation	<u>5,284</u>	<u>5,286</u>
Total operating expenses	<u>30,067</u>	<u>30,630</u>
Operating loss	(9,784)	(11,839)
Nonoperating Revenues (Expenses):		
General fund appropriation	3,573	2,427
Riverboat distribution	5,255	5,581
Pari-mutual, off-track betting distribution	118	143
Commercial vehicle excise tax	19	-
Standardbred racing fund	1,000	1,000
Grants and contributions	538	880
Investment earnings	55	22
Capital lease interest expense	<u>(2,627)</u>	<u>(2,675)</u>
Net nonoperating revenues (expenses)	<u>7,931</u>	<u>7,378</u>
Change in net position	<u>\$ (1,853)</u>	<u>\$ (4,460)</u>

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's total capital assets as of December 31, 2017, amounts to \$81.2 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. There was \$0.2 million in construction in progress as of that date. Net investment in capital assets at December 31, 2017 was \$25.9 million. The total decrease in the Commission's net investment in capital assets for the current fiscal year was \$1.4 million, which is mostly attributable to depreciation expense.

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

- Phase III of the Speed Barn Renovation Project was completed in 2017. This phase represented the refurbishment of Barn #5 with a cost of \$335,120 and refurbishment of Barn 8 with a cost of \$364,996. There was also \$30,000 for trees around the speed barn facilities. Continued renovations of additional barns will take place in 2018.
- There was an investment of capital for ADA accessibility totaling \$126,777 which included Expo Hall upgrades of doors and hardware (\$28,500) and paving, markings and signage in parking areas (\$98,277).
- HVAC Controls were updated in the West Pavilion, Champions Pavilion, Blue Ribbon Pavilion, Harvest Pavilion and Expo Hall. Total HVAC investment was \$399,069.
- Roof replacement and repairs were completed for Discovery Hall, Centennial Hall, Power House and West Pavilion. The total roofing investment was \$391,551.
- The Commission completed demolition of two (2) buildings on the campus, the White House and Gazebo. The total investment was \$45,713.
- The Commission completed major renovation of the Farm Bureau Kitchen, including installation of a drop ceiling and LED lighting and plumbing. The total investment for the renovation was \$54,029.
- There was an investment of capital for a re-design of the Dumpster Lot that consisted of re-design, build and electrical. The total investment for this project was \$143,733.
- Other major projects include exterior LED safety lighting upgrades to the West and South Pavilions (\$41,738), masonry restoration of the Communications building (\$97,650), and new toilet partitions in Ag Hort and Blue Ribbon Pavilion (\$47,000).

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, 2017, there was \$1.7 million in short term principal and \$53.6 million in long term debt principal outstanding on the agreement.

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

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 COMMISSION
STATEMENT OF NET POSITION
December 31, 2017

Assets

Current assets:

Cash and cash equivalents	\$ 2,836,611
Commission designated cash – Indiana State Fair Reserve	500,000
Cash and cash equivalents - Foundation	<u>1,328,017</u>
Total unrestricted and designated cash and cash equivalents	4,664,628

Restricted cash:

Standardbred racing fund	490,284
Foundation	<u>5,731,332</u>
Total restricted cash and cash equivalents	6,221,616
Total cash and cash equivalents	10,886,244

Accounts receivable	1,048,540
Pledge receivable	364,312
Prepaid expense	<u>65,141</u>
Total current assets	12,364,237

Non-current assets:

Capital assets:

Construction in progress	183,984
Property, plant and equipment	
Land and improvements	16,317,155
Buildings and improvements	142,173,480
Machinery and equipment	4,275,926
Office furniture and equipment	1,295,996
Less: accumulated depreciation	<u>(83,082,927)</u>
Capital assets, net of depreciation	81,163,614
Total current and noncurrent assets	93,527,851

Deferred Outflows of Resources

Pension	<u>1,040,580</u>
Total assets and deferred outflows of resources	<u>\$ 94,568,431</u>

Liabilities

Current liabilities:

Accounts payable	\$ 1,092,245
Salaries and payroll withholding payable	235,975
Unearned revenue	435,325
Capital leases payable	1,690,000
Compensated absences payable	<u>195,448</u>
Total current liabilities	3,648,993

Noncurrent liabilities:

Capital leases payable	53,553,416
Compensated absences payable	72,328
Net pension liability	<u>3,996,651</u>
Total noncurrent liabilities	57,622,395
Total liabilities	61,271,388

Deferred inflows of resources

Pension	<u>30,394</u>
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Net position

Net investment in capital assets	25,920,198
Restricted – expendable:	
Indiana State Fair Foundation	5,731,332
Standardbred racing fund	490,284
Unrestricted	<u>1,124,835</u>
Total net position	33,266,649

Total liabilities, deferred inflows of resources and net position	<u>\$ 94,568,431</u>
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INDIANA STATE FAIR COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2017

Operating revenues:

Admissions revenue	\$ 4,591,721
Parking revenue	2,263,554
Facility revenue	6,414,021
Concessions revenue	3,964,312
Sponsorship revenue	2,011,410
Other revenue	<u>1,037,741</u>
Total operating revenue	20,282,759

Operating expenses:

Payroll and benefit expenses	9,384,083
Utilities	2,839,372
Maintenance	1,825,834
Marketing	970,597
Event services	2,011,685
Operations	937,828
Technology	444,216
Education	23,274
Security	494,530
Coliseum	719,330
Fair production	3,058,965
Administrative and other	2,072,595
Depreciation and amortization	<u>5,284,205</u>
Total operating expenses	<u>30,066,514</u>

Operating loss (9,783,755)

Nonoperating revenues (expenses):

General fund appropriation	3,573,270
Riverboat distribution	5,254,549
Pari-mutual, off-track betting distribution	118,062
Commercial vehicle excise tax	18,913
Standardbred racing fund	1,000,000
Grants and contributions	537,534
Investment earnings	55,406
Capital lease interest expense	<u>(2,627,088)</u>
Net nonoperating revenues	<u>7,930,646</u>

Change in net position (1,853,109)

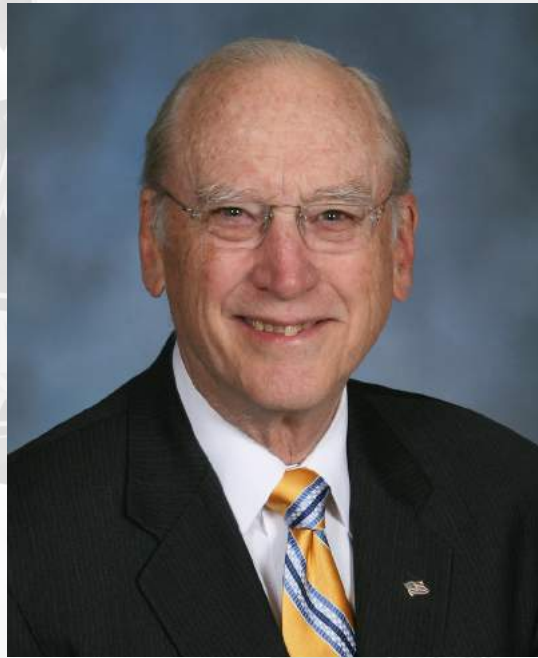
Total Net Position, January 1 35,119,758

Total Net Position, December 31 \$ 33,266,649

INDIANA STATE FAIR COMMISSION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

Cash flows from operating activities:	
Receipts from customers and users	\$ 20,455,406
Payments to suppliers	(15,414,852)
Payments to employees for salary and benefits	<u>(8,789,195)</u>
Net cash used by operating activities	(3,748,641)
Cash flows from noncapital financing activities:	
Tax distributions from State	
General fund appropriations	3,573,270
Other distributions from the State	5,391,524
Standardbred racing fund	500,000
Grants and contributions	<u>316,211</u>
Net cash provided by noncapital financing activities	9,781,005
Cash flows from capital and related financing activities:	
Acquisition/construction of capital assets	(2,262,140)
Principal paid on capital debt	(1,645,651)
Interest paid on capital debt	(2,627,088)
Grants and contributions	<u>1,305,862</u>
Net cash used by capital and related financing activities	(5,229,017)
Cash flows from investing activities:	
Interest received	<u>55,406</u>
Net cash provided by investing activities	<u>55,406</u>
Net increase in cash and cash equivalents	858,753
Cash and cash equivalents, beginning of period	<u>10,027,491</u>
Cash and cash equivalents, end of period	<u>\$ 10,886,244</u>
Reconciliation of cash, cash equivalents per Statement of Net Position:	
Cash and cash equivalents, current	4,664,628
Restricted cash and cash equivalents, current	<u>6,221,616</u>
Total	<u><u>10,886,244</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(9,783,755)
Adjustments to reconcile operating income to Net cash used by operating activities:	
Depreciation and amortization expense	5,284,205
Changes in assets and liabilities:	
Accounts receivable	39,485
Deferred outflows - pension	478,435
Prepaid expenses	(53,816)
Accounts payable	19,818
Salaries and payroll withholding payables	68,887
Unearned revenue	150,534
Compensated absences payable	20,171
Net pension liability	55,466
Deferred inflows – pension	<u>(28,071)</u>
Net cash used by operating activities	<u>\$ (3,748,641)</u>

In Memoriam



Andre B. Lacy

ISFC Chairman, 2009-2017

It is only natural that we end our report on the 2017 Indiana State Fairgrounds & Event Center with a tribute to a man who loved the Fair and loved this cherished Fairgrounds.

In the 8 years Andre served as Commission Chairman – his passion, dedication to service, and voice in the community lifted all causes that would improve our ability to serve the citizens of Indiana. As he did so, Andre instilled in each of us a drive to be innovative, bold, strategic, optimistic—and most of all—responsible stewards of this great institution. He drilled this into our culture while at the same time gracing us with his charm, sense of humor and friendship.

We realize how fortunate we have been as an organization, and as individuals, to have had this incredibly inspiring man guide us. We will honor his profound legacy by doing what he drove us all to do through thick and thin: carry on in a big way.

Gratefully,
The Indiana State Fair Team



INDIANA STATE FAIR

Indiana Farmers Coliseum

COLISEUM



INDIANA STATE
FAIRGROUNDS
& EVENT CENTER