INDIANA STATE FAIR COMMISSION

2018 ANNUAL REPORT

INDIANA STATE
FAIRGROUNDS
& EVENT CENTER

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INDIANA STATE FAIR COMMISSION
2018 ANNUAL REPORT

Published by the
Indiana State Fair Commission
Marketing Department

July 9, 2019

1202 E 38th Street
Indianapolis, IN
(317) 927-7500
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 committed to being a premier leader in our indus try through hard work, perseverance and resilience.

Message from the Commission Chairman & Executive Director

We'd like to thank you for your interest in and support of the Indiana State Fairgrounds & Event Center (ISF&EC). The Indiana State Fair Commission, Board and staff recognize that the strength of our organization, as reflected in the pages that follow, is directly linked to our ability to continue to meet and exceed guest expectations and create strategies that help us stay relevant for future generations - all while remaining true to our mission of preserving and enhancing our iconic institution.

With this in mind, we are excited to report several accomplishments in 2018:

- Developed a bold vision for a master plan of the State Fairgrounds titled Destination 2023.
- Fully articulated a service framework that is focused on placing our guests at the center of all that we do: Everyone. Every Day.
- Community engagement is stronger than ever, with the implementation of our Community Harvest Day, new Food Drives, and more .
- Future event momentum – National FFA, Christmas Light Show and a major Music Festival are secured for the future.
- The Step Right Up Big Top Circus theme and activation during the State Fair was remarkable as was reflected in growth of our customer engagement score for Fair guests and exhibitors.
- Talented new staff additions made us stronger and smarter as we continue to unlock the potential of the Indiana State Fairgrounds.
- Sponsorship growth is robust, with another record year in revenue.
- Operational elements to the State Fair such as staffing, traffic plans, installation of safety equipment and testing of a new ticketing system were all well executed.
- The economic impact of the Indiana State Fairgrounds & Event Center, anchored by our beloved State Fair, is extraordinary and growing. ISF&EC impact exceeds $197 million including the creation of 1088 direct and indirect jobs. The continued reinvestment into the Indiana State Fairground facilities and programming such as the Indiana Farmer's Coliseum continue to pay dividends to the citizens of our state.

Join us in paying tribute to the heroism of everyday Hoosiers with our **2019 Indiana State Fair theme – Heroes in the Heartland** – which will allow us to salute farmers, first responders, educators, members of the Armed Forces, and many others who help keep us safe and make us proud. We hope to see you at the Fair!

Sincerely,

Bradley B. Chambers
Chairman
Indiana State Fair Commission

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


INDIANA STATE FAIR
Indiana Farmers Coliseum
COLISEUM

INDIANA STATE FAIR COMMISSION

Bradley B. Chambers, *Chairman*
Todd Uhl, *President ISF Board*
Beth Bechdol
Bruce Everhart
Bruce Kettler
Joe Elsener
Leigh Riley Evans
Mathew Rekeweg
Matt Martin
Nick DeKryger
Senator James W. Merritt, Jr.
& Representative Robert Cherry
State Fair Legislative Advisory Committee

INDIANA STATE FAIR COMMISSION

Cynthia C. Hoye, *Executive Director*
Mike Berkery, *Chief Operating Officer*
John Pfeffenberger, *CFO / Vice President, Finance*
Ray Allison, *Vice President, Development*
Anna Whelchel, *Vice President, Marketing*

INDIANA STATE FAIR BOARD

ELECTED	APPOINTED	
Scott Fritz	Alan D. Washburn	District 1
Bill Leeuw	Jeannette Merritt	District 2
Gwen Mize		District 3
Lynn Kuhn	Michael Sprinkle	District 4
Todd Uhl, *President*	Melissa Huff	District 5
Terry Clifford	Terry Strueh	District 6
Ashton Eller	Olgen Williams	District 7

EX-OFFICIO MEMBERS

Governor's Office Representative – Joe Elsener
Director or Indiana State Department of Agriculture – Bruce Kettler
Dean & Director of Purdue Extension – Dr. Jason Henderson

2018: YEAR IN REVIEW

Top Annual Highlights

1. Destination 2023
   Our 5-year plan to maximize our momentum with new investment and revenue growth to ensure the next 25 years are even more successful than previous years. This plan will touch every aspect of our organization to find efficiencies, reduce expenses and increase revenue. It will enhance our buildings and our grounds to support this growth and exceed the expectations of our customers. And most importantly, it will be *sustainable*. The first phase was accomplished in 2018 with the Swine Barn renovation plans put into place.

2. New Commission Chair
   In April, 2018, we welcomed a new Commission Chair, Brad Chambers. His leadership and expertise in property development/management were the driving force behind the creation of Destination 2023.

3. Multi-Year Event Commitments – *FFA, Light Show, Music Festival*
   To achieve the aggressive goals outlined in Destination 2023, we must always be looking to secure new events and retain key events. In 2018 we were able to retain the National FFA Convention through 2031, contract with a new Christmas Light Show for five years beginning in 2019, and develop a long-term partnership with promoters to bring a national-level music festival to the Fairgrounds beginning in 2020.

4. Sponsorship Growth
   In 2018, we set a record year for sponsorship revenue with just over $2.2 million secured. Since bringing this effort in-house after the 2016 State Fair, we have seen double digit growth each of the past two years. In addition to adding several new sponsors, we have also converted a number of partners from single-year to multi-year contracts.

5. Economic Impact
   An updated economic impact study completed in 2018 showed the Fairgrounds contributed $197.4 million in direct impact to the city of Indianapolis, an increase of 22% ($36.2 million) since 2011. This growth is attributed to inflation, higher attendance and changes to the event calendar. The renovated Indiana Farmers Coliseum was a key factor in this growth. Additionally, the study concluded that the Fairgrounds accounts for 1,088 jobs in Indianapolis.


SWINE


State Fair


WONDER TRAIL
AT THE INDIANA STATE FAIR
Recipe Trail Stop
DIG INDY
citizens
energy group


VOLUNTEER
FFA
CSX


CIRCUS
STEP RIGHT UP
INDIANA STATE FAIR
INDIANA
STATE FAIR
STAFF 2018


Welcome to the
Indiana State Fair
Walk Tunnel Access
INDIANA
STATE FAIR
WALK TUNNEL
TO SOUTH SIDE

2018: YEAR IN REVIEW

Top Annual Highlights (continued)

6. Fair KPIs/NPS all Increased - *Fair Programming/Experience Improvements; Circus Theme Activation*
   The 2018 State Fair theme, “Step Right Up,” was our most successful yet. The circus-inspired theme included a world-class big top circus that drew more than 80,000 spectators. This experience, along with other new initiatives, drove an increase in all our Key Performance Indicators including our Net Promoter Score (NPS) growing from 34 in 2017 to 43 in 2018.

7. Everyone. Every Day. – *Guest Services Framework*
   Our newly developed service framework further defined the culture of the organization and places the customer at the center of decision making. The outcome of this initiative was the creation of a common purpose, service standards and behavioral guidelines that are championed by a Director of Guest Experience.

8. Community Engagement
   Thanks to the leadership of Kristen Wolfred, several new programs were implemented, with Gleaners Food Bank, Coburn Place, and the four neighborhood associations close to the Fairgrounds. In the fall we held our first Community Harvest Day, with 28 staff members assisting the community with work on service projects.

9. Fair Operational Improvements – Traffic Plan, Magnetometers, Saffire
   Our state fair is one of the best in the country, but we are always working to improve it, and always enhancing the experience for the 850,000 guests who visit on average, each year. In 2018 several operational improvements were made to do just that, including a new traffic plan to reduce traffic congestion on our busiest days, the introduction of magnetometers at ALL entrance gates to enhance guest safety, and the beta test of a new mobile-based ticketing platform to reduce lines at our gates.

10. New Staff
    In 2018 we welcomed new staff members in key positions, including a new Chief Financial Officer and Director of Guest Experience.

INDIANA STATE FAIRGROUNDS & EVENT CENTER'S

ANNUAL IMPACT ON THE INDIANAPOLIS ECONOMY

Direct Economic Impact of the Spending by Visitors, Local Residents, and the State Fairgrounds in 2017

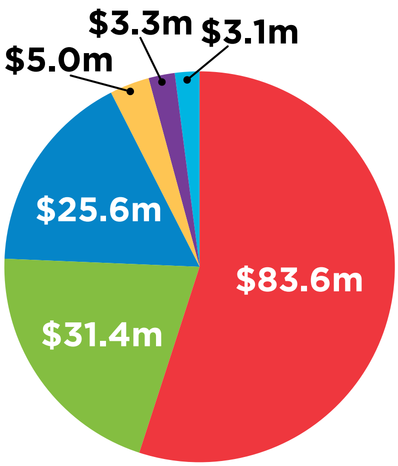
DIRECT ECONOMIC IMPACT

Money Spent by Visitors
$152 million

Money Spent by the ISFEC
$3.4 million

Estimated Spent by Locals
$42 million

Spending by Event Type



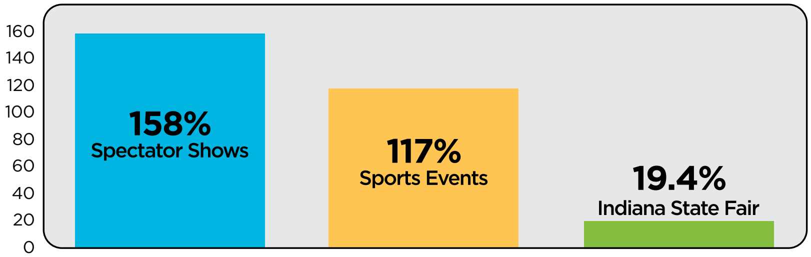
LEGEND

- Consumers Shows
- Indiana State Fair
- Livestock Shows
- Sports Events
- Trade Shows
- Spectator Shows

Total Direct Economic Impact

$197.4 million

Notable Areas of Growth (2011-2017)



Total Growth Since 2011

22% ($36.2 million)

Growth Factors:
• Event Calendar changes*
• Higher Attendance • Inflation

*The Indiana Farmers Coliseum was instrumental in changes to the Event Calendar. Increasing the number, quality, and attendance of events

JOB CREATION

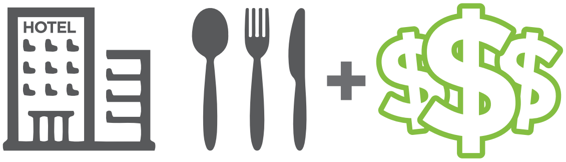
The Indiana State Fairgounds & Event Center accounts for

~1088 jobs

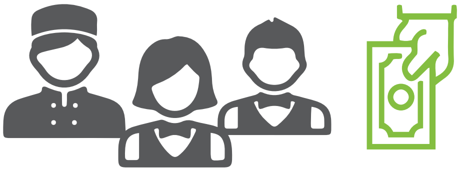
in Indianapolis.

INDIRECT ECONOMIC IMPACT*

Generally, direct spending will generate subsequent rounds of spending.



Hotels and restaurants earn more income because of the Fairgrounds activities



Their suppliers and workers recieve extra earnings to spend in Indianapolis

Which leads to more sales in grocery stores, theaters, and department stores.

*These additional expenditures have not been estimated, but it would not be unrealistic for this indirect impact to be approximately equal to the Direct Economic Impact.

Source:
Bruce L. Jaffe, The Annual Impact of the Indiana State Fairgrounds & Event Center on the Indianapolis Economy, Nov. 2018

INDIANA STATE
FAIRGROUNDS
& EVENT CENTER


THE AMAZING HUMAN CANNONBALL
CHILDREN'S MUSEUM


Farmers


CELEBRATION OF CHAMPIONS
STATE FAIR
2018


MECUM
AUCTIONS
GOLD SEATING

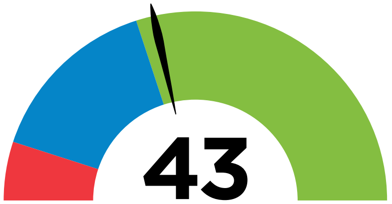

NAMARA FLOR


WIBC


MasterCraft
WINTER SALES EVENT
XT22
SURF READY: $94,995
INCLUDED OPTIONS
$105,995
MasterCraft
HARRIS

2018 Indiana State Fair Key Performance Indicator (KPIs) Results

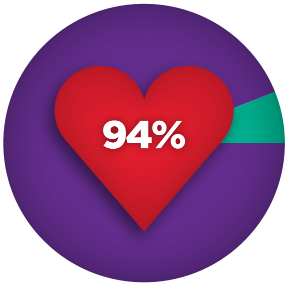
Net Promotor Score (NPS)



(Increase from 34% in 2017)

Targets: 10% | 30% | 60%

Overall Satisfaction Rating:



(up from 92% in 2017)

People happy with the Fair cite **family, exhibits, food, and general good experiences.**

Overall Opinion: 95%
(up from 91% in 2017)

Good Value: 83%
(up from 76% in 2017)

Likelihood to Return: 90%
(up from 87% in 2017)

860,131 attended the 2018 Fair

15,000 animals on the grounds during the Fair

46,016 Entries made

7,940 Exhibitors entered in competition

More than **80,000** attended Big Top Circus

91+ sponsorship partners activated

$2,220,000+ SPONSORSHIP REVENUE

23,349 group tickets sold

71 group orders

SOCIAL MEDIA REACH **72,000,000+**

792 Million persons reached via traditional media

Guest Experience

Providing the best guest experience is at the center of the ISFEC service standards. In 2018, we implemented many new experiences, including G.E.S.T. teams. Staff members from all different departments volunteered to help in key pain areas during the Fair and busy event weekends year round. The teamwork and comradery has been fantastic!

Monthly Staff Lunch & Learn meetings were established in 2018 bringing the team together to learn about what other departments are working on and how everyone can help *Everyone. Every Day.*

6,120+

popsicles passed out to staff

Staff worked together to stuff Fair Survival Kits including ponchos, water, snacks and more that were distributed to the team.

Director of Guest Experience, Aaron Biggs, serves up lunch to staff at a pre-fair staff luncheon.

450

gallons

of Gatorade passed out to staff

Community Engagement

Community Engagement Vision:
To cultivate the Indiana State Fairgrounds & Event Center as an active and civically engaged community partner. To foster and inspire our employees to become active, civically engaged citizens while promoting community involvement.

Commitment to Care:
We are committed to showing we care for others and their communities by using our resources to give back with an emphasis on Community Development, Food Insecurity, and Neighbor Enrichment

2018 Community Development
- 2 days
- 7 projects in 4 neighborhoods
- 40 employee volunteers giving 112 hours of service

2018 Food Insecurity
- 25 partners in fighting hunger
- More than $68,000 donated

2018 Neighbor Enrichment
- 26 organizations benefiting from donations of time, talent and treasures
- 45 employees contributing
- 85 gifts for the holidays for 2 families in need

Helping Our Neighbors in Need
In preparation for the holidays, 37 team members gave with their hearts and we provided 85 gifts and several gift cards to two families residing in our neighborhood.

Community Harvest Day
Community Harvest day provided our staff with the opportunity to help our neighbors thrive! We were happy to serve Meridian Kessler, Mapleton Fall Creek, United Northeast and the Watson Park communities.

Safe Night Halloween
The Fairgrounds welcomed more than 2,400 friends through our doors as we celebrated our 23rd Annual Safe Night Trunk or Treat event.

INDIANA STATE FAIR COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)
Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2018

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Members of the Commission
Indiana State Fair Commission
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Indiana State Fair Commission (Commission), a component unit of the State of Indiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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. 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 Indiana State Fair Commission as of December 31, 2018, and the changes in its financial position and its 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 the management's discussion and analysis on pages 3 through 6, the schedule of the Commission's proportionate share of the net pension liability on page 30 and the schedule of the Commission's contributions on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
June 4, 2019

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, 2018.

FINANCIAL HIGHLIGHTS

- The Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $31.5 million (net position). 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 decreased by $6.2 million, and total liabilities decreased $8.1 million during the current fiscal year. Cash and cash equivalents decreased $5.8 million. These decreases are mainly attributable to the Commission executing an early call payment in March 2018 of $6.5 million on the 2012M bonds as allowed for in the debt agreement.

- The Commission's net position decreased $1.8 million during the current fiscal year. A reduction in riverboat funding combined with increases in utilities, as well as additional investment in both Fair Production and Security in 2018 are the most notable changes 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.

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 $31.5 million at the close of the most recent fiscal year.

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

	2018	2017
Current and other assets	$ 6,190	$ 12,364
Capital assets	78,450	81,164
Total assets	84,640	93,528
Deferred outflows of resources	509	1,040
Current liabilities	4,697	3,649
Noncurrent liabilities	48,458	57,622
Total liabilities	53,155	61,271
Deferred inflows of resources	503	30
Net position:		
Net investment in capital assets	31,421	25,920
Restricted	1,370	6,222
Unrestricted	(1,300)	1,125
Total net position	$ 31,491	$ 33,267

Restricted net position decreased in 2018 by $4.9 million. The one major factor related to this decrease was the use of Foundation's restricted funds to make an early call on the bonds associated with the capital lease obligation in 2018.

Operating revenue increased $0.2 million in 2018, primarily attributable to $0.2 million in growth in sponsorship revenues. Operating expenses increased approximately $1.4 million from 2017, driven by growth in Utilities and additional investment in both Fair Production and Security in 2018.

FINANCIAL ANALYSIS (Continued)

The Commission's net position decreased $1.8 million during the current fiscal year, after decreasing $1.9 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.

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

	2018	2017
Operating Revenues:		
Admissions revenue	$ 4,628	$ 4,592
Parking revenue	2,119	2,264
Facility revenue	6,307	6,414
Concessions revenue	3,953	3,964
Sponsorship revenue	2,224	2,011
Other revenue	1,265	1,038
Total operating revenue	20,496	20,283
Operating Expenses:		
Payroll and benefit expenses	9,330	9,384
Utilities	3,029	2,839
Maintenance	2,080	1,826
Marketing	1,016	971
Event services	2,078	2,012
Operations	1,130	938
Technology	419	444
Education	34	23
Security	949	495
Coliseum	841	719
Fair production	3,456	3,059
Administrative and other	1,732	2,073
Depreciation	5,340	5,284
Total operating expenses	31,434	30,067
Operating loss	(10,938)	(9,784)
Nonoperating Revenues (Expenses):		
General fund appropriation	4,505	3,573
Riverboat distribution	5,060	5,255
Pari-mutual, off-track betting distribution	120	118
Commercial vehicle excise tax	18	19
Standardbred racing fund	1,000	1,000
Grants and contributions	752	538
Investment earnings	33	55
Capital lease interest expense	(2,326)	(2,627)
Net nonoperating revenues (expenses)	9,162	7,931
Change in net position	$ (1,776)	$ (1,853)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's total capital assets as of December 31, 2018, amounts to $77.9 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. There was $0.6 million in construction in progress as of that date. Net investment in capital assets at December 31, 2018 was $31.4 million. The total increase in the Commission's net investment in capital assets for the current fiscal year was $5.5 million, which is mostly attributable to $6.5 million early bond payment made in March 2018 on the capital lease obligation related to the Coliseum.

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, 2018, there was $1.8 million in short-term principal and $45.3 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.

ECONOMIC OUTLOOK

Other than the uncertainty of general economic indicators on the Commission and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

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, 2018

Assets	
Current assets:	
Cash and cash equivalents	$ 3,138,313
Commission designated cash – Indiana State Fair Reserve	500,000
Cash and cash equivalents - Foundation	65,759
Total unrestricted and designated cash and cash equivalents	3,704,072
Restricted cash:	
Standardbred racing fund	686,579
Coliseum R&R fund	100,544
Foundation	582,667
Total restricted cash and cash equivalents	1,369,790
Total cash and cash equivalents	5,073,862
Accounts receivable, net	868,769
Pledge receivable	140,800
Notes receivable	21,205
Prepaid expense	441
Total current assets	6,105,077
Non-current assets:	
Notes receivable	84,818
Capital assets:	
Construction in progress	599,578
Property, plant and equipment	
Land and improvements	17,200,142
Buildings and improvements	143,213,905
Machinery and equipment	4,380,159
Office furniture and equipment	1,478,337
Less: accumulated depreciation	(88,422,452)
Capital assets, net of depreciation	78,449,669
Total current and noncurrent assets	84,639,564
Deferred Outflows of Resources	
Pension	509,106
Total assets and deferred outflows of resources	$ 85,148,670
Liabilities	
Current liabilities:	
Accounts payable	$ 2,121,913
Indiana sales tax payable	4,527
Salaries and payroll withholding payable	213,841
Unearned revenue	387,090
Capital leases payable	1,755,000
Compensated absences payable	214,694
Total current liabilities	4,697,065
Noncurrent liabilities:	
Capital leases payable	45,274,110
Compensated absences payable	74,860
Net pension liability	3,108,976
Total noncurrent liabilities	48,457,946
Total current and noncurrent liabilities	53,155,011
Deferred inflows of resources	
Pension	503,147
Net position	
Net investment in capital assets	31,420,558
Restricted – expendable:	
Indiana State Fair Foundation	582,667
Coliseum R&R fund	100,544
Standardbred racing fund	686,579
Unrestricted	(1,299,836)
Total net position	31,490,512
Total liabilities, deferred inflows of resources and net position	$ 85,148,670

INDIANA STATE FAIR COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2018

Operating revenues:	
Admissions revenue	$ 4,628,297
Parking revenue	2,119,317
Facility revenue	6,306,527
Concessions revenue	3,953,119
Sponsorship revenue	2,223,590
Other revenue	1,265,428
Total operating revenue	20,496,278
Operating expenses:	
Payroll and benefit expenses	9,329,674
Utilities	3,028,544
Maintenance	2,080,454
Marketing	1,016,328
Event services	2,077,734
Operations	1,130,322
Technology	418,567
Education	34,111
Security	949,080
Coliseum	841,282
Fair production	3,456,020
Administrative and other	1,732,304
Depreciation and amortization	5,339,525
Total operating expenses	31,433,945
Operating loss	(10,937,667)
Nonoperating revenues (expenses):	
General fund appropriation	4,504,540
Riverboat distribution	5,060,013
Pari-mutual, off-track betting distribution	119,868
Commercial vehicle excise tax	18,342
Standardbred racing fund	1,000,000
Grants and contributions	752,374
Investment earnings	32,556
Capital lease interest expense	(2,326,163)
Net nonoperating revenues	9,161,530
Change in net position	(1,776,137)
Total Net Position, January 1	33,266,649
Total Net Position, December 31	$ 31,490,512

INDIANA STATE FAIR COMMISSION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

Cash flows from operating activities:	
Receipts from customers and users	$ 20,641,246
Payments to suppliers	(15,295,430)
Payments to employees for salary and benefits	(9,703,353)
Net cash used by operating activities	(4,357,537)
Cash flows from noncapital financing activities:	
Tax distributions from State	
General fund appropriations	4,504,540
Other distributions from the State	5,198,224
Standardbred racing fund	500,000
Grants and contributions	975,884
Net cash provided by noncapital financing activities	11,178,648
Cash flows from capital and related financing activities:	
Acquisition/construction of capital assets	(2,625,580)
Principal paid on capital debt	(8,214,306)
Interest paid on capital debt	(2,326,163)
Grants and contributions	500,000
Net cash used by capital and related financing activities	(12,666,049)
Cash flows from investing activities:	
Interest received	32,556
Net cash provided by investing activities	32,556
Net decrease in cash and cash equivalents	(5,812,382)
Cash and cash equivalents, beginning of period	10,886,244
Cash and cash equivalents, end of period	$ 5,073,862
Reconciliation of cash, cash equivalents per Statement of Net Position:	
Cash and cash equivalents, current	$ 3,704,072
Restricted cash and cash equivalents, current	1,369,790
Total	$ 5,073,862
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(10,937,667)
Adjustments to reconcile operating income to Net cash used by operating activities:	
Depreciation and amortization expense	5,339,525
Changes in assets and liabilities:	
Accounts receivable	199,120
Notes receivable	(106,023)
Deferred outflows - pension	531,474
Prepaid expenses	64,706
Accounts payable	1,001,407
Salaries and payroll withholding payables	(22,133)
Unearned revenue	(48,232)
Compensated absences payable	21,778
Taxes payable	13,430
Net pension liability including deferred inflows	(414,922)
Net cash used by operating activities	$ (4,357,537)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Indiana State Fair Commission (Commission), a component unit of the State of Indiana, 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 and is not a state agency. The Commission shall maintain and develop the Fairgrounds and other properties owned by the Commission. The Indiana State Fair Commission is a component unit to be included in the State of Indiana's Comprehensive Annual Financial Report (CAFR) because of it being established a separate body, corporate and politic (not a state agency), by Indiana Code 15-13-2. A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable.

Blended Component Unit

Effective July 1, 2011, SEA 478 (2011) authorized the Indiana State Fair Commission to establish a nonprofit subsidiary corporation to solicit and accept private funding. Using this authority, the Indiana State Fair Foundation was established and received Internal Revenue Service approved 501(c)(3) status. The Foundation is a financially responsible organization that helps create legacies to: enrich the lives of all Hoosiers, provide resources for youth development, communicate the traditions and technology of Indiana Agriculture, preserve and enhance the campus of the Indiana State Fairgrounds in perpetuity. The Foundation is a public charity, qualified to accept tax deductible bequests, devises, transfers and gifts dedicated to support the year-round youth development, education and campus stewardship projects of the Indiana State Fair Commission, and is governed by the Commission.

B. New Accounting Pronouncements

During 2018, the Commission implemented the following GASB statements. The adoption of these statements had no current effect on the Commission’s net position.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

- GASB Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB).

- GASB Statement No. 86, *Certain Debt Extinguishment Issues.* The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Commission's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments for business-type activities using proprietary fund accounting and reporting as enterprise fund. Operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing services on a continuing basis be financed and recovered primarily through user charges.

The financial statements are reported using 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.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the annual state fair, leases and rentals, and usage charges. Operating expenses include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are incurred for which both restricted and unrestricted resources are available, it is the policy to apply restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities and Net Position

1. Deposits and Investments

   The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments are investments with remaining maturities of up to 90 days. State statute (IC 5-13-10.5) authorizes the Commission to invest in interest-bearing accounts, passbook savings accounts, certificates of deposit, money-market deposit accounts, mutual funds, pooled fund investments, securities backed by the full faith and credit and obligations of the U.S. Treasury, a federal agency, a federal instrumentality, a federal government sponsored enterprise, and repurchase agreements. The statutes require that repurchase agreements be fully collateralized by U.S. Government or U.S. Government Agency obligations. At December 31, 2018, the Commission did not hold any investments; the Foundation did have funds in an interest bearing savings account. Interest earnings are reported as nonoperating revenues in the Statement of Revenues, Expenses, and Changes in Net Position.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Pledges Receivable

   In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Commission records operating and capital pledges as revenue when all eligibility requirements have been met.

3. Allowance for Uncollectible Accounts

   The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with the collection policy. Management estimated an allowance for doubtful accounts was necessary at December 31, 2018.

4. Prepaid Expense

   Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

   Capital assets are reported at actual historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at acquisition cost at the time received.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (continued)

Capitalization thresholds (the dollar values which asset acquisitions are added to the capital asset accounts versus expensing), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	$ 25,000	Straight-line	15 Years
Tunnels	25,000	Straight-line	30 Years
Buildings	25,000	Straight-line	20-40 Years
Building improvements	25,000	Straight-line	4-20 Years
Machinery and equipment	25,000	Straight-line	3-10 Years
Electrical upgrades	25,000	Straight-line	12-15 Years
Furniture and equipment	25,000	Straight-line	5-10 Years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

6. Accounts Payable

Operating payables and contracts payable have been combined on the Statement of Net Position. Contracts payable make up $1,612,748 of the combined accounts payable.

7. Compensated Absences

a. Sick Leave – Commission employees earn sick leave at the rate of 9 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is not paid to employees.

b. Vacation Leave – Commission employees earn vacation leave at rates from 12 days to 25 days per year based upon the number of years of service. Vacation leave may be accumulated indefinitely. Accumulated vacation leave is paid to employees in good standing, through cash payments for up to a maximum of 30 days' vacation upon separation of service.

c. Personal Leave – Commission employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 3 days. Any personal leave accumulated in excess of 3 days automatically becomes part of the sick leave balance. Accumulated personal leave is not paid to employees.

Vacation leave is accrued when incurred and reported as a liability. No liability is reported for sick or personal leave.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (continued)

8. Net Position

Net position of the Commission is classified in three components:

- Net investment in capital assets represents capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings and payables used to finance the purchase or construction of those assets.
- Restricted expendable net position is generally noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the State Fair Commission. Restricted expendable net position include funds dedicated to specific capital projects, the Standardbred Racing Fund, and funds set aside for the Indiana State Fair Foundation Projects.
- Unrestricted net position is remaining net position that do not meet the definition of investment in capital assets. The Commission has designated $500,000 of unrestricted net position as an internal reserve for Indiana State Fair.

E. Grants and Contributions

From time to time, the Commission receives grants from the State of Indiana as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific purpose are reported as nonoperating revenues.

The Commission received contributions totaling $370,385 in 2018 of which were primarily from the Indiana Horse Racing Commission to offset premiums and administrative expenses related to harness races held at the Fairgrounds. The Foundation received a total of $381,989 in grants and contributions during 2018.

II. DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Indiana State Fair Commission does not have a deposit policy for custodial credit risk. At December 31, 2018, the Indiana State Fair Commission had deposit balances in the amount of $5,073,862. All funds were held at banks in accounts either insured by the Federal Deposit Insurance Corporation (FDIC) for $250,000, or collateralized with securities of the U.S. Government or in municipal obligations with the appropriate credit rating at December 31, 2018.

B. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non depreciated				
Land	$ 1,384,243	$ -	$ -	$ 1,384,243
Construction in progress	183,984	415,594	-	599,578
Total capital assets not being depreciated	1,568,227	415,594	-	1,983,821
Capital asset, depreciated				
Land improvements	14,932,912	882,987	-	15,815,899
Buildings and improvements	142,173,480	1,040,425	-	143,213,905
Machinery and equipment	4,275,926	104,233	-	4,380,159
Office furniture	1,295,996	182,341	-	1,478,337
Totals	162,678,314	2,209,986	-	164,888,300
Less accumulated depreciation for				
Land improvements	(11,844,211)	(513,599)	-	(12,357,810)
Buildings and improvements	(65,839,994)	(4,705,833)	-	(70,545,827)
Machinery and equipment	(4,137,887)	(69,113)	-	(4,207,000)
Office furniture	(1,260,835)	(50,980)	-	(1,311,815)
Totals	(83,082,927)	(5,339,525)	-	(88,422,452)
Total capital assets, being depreciated, net	79,595,387	(3,129,539)	-	76,465,848
Total capital assets, net	$ 81,163,614	$(2,713,945)	$ -	$ 78,449,669

II. DETAILED NOTES ON ACCOUNTS (Continued)

C. Operating Leases

Operating Leases of a Lessee:
The Commission, as lessee, entered into an operating lease having initial or remaining noncancelable terms exceeding one year with Konica Minolta on February 19, 2015, for the lease of three BIZHUB model copiers. The lease agreement also includes terms related to maintenance costs. The lease expires in March 2019. An amendment was signed October 5, 2015 adding an additional BIZHUB copier to the lease. The total lease expense for the year ending December 31, 2018 was $37,980.

Future minimum lease payments under operating leases are as follows:

	$ Amount
2019	$ 9,495
Total	$ 9,495

Operating Leases of a Lessor: The Commission is engaged in leasing various facilities to tenants under operating leases expiring over the next 12 years. Substantially all capital assets of the Indiana State Fair Commission are available for leases.

The approximate future minimum lease payments to be received in each of the five succeeding years and thereafter under non-cancelable operating leases are as follows:

	$ Amount
2019	$ 1,271,196
2020	1,224,320
2021	1,234,747
2022	1,050,126
2023	1,056,580
2024-2030	1,425,626
	$ 7,262,595

II. DETAILED NOTES ON ACCOUNTS (Continued)

D. Long-Term Liabilities

1. Capital Leases

The Indiana State Fair Commission has entered into a capital lease for the renovation of the Coliseum and construction of the new Youth Arena which was completed in 2014. At December 31, 2018, the total capitalized cost of the buildings and improvements was $58,512,385 and accumulated depreciation was $7,314,048. Future lease payments and present values of the net minimum lease payment under the capital lease as of December 31, 2018, are as follows:

2019	$ 3,948,138
2020	3,949,338
2021	3,947,738
2022	3,953,338
2023	3,965,738
2024-2028	19,823,138
2029-2033	19,902,425
2034-2038	12,768,357
Total minimum lease payments	72,258,210
Less amount representing interest	(25,229,100)
Present value of net minimum lease payments	$ 47,029,110

On November 9, 2012, the IFA completed a 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, 2018, there was $1.8 million in short-term principal and $45.2 million in long-term debt principal outstanding on the agreement.

In March 2018, the Commission executed an early call of $6.5M on the 2012M bonds as allowed for in the debt agreement commencing July 1, 2017, saving the Commission 5% coupon cost of the 2037 and 2038 maturities, an estimated savings of $325,000 annually.

2. Changes in Noncurrent Liabilities

Noncurrent liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease payable	$ 55,243,416	$ -	$ (8,214,306)	$ 47,029,110	$ 1,755,000
Compensated absences	267,776	261,870	(240,092)	289,554	214,694
Total long-term liabilities	$ 55,511,192	$ 261,870	$ (8,454,398)	$ 47,318,664	$ 1,969,694

II. DETAILED NOTES ON ACCOUNTS (Continued)

E. Designated and Restricted Assets

Cash and investments designated or restricted include the following:

1. **Indiana State Fair Foundation** – There is $582,667 listed as restricted funds for the Indiana State Fair Foundation. These funds include gifts and grants related to the Coliseum Project Capital Campaign (including related financing) and the Youth and Education funds.

2. **Coliseum R&R Fund** – This includes funds restricted for the repair and renovation of the Coliseum.

3. **Standardbred Racing Fund** – The Commission receives annual distributions from the Standardbred Racing Fund to support standardbred racing and facilities at the State Fairgrounds and to make grants to county fairs to support standardbred racing and facilities at the county fair tracks. Unspent funds are recorded as restricted funds.

4. **Indiana State Fair Reserve** – The net income from the Fair is used to support lease payment obligations related to debt service of revenue bonds. The weather has a great deal of impact on the financial results of the Fair and therefore the net income can be volatile. To mitigate the risk of a Fair not meeting anticipated financial goals the Commission has set aside $500,000 as a designated reserve to be used to meet debt obligations.

The balances of designated and restricted asset accounts are as follows:

	Amount
Indiana State Fair Foundation	$ 582,667
Standardbred Racing Fund	686,579
Coliseum R&R Fund	100,544
Indiana State Fair Reserve	500,000
Total designated and restricted assets	$ 1,869,790

F. Operating Revenue – Expense Reimbursement

The Indiana State Fair Commission receives revenue from the rental of buildings, grounds, and equipment. The contracts related to rental revenue contain allowances for expenses paid by the Commission on behalf of the client. These expenses can include, but are not limited to, utilities, set-up, tear-down, and clean-up. The costs of these expenses are passed along to the client. In many cases, the amount billed to the client is not a dollar to dollar pass through. Therefore, the revenue received for these services is recorded as expense reimbursement within Facility Revenue on the Statement of Revenues, Expenses, and Changes in Net Position. The corresponding expense is recorded under operating expenses.

II. DETAILED NOTES ON ACCOUNTS (Continued)

G. Non-Operating Revenue – State Funding

The Indiana State Fair Commission receives state funding from various sources. The funding is used to mitigate operating expenses and support capital projects including the payment of capital leases.

	$ Amount
General Fund Appropriations	$ 4,504,540
Riverboat Admissions Tax	5,060,013
Pari-mutual, off-track betting distribution	119,868
Commercial Vehicle Excise Tax	18,342
Total State Funding	$ 9,702,763

III. OTHER INFORMATION

A. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters. The Commission is subject to the protection offered by the Indiana Tort Claims Act. Tort claims shall be paid from the Indiana Tort Claims Fund established at IC 34-13-3-24.

The State Fair Commission generally does not purchase commercial insurance for the risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. However, the Commission has acquired property insurance for specific buildings to guard against the destruction of assets, which covers up to $195,773,900, and possible loss of business revenue related to such destruction of assets, which covers up to $10,500,000. Currently, the Commission records, as an expenditure, any loss not covered by property insurance as the liability is incurred or replacement items are purchased.

The State Fair Commission does have a faithful performance bond, as required by statute (IC 15-13-2-15), which covers up to $50,000 for each of the following: Executive Director, Chief Operating Officer and Vice President of Administration, Chief Financial Officer, Commission Chair, and each Commission member. There were no significant reductions in insurance coverage during 2018 and there were no settlements that exceeded insurance coverage during any of the past three fiscal years for those risks that the Commission purchased insurance.

B. Retirement Medical Benefits Account

SEA 501 (2007) established a retirement medical benefits account as a health reimbursement arrangement for eligible state government retirees. Full-time benefited employees of the Indiana State Fair Commission are eligible participants to receive this benefit as outlined in SEA 501. Contributions on behalf of the eligible Indiana State Fair Commission participants are made by the State of Indiana. Therefore, no actuarial information is included in this report. Actuarial information concerning the retirement medical benefits account can be found in the 2018 State of Indiana Comprehensive Annual Financial Report.

III. OTHER INFORMATION (Continued)

C. Condensed Combining Information

GASB Statement No. 61 requires that combining information be presented for business-type activities that include a blended component unit within a single column on the basic financial statements.

The following summarizes the combining information for the statement of net position as of December 31, 2018:

	2018			
	State Fair	Foundation	Eliminations	Combined
Assets				
Current assets	$ 5,370,218	$ 789,226	$ (54,367)	$ 6,105,077
Non-current assets	84,818	-	-	84,818
Capital assets, net of depreciation	78,449,669	-	-	78,449,669
Total assets	83,904,705	789,226	(54,367)	84,639,564
Deferred outflows of resources	509,106	-	-	509,106
Total assets and deferred outflows of resources	$ 84,413,811	$ 789,226	$ (54,367)	$ 85,148,670
Liabilities				
Current liabilities	$ 4,693,185	$ 58,247	$ (54,367)	$ 4,697,065
Noncurrent liabilities	48,457,946	-	-	48,457,946
Total liabilities	53,151,131	58,247	(54,367)	53,155,011
Deferred inflows of resources	503,147	-	-	503,147
Net investment in capital assets	31,420,558	-	-	31,420,558
Restricted - expendable:				
Indiana State Fair Foundation	-	582,667	-	582,667
Coliseum R&R fund	100,544	-	-	100,544
Standardbred racing fund	686,579	-	-	686,579
Unrestricted	(1,448,148)	148,312	-	(1,299,836)
Total net position	30,759,533	730,979	-	31,490,512
Total liabilities, deferred inflows of resources and net position	$ 84,413,811	$ 789,226	$ (54,367)	$ 85,148,670

III. OTHER INFORMATION (Continued)

C. Condensed Combining Information (continued)

The following summarizes the combining information for the statement of revenues, expenses, and changes in net position for the year ended December 31, 2018:

	2018			
	State Fair	Foundation	Eliminations	Combined
Operating revenues				
Operating revenues	$ 20,496,278	$ -	$ -	$ 20,496,278
Operating expenses				
Depreciation and amortization	5,339,525	-	-	5,339,525
Other operating expenses	25,597,214	497,206	-	26,094,420
Total operating expenses	30,936,739	497,206	-	31,433,945
Operating loss	(10,440,461)	(497,206)	-	(10,937,667)
Nonoperating revenues (expenses) and transfers				
General fund appropriation	4,504,540	-	-	4,504,540
Riverboat distribution	5,060,013	-	-	5,060,013
Par-mutual, off-track betting distribution	119,868	-	-	119,868
Commercial vehicle excise tax	18,342	-	-	18,342
Standardbred racing fund	1,000,000	-	-	1,000,000
Grants and contributions	370,385	381,989	-	752,374
Intercompany transfer to/(from)	6,500,000	(6,500,000)	-	-
Investment earnings	24,861	7,695	-	32,556
Bad debt (expense) recovery	(343,630)	343,630	-	-
Capital lease interest expense	(2,326,163)	-	-	(2,326,163)
Net nonoperating revenues	14,928,216	(5,766,686)	-	9,161,530
Change in net position	4,487,755	(6,263,892)	-	(1,776,137)
Beginning net position	26,271,778	6,994,871	-	33,266,649
Ending net position	$ 30,759,533	$ 730,979	$ -	$ 31,490,512

The following summarizes the combining information for the statement of cash flows for the year ended December 31, 2018:

	2018			
	State Fair	Foundation	Eliminations	Combined
Cash flows from operating activities	$ (3,833,417)	$ (524,120)	$ -	$ (4,357,537)
Cash flows from noncapital financing activities	10,573,148	605,500	-	11,178,648
Cash flows from capital and related financing activities	(6,166,049)	(6,500,000)	-	(12,666,049)
Cash flows from investing activities	24,860	7,696	-	32,556
Net increase in cash and cash equivalents	598,542	(6,410,924)	-	(5,812,382)
Cash and cash equivalents, beginning of period	3,826,895	7,059,349	-	10,886,244
Cash and cash equivalents, end of period	$ 4,425,437	$ 648,425	$ -	$ 5,073,862

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' Retirement Fund (PERF)

Plan Description: The Indiana State Fair Commission ("Commission") contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS). PERF is a cost-sharing, multiple-employer defined benefit plan based on based on IC 5-10.2, IC 5-10.3, and 35 IAC 1.2. PERF provides retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions that elect to participate in the retirement fund. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation.

New employees hired by the State or a participating political subdivision have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice). A new hire that is an existing member of PERF Hybrid and was not given the option for My Choice is given the option to elect My Choice or remain in PERF Hybrid. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3 and IC 5-10.5. There are two aspects to the PERF Hybrid defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Retirement Savings Plan for Public Employees (My Choice) was formerly known as the PERF ASA Only Plan. My Choice was established by the Indiana Legislature in 2013 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12 and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. My Choice members are full-time employees of the State (as defined in IC 5-10.3-7-1(d)), or a political subdivision who elected to participate in My Choice, and who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of My Choice. Any government agency that pays employees through the Auditor of the State is a mandatory participant in My Choice and must offer eligible employees My Choice option. Quasi-government agencies and State educational institutions may choose to offer My Choice as an option to their employees.

Effective January 1, 2018, funds previously known as annuity savings accounts (ASA) (which had been reported within defined benefit funds) were recategorized as defined contribution funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18. Defined contribution member balances previously reported within PERF defined benefit fund totals were transferred to the appropriate defined contribution fund as of January 1, 2018.

Financial report: INPRS issues a publicly available stand-alone financial report that includes audited financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Retirement Benefits – Defined Benefit Pension: The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account (ASA). Pension benefits (non ASA) vest after 10 years of creditable service. The

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' Retirement Fund (PERF)

vesting period is eight years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to $2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the years ended June 30, 2018; however, eligible members received a one-time check (a.k.a. 13th check) in September 2016. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2015, and who was entitled to receive a monthly benefit on July 1, 2016.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is $180 per month, or the actuarial equivalent.

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' Retirement Fund (PERF)

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Members are required to participate in the ASA. The ASA consists of the member’s contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member’s account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their ASA. A member’s contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members’ ASA are self-directed, as participants direct the investment of their account balances among eight (8) investment options, with varying degrees of risk and return potential. All contributions made to a member’s account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member’s investment elections. Members may direct changes to their investment fund allocations daily and investments are reported at fair value.

<u>Contributions</u>: The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or My Choice. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During 2018, participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State and Political Subdivisions.

For My Choice, the State was also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer’s contribution rate to the member’s account shall not be less that 3 percent and not be greater than the normal cost of the fund which was 3.3 percent for the State for the year ended June 30, 2018 and any amount not credited to the member’s account shall be applied to the pooled assets of the PERF Hybrid Plan. The political subdivisions were required to contribute a supplemental cost of 7.2 percent as of January 1, 2017 and 7.1 percent effective January 1, 2018. The Commission contributed 11.2 percent for the 2018.

PERF Hybrid Plan and My Choice members contribute three percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to contribute on behalf of the member. The employer shall pay the member’s contributions on behalf of the member for My Choice. Political subdivisions may choose to pay part or all of the member’s contributions on behalf of the member for My Choice. In addition, members of the PERF Hybrid Plan may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA. Political subdivisions that participate in My Choice may elect to match voluntary contributions at a rate of 50 percent.

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' Retirement fund (PERF) (continued)

The Commission contributes the 3% employee portion on behalf of its employees. The employer contribution requirement, which was made by the Commission, was $533,419 for 2018 which represents the required 11.2% of covered payroll for 2018.

The following represents the Commission's annual required contributions for the last two years:

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2018	$ 533,419	100%
2017	489,635	100%

Significant Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Asset valuation date – June 30, 2018
- Liability valuation date – June 30, 2017 – Member census data as of June 30, 2017 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Valuation results from June 30, 2017 were rolled-forward to June 30, 2018 to reflect benefit accruals during the year less benefits paid.
- Experience study date – Period of 4 years ended June 30, 2014
- Actuarial cost method – Entry age normal (level percent of payroll)
- Investment rate of return – 6.75%
- Cost of living increases – In lieu of a 1% COLA occurring beginning on January 1, 2020, it is now assumed that the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.5% - 4.25%
- Inflation – 2.25%
- Mortality - RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration's 2014 Trustee Report

There were no changes in actuarial assumptions or plan provisions for the June 30, 2016 fiscal year. The INPRS Board approved the following changes in actuarial methods effective for June 30, 2016:

- For funding purposes and when the plan is below 100% funded, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes will be amortized over a 20-year period with level payments each year, rather than a 30-year period.
- For the funding purposes, the smoothing period of investment gains and losses in the development of the Actuarial Value of Assets was increased from four years to five years at June 30, 2016.

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' Retirement fund (PERF) (Continued)

There were no changes in actuarial methods or plan provisions for the June 30, 2017 fiscal year. The following changes in actuarial assumptions were made for the June 30, 2017 fiscal year:

- For vested members, a salary load of $400 was added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment.
- For disabled members, the mortality assumptions were updated from the RP-2014 Total Data Set Mortality tables to the RP-2014 Disability Mortality tables.

For the June 30, 2018 actuarial valuation, the COLA assumption was changed due to the passage of Senate Enrolled Act No. 373. In lieu of a 1% COLA, beginning on January 1, 2020, it is now assumed that the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class is summarized in the following table:

Asset Class	Target Allocation %	Geometric Basis Long-Term Expected Real Rate of Return
Public equity	22.0%	4.4%
Private equity	14.0	5.4
Fixed income – ex inflation - linked	20.0	2.2
Fixed income – inflation - linked	7.0	0.8
Commodities	8.0	2.3
Real estate	7.0	6.5
Absolute return	10.0	2.7
Risk parity	12.0	5.2
Total	100.0%	

Discount rate: Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent for 2018). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

III. OTHER INFORMATION (Continued)

D. Pension Plan – Public Employee's Retirement fund (PERF) (continued)

Sensitivity: The following presents the Commission's share of the net pension liability calculated using the discount rate of 6.75 percent for 2018 and 2017, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the collective net pension liability	$4,894,028	$3,108,976	$1,620,437

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes audited financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Investment Valuation and Benefit Payment Policies: The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.

Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

III. OTHER INFORMATION (continued)

D. Pension Plan – Public Employee's Retirement fund (PERF) (continued)

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' ASAs. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2018, the Commission reported a liability of $3,108,976 for its proportionate share of the net pension liability. The Commission's proportionate share of the net pension liability was based on the Commission's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2018 measurement date was 0.0009152. This represents a slight increase from the prior measurement date. The proportionate share used at the June 30, 2017 measurement date was 0.0008958.

For the year ended December 31, 2018, the Commission recognized pension expense of $650,029, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $162,561. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 40,659	$ 212
Net difference between projected and actual earnings on pension plan investments	92,076	-
Changes in assumptions	7,407	499,189
Changes in proportion and differences between employer contributions and proportionate share of contributions	103,739	3,746
Total that will be recognized in pension expense (income) based on table below	243,881	503,147
Pension contributions subsequent to measurement date	265,225	-
Total	$ 509,106	$ 503,147

III. OTHER INFORMATION (Continued)

D. Pension Plan – Public Employee's Retirement fund (PERF) (continued)

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2018 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2018. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	$115,629
2020	(106,683)
2021	(213,151)
2022	(55,061)

INDIANA STATE FAIR COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – PERF
December 31, 2018

	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0009152	0.0008958	0.0008684	0.0007841
Commission's proportionate share of the net pension liability	$ 3,108,976	$ 3,996,651	$ 3,941,185	$ 3,193,562
Commission's covered payroll	$ 4,669,841	$ 4,444,103	$ 4,161,765	$ 3,755,635
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	66.58%	89.93%	94.70%	85.03%
Plan fiduciary net position as a percentage of the total pension liability	78.90%	76.60%	75.30%	77.30%

* The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission is presenting information for those years for which information is available.

Measurement date: Actuarial valuation reports from the prior fiscal year.

Benefit changes: There were no changes to the plan that impacted pension benefits during the fiscal year.

Plan amendments. In 2017, there were no plan changes that impacted pension benefits during the year. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015, the rate becomes the greater of 4.5%, or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.

Changes of assumptions: An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2019

For the June 30, 2018 actuarial valuation, the COLA assumption was changed due to the passage of Senate Enrolled Act No. 373. In lieu of a 1% COLA, beginning on January 1, 2020, it is now assumed that the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

INDIANA STATE FAIR COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS – PERF
December 31, 2018

	2018	2017	2016	2015
Statutorily required contribution	$ 533,419	$ 489,635	$ 487,710	$ 452,597
Contributions in relation to the statutorily required contribution	(533,419)	(489,635)	(487,710)	(452,597)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -
The Commission's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%
Commission's covered payroll	$ 4,762,700	$ 4,372,000	$ 4,355,000	$ 4,041,000
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission is presenting information for those years for which information is available.

Valuation date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method: Entry age normal (Level Percent of Payroll)
Amortization method: Level dollar
Remaining amortization period: 20 years, closed
Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
Inflation: 2.25%
Salary increases: 2.50% - 4.25%
Investment rate of return: 6.75%
Mortality: RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2016

Other information:
The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of the prior year-end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year-end to the current year measurement date.

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