INDIANA STATE FAIR COMMISSION

2020 ANNUAL REPORT

IN this together

INDIANA STATE
FAIRGROUNDS
& EVENT CENTER

INDIANA STATE FAIR COMMISSION
2020 ANNUAL REPORT

Published by the
Indiana State Fair Commission

June 11, 2021

1202 E 38th Street
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(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 industry through hard work, perseverance and resilience.

Message from the Commission Chairman & Executive Director

Thank you for your interest in and support of the Indiana State Fairgrounds & Event Center. The Indiana State Fair Commission, Fair 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.

In March 2020, our world changed overnight. The COVID-19 pandemic had a direct and detrimental effect to our overall business model, highlighted by an over 70% hit to our operating revenues. If 2020 had a theme, it would be perseverance. We are truly proud of how our team chose to adapt, persevere, and challenge themselves to navigate the operational, financial, and logistical challenges that COVID-19 presented us with. The effect of the pandemic resulted in the cancelation of nearly 200 events on our campus, and the first cancelation of the traditional Great Indiana State Fair since World War II.

With the resolve of our team, we have challenged ourselves to pivot our business with bold, creative, and innovative thinking. As we draft this Annual Report for 2020 in June of 2021, we have successfully partnered with the NCAA, Indianapolis, and our State to host part of the 2021 NCAA March Madness Tournament in our beloved Indiana Farmers Coliseum. We have seen our event schedule begin to take shape and start to return to pre-pandemic levels, particularly by hosting in May 2021 one of the most successful Mecum Auto Auctions on record. We currently are in the midst of planning your 2021 Great Indiana State Fair, and we have received historic support from Governor Holcomb and the State Legislature to not only defease the remaining debt on the Indiana Farmers Coliseum, but also a $50 million investment in the Fall Creek Pavilion, which will enable us to preserve and enhance this campus for generations to come.

As we projected a year ago, our wins this year look a little different in light of the circumstances, but as we said in the summer of 2020, we are hopeful and ready to get back to the business of showcasing Indiana agriculture, youth and education, while being a safe, fun and welcoming gathering place for all Hoosiers. This historic institution is resilient and is proud to report to you its annual operating and financial results and looks forward to continuing to take things to the #Nextlevel.

Sincerely,

Bradley B. Chambers
Chairman
Indiana State Fair Commission

Cynthia C. Hoye, CFE
Executive Director
Indiana State Fair Commission

INDIANA STATE FAIR COMMISSION

Bradley B. Chambers, *Chairman*
Ashton Eller, *President ISF Board*
Nick DeKryger
Leigh Riley Evans
Bruce Everhart
Bruce Kettler, *Director, ISDA*
Olgen Williams
Appointed Member, ISF Fair Board
Matt Martin
Miriam Robeson
Sam Frain
Representing the Governor's Office
Dr. Jason Henderson
Representing Purdue Extension
Representative Bob Cherry
State Fair Legislative Advisory Committee

INDIANA STATE FAIR COMMISSION EXECUTIVE TEAM

Cynthia C. Hoye, *Executive Director*
Mike Berkery, Vice President & *Chief Operating Officer*
John Pfeffenberger, *Vice President & Chief Financial Officer*
Ray Allison, *Vice President of Development*
Anna Whelchel, *Vice President of Marketing*

INDIANA STATE FAIR BOARD

DISTRICT

District 1	Scott Fritz	Alan D. Washburn
District 2	Dave Trotter	Jeannette Merritt
District 3	Gwen Mize	
District 4	Lynn Kuhn	Cheri Daniels
District 5	Sandy Neukam	Melissa Huff, *Secretary*
District 6	Terry Clifford, *VP*	Terry Strueh
District 7	Ashton Eller, *President*	Olgen Williams

EX-OFFICIO MEMBERS

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

2020: YEAR IN REVIEW

Top Annual Highlights

COMBATTING COVID-19

In March 2020, our world changed overnight. Like most, we were incredibly challenged by COVID-19 and the associated impacts on our business. Our staff went fully virtual and executed our continuity of operations plans. However, with a resolve to protect this historic institution, we challenged ourselves to pivot our business with bold, creative, and innovative thinking. 2020 was an incredibly challenging year for the Indiana State Fairgrounds, but our team persevered and we are positioned to come back better than ever. In addition, our staff undertook several initiatives to assist during the pandemic, including:

- Developed a Safe Event Plan for each event hosted during the pandemic at the Fairgrounds, working closely with the State Department of Health.
- Successfully communicated the safety measures related to COVID-19 through impactful communication.
- Partnered with the Marion County Health Department with early drive through COVID-19 testing and housing for homeless on campus.
- Developed and produced over 1,000 signs around the campus reinforcing COVID measures.
- Participated in weekly calls with other city venues & properties, focusing and sharing COVID-related measures, reopening plans, communications strategies, etc.

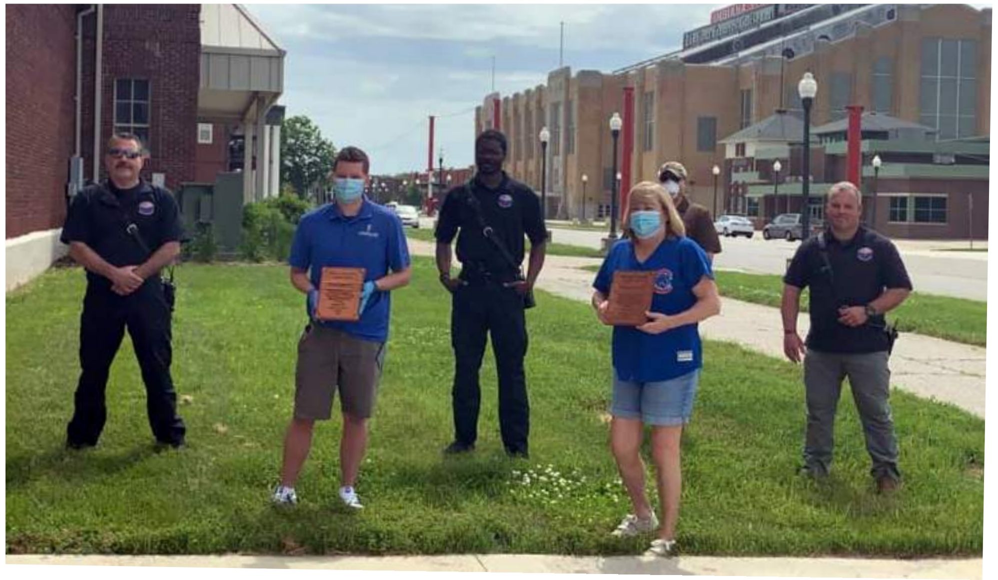
FINANCES

The effects of the global pandemic challenged our organization greatly from a financial perspective, with the cancelation of over 185 total events, including the first cancelation of the Great Indiana State Fair since World War II. Operating Revenues, which drive our business, were off by 70% over 2019. We combatted this through strong fiscal management principles and a team effort to create substantial operating and capital expense savings. In order to preserve our operating cash flow for staffing and basic operating expenses, the State generously paid the debt service on the Indiana Farmers Coliseum for the months of July through December. This allowed the Commission to come out slightly better than break-even in 2020 and positioned us well for success in 2021.

GREAT INDIANA STATE FAIR

While the full, traditional Indiana State Fair was canceled due to COVID-19, we were so proud to host our youth during the 4-H Livestock Competition & Project Showcase. We were able to find a way to do something which turned out to be successful and everyone involved was so thankful for what we were able to produce. Some key successes associated with this event include:

- We were the only Midwest Fair to host a modified State Fair for our 4-H members to compete with their projects



Top Annual Highlights (Continued)

- More than 321 people volunteered to help produce the event.
- We hosted just over 2,900+ exhibitors between Livestock & static exhibits.
- We judged & hosted 17,000+ exhibits.
- Our partners provided investments for the effort through $200,000+ in sponsorship support and $150,000 in philanthropic support to the Indiana State Fair Foundation.
- Announced and marketed the 2020 State Fair Basketball theme prior to the pandemic hitting. This announce and response had HUGE coverage with an overwhelmingly positive response.

Year-Round Event Center

Prior to the impact of COVID-19, our team was able to successfully host the 2020 Horizon League Basketball Tournament in March, as well as several other major events, including: the Indianapolis Home Show; World of Wheels; Indy 1500 Gun & Knife Show; Greater Indianapolis Garage Sale; and the Indianapolis Boat, Sport & Travel Show. In addition, the team secured new events and tenants for the Fairgrounds, including the 2025 NCAA Division II Festival, including the Division II Indoor Track & Field Championship in the new Fall Creek Pavilion, as well as the Division II Wrestling Championship in our beloved Indiana Farmers Coliseum. Despite the global pandemic, we were still able to host 41 events in 2020, through partnership with the State Department of Health on our Safe Event Plans. Major events included:

- Mecum Auto Auction in July resulting in an additional show in October due to the huge success
- Christmas Nights of Lights drive-through event with over 226,000 people attending in 2020

Maintaining and Sustaining this Historic Institution

Despite the disruptions to our normal business activities, a number of significant campus improvements were made during 2020, including the replacement of the Coliseum Roof; the removal of the Boy Scout Bridge; removal of the Center Pylon at Gate 1 and significant Coliseum floor improvements to the seating bowls, steps, lobby and concourses.

In addition, we continue our Protect the Heartland sustainability efforts, including:

- 258 lighting fixtures were replaced with energy efficient LED fixtures in the Blue Ribbon Pavilion. This replacement will yield a 41% reduction in energy usage (195 tons of CO_2 prevented) and provide approximately $24,000 in annual savings.
- 208 lighting fixtures replaced with energy efficient LED fixtures in the Champions Pavilion. This replacement will yield a 34% reduction in energy usage (178 tons of CO_2 prevented) and provide approximately $22,000 in annual savings.
- 100 dual-stream receptacles were purchased to be deployed in show building to provide recycling options for public attending shows.

Top Annual Highlights (Continued)

Education

Our education programming continued to thrive during the pandemic in 2020. We were able to pivot and deliver spring and fall field trips virtually and continued our partnership with the Indiana Soybean Alliance to deliver "It's All about the Genes" program, reaching nearly 4,000 students over 54 days in the spring and fall. We also developed a new program through a partnership with the LEAP Foundation called "There's a Pig in My Classroom." This program was a resounding success and reached more than 4,100 students in just nine program days. We were able to reach students in 37 Indiana counties, and had our first out-of-state participation reaching 107 students in Michigan.

Human Resources & Information Technology

Our human and technological capital shined brightly for us in 2020. The resolve of our team, and the strong personnel management by our HR department of our shared resources helped us navigate the financial and operational impacts of the COVID-19 pandemic, through strong fiscal management of our payroll budget and a resolve to keep our staff intact. Our technology team managed nine months of nearly entirely remote work due to the pandemic by:

- Deploying laptops and desktop computers for staff to work from home
- Fully deploying Microsoft Office 365 and One Drive access
- Utilizing RingCentral Meetings, MS Teams and Skype
- Supporting over 700 virtual meetings using the RingCentral platform from March through December, totaling 2,600+ hours and 4,600+ participants.

Finance and Legal Affairs

Aside from managing our financial pictures, our Finance and Legal Affairs team navigated several operational complexities during 2020. From revision of contracts due to the inability to host events or the Great Indiana State Fair, migrating our accounting processes to 100% digital to maintain continuity of operations, to developing frameworks for future Enterprise Risk Management efforts, the team maintained professionalism, creativity and a desire to support our organization throughout the year.

Continuing the Journey Toward Destination 2023

The Executive Team, Chairman and Commission members continue to build on the "Destination 2023" framework, which includes the addition of revenue producing venues such as the Fall Creek Pavilion, optimization of existing buildings and property, upgrades to the fence-line, entry points, parking and other comfort zones that will enhance the guest experience. These changes and major projects in the development pipeline will all contribute to more visits to the Indiana State Fairgrounds & Event Center by citizens of our state and visitors from around the country, along with the addition of new show promoters who will see our campus as the perfect venue for a wide-range of events. We will continue to optimize our business, preserve this historic institution, and make this a premier gathering place for the Citizens of Indiana and beyond.

INDIANA STATE FAIR
CELEBRATING
BASKETBALL
THE STATE THAT GREW THE GAME
PRESENTED BY
PACERS SPORTS & ENTERTAINMENT

FALL CREEK PAVILION

Core Element Driving Destination 2023 Economic Engine

2020 was a year of ups and downs for this transformative project that will serve as a cornerstone of the organization's broader business plan, Destination 2023. Both the project and the plan are designed to maximize revenue from campus buildings and property to add long-term assets that will set the standard In Indiana and the agricultural community for the next century.

Because of the COVID-19 pandemic, we put the project on hold in May of 2020. Prior to this point, we were able to make significant progress. And of the work completed to this point has positioned us well to restart the project in 2021.

- In January 2020, we received plan approval from the Indiana Historic Preservation Review Board.
- We were able to complete the architectural design and engineering work on the building in early 2020 and were able to release bid packages prior to the project being paused.
- We identified indoor track and field as a significant potential user of the new facility and were able to incorporate elements into the design to support this activity. This effort paid off when the Fairgrounds was awarded the 2025 NCAA Division II Indoor Track and Field Championships to be hosted in this new facility.

Even with the pause, the goals and scope of the project have not changed. The Fall Creek Pavilion will attract new and larger national livestock competitions, sporting events and consumer shows to the Indiana State Fairgrounds & Event Center, while simultaneously upgrading the antiquated campus drainage system, greatly enhancing livestock load-in traffic flow and providing a more modern and safer work space for security and maintenance personnel.

The Fall Creek Pavilion will feature:

- 196,000 total square feet of event space, including 116,000 square feet of "show floor"
- 14,000 square feet of lobby area to maximize guest comfort, education and promotional opportunities
- Building specifications flexible enough to host livestock competitions, basketball tournaments, track & field events, consumer trade shows and much more
- A fully enclosed and climate-controlled event space

2020 ended on a high note for the project when Governor Holcomb included the project in his budget request to the Indiana General Assembly. When approved in the spring of 2021, we will be able to restart the project and begin construction immediately following the 2021 Indiana State Fair. The new building will open in time for the 2023 Indiana State Fair.

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

FINANCIAL STATEMENTS
December 31, 2020

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Crowe

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, 2020, 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.

(Continued)

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, 2020, 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 27 and the schedule of the Commission's contributions on page 28 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, 2021

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, 2020. Please read this in conjunction with the Independent Auditor's Report at the beginning of this report and the financial statements, which follow this section.

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 $34.1 million (net position). There is a total of $4.9 million in unrestricted assets at year end, including $0.5 million, internally designated by the Commission for specific purposes. These funds are 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 $0.646 million, and total liabilities increased $0.610 million during the current fiscal year. Cash and cash equivalents decreased $1.034 million. This is attributable to a decrease of $0.448 million in unrestricted cash, and a $0.586 million decrease in total restricted cash and equivalents, primarily as a result of the depletion of the Fall Creek Pavilion project fund, partially offset by the Coliseum Roof Project fund, which was a new capital project in 2020 funded by the State of Indiana.

- Despite the material impacts of COVID-19 on the overall operating revenues of the Commission in 2020, the Commission's net position increased by $0.372 million during the current fiscal year. Operating Revenues, driven by the first cancelation of the State Fair since World War II due to the COVID-19 global pandemic, were down by $15.2 million over 2019. Management enacted significant Operating Expense savings initiatives, including $10.8 million in total compensation and operating expense savings. Additional mitigation occurred with the Coliseum Roof Project funding, as well as an increase in General Fund appropriation, of which over $2 million in additional funds was provided by the State to support the payments of the Capital Lease on the Coliseum debt service.

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 15-13-2-1 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 are included within this report. 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 per Indiana Code 15-13-3-11. 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 subsidiary of the Commission for the purpose of financial reporting.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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.

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 $34.1 million at the close of the most recent fiscal year.

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

	2020	2019
Current assets	$ 7,471	$ 8,117
Capital and other non-current assets	75,660	77,441
Total assets	83,131	85,558
Deferred outflows of resources	4,087	469
Current liabilities	5,370	5,215
Noncurrent liabilities	47,089	46,634
Total liabilities	52,459	51,849
Deferred inflows of resources	688	480
Net position:		
Net investment in capital assets	31,336	31,959
Restricted	2,837	3,486
Unrestricted	(102)	(1,747)
Total net position	$ 34,071	$ 33,698

Due in large part to the cancelation of the first State Fair since World War II, as a result of the COVID-19 global pandemic, operating revenue decreased $15.2 million in 2020. Management enacted significant operating expense savings initiatives, including $10.8 million in total compensation and operating expense savings. Additional mitigation occurred with the Coliseum Roof Project funding, as well as an increase in General Fund appropriation, of which over $2 million in additional funds was provided by the State to support the payments of the Capital Lease on the Coliseum debt service.

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

	2020	2019
Operating Revenues:		
Admissions revenue	$ 283	$ 4,807
Parking revenue	859	3,037
Facility revenue	3,870	6,356
Concessions revenue	538	4,088
Sponsorship revenue	487	2,293
Other revenue	512	1,157
Total operating revenue	6,549	21,738
Operating Expenses:		
Payroll and benefit expenses	7,009	9,351
Utilities	1,727	2,933
Maintenance	1,250	1,708
Marketing	205	952
Event services	975	1,881
Operations	372	1,248
Technology	280	410
Education	3	59
Security	242	903
Coliseum	279	607
Fair production	264	2,972
Administrative and other	1,046	1,618
Depreciation	5,840	5,647
Total operating expenses	19,492	30,289
Operating loss	(12,943)	(8,551)
Nonoperating Revenues (Expenses):		
State funding:		
General fund and preventative maintenance appropriation	5,553	3,511
Fall Creek Pavilion project – state appropriation	779	2,500
Riverboat distribution	4,716	5,302
Pari-mutual, off-track betting distribution	48	144
Commercial vehicle excise tax	21	22
Coliseum Roof Project	2,313	-
Standardbred racing fund	1,000	1,000
Grants and contributions	358	436
Investment earnings	10	38
Net gain on sale of property	75	-
Capital lease interest expense	(1,558)	(2,194)
Net nonoperating revenues (expenses)	13,315	10,759
Change in net position	$ 372	$ 2,208

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's total capital assets as of December 31, 2020, amounts to $74.7 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. Net investment in capital assets at December 31, 2019 was $31.3 million.

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 2012M); the principal of that bond issue was $57.6 million. The proceeds 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 until the Capital Lease is repaid in full. In January 2020, the Commission partnered with the IFA to perform a bond refunding of the majority of the 2012M debt due to favorable market conditions. As a result, the remainder of the 2012M debt and the new Series 2020A debt make up the existing Capital Lease obligation of the Commission. The bond debt is Appropriation backed by the State of Indiana with priority of repayment coming first from the revenues of the Commission, and if not available, then the appropriation of the State of Indiana. As of December 31, 2020, there was $2.39 million in short-term principal and $44.3 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

As with most enterprises in the hospitality and events space during the global COVID-19 pandemic, market conditions and government mandated shutdowns and capacity restrictions have resulted in significant operating revenue losses over the 2020 fiscal year. While the Commission is still dealing with some of the effects of the pandemic on the hospitality and events industry, it has seen continued forward momentum to a return to "normal" conditions. Aside from this, and the always general uncertainty of 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.

Assets	
Current assets:	
Cash and cash equivalents	$ 4,419,201
Commission designated cash – Indiana State Fair Reserve	500,000
Cash and cash equivalents - Foundation	45,151
Total unrestricted and designated cash and cash equivalents	4,964,352
Restricted cash and cash equivalents	1,940,889
Accounts receivable, net	519,064
Pledges receivable	46,290
Total current assets	7,470,595
Non-current assets:	
Restricted cash and cash equivalents, capital	959,140
Capital assets, non-depreciated	5,255,009
Capital assets, depreciated, net of accumulated depreciation	69,446,037
Total non-current assets	75,660,186
Total current and noncurrent assets	83,130,781
Deferred Outflows of Resources	
Pension	582,273
Deferred loss on debt refunding – capital lease	3,504,835
Total deferred outflows of resources	4,087,108
Total assets and deferred outflows of resources	$ 87,217,889
Liabilities	
Current liabilities:	
Accounts payable	$ 1,178,311
Other current liabilities	10,584
Unearned revenue	1,547,956
Capital leases payable	2,390,000
Compensated absences payable	243,198
Total current liabilities	5,370,049
Noncurrent liabilities:	
Capital leases payable	44,250,739
Compensated absences payable	116,405
Net pension liability	2,721,979
Total noncurrent liabilities	47,089,123
Total current and noncurrent liabilities	52,459,172
Deferred inflows of resources	
Pension	687,883
Net position	
Net investment in capital assets	31,336,090
Restricted – expendable:	
Indiana State Fair Foundation	608,984
Coliseum R&R fund	133,928
Standardbred racing fund	1,134,784
Fall Creek Pavilion	101,352
Coliseum Roof Project	857,788
	2,836,836
Unrestricted	(102,092)
Total net position	34,070,834
Total liabilities, deferred inflows of resources and net position	$ 87,217,889

INDIANA STATE FAIR COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2020

Operating revenues:	
Admissions revenue	$ 283,319
Parking revenue	858,415
Facility revenue	3,870,354
Concessions revenue	537,860
Sponsorship revenue	487,256
Other revenue	512,153
Total operating revenue	6,549,357
Operating expenses:	
Payroll and benefit expenses	7,008,776
Utilities	1,726,571
Maintenance	1,249,532
Marketing	204,672
Event services	975,086
Operations	372,437
Technology	279,998
Education	3,104
Security	242,202
Coliseum	279,069
Fair production	263,923
Administrative and other	1,046,136
Depreciation and amortization	5,840,141
Total operating expenses	19,491,647
Operating loss	(12,942,290)
Nonoperating revenues (expenses):	
State funding:	
General fund and preventative maintenance appropriation	5,551,609
Fall Creek Pavilion project – state appropriation	779,345
Riverboat distribution	4,716,248
Pari-mutual, off-track betting distribution	48,305
Commercial vehicle excise tax	21,238
Coliseum Roof Project	2,313,000
Standardbred racing fund	1,000,000
Grants and contributions	358,297
Investment earnings	9,861
Net gain on sale of property	74,702
Capital lease interest expense	(1,557,547)
Net nonoperating revenues	13,315,058
Change in net position	372,768
Total Net Position, January 1	33,698,066
Total Net Position, December 31	$ 34,070,834

INDIANA STATE FAIR COMMISSION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

Cash flows from operating activities:	
Receipts from customers and users	$ 7,352,053
Payments to suppliers	(7,441,615)
Payments to employees for salary and benefits	(7,472,350)
Net cash used by operating activities	(7,561,912)
Cash flows from noncapital financing activities:	
Tax distributions from State	
General fund appropriations	5,551,609
Other distributions from the State	7,878,136
Standardbred racing fund	500,000
Proceeds on sale of property	74,702
Grants and contributions	104,849
Net cash provided by noncapital financing activities	14,109,296
Cash flows from capital and related financing activities:	
Acquisition/construction of capital assets	(4,904,180)
Principal paid on capital debt	(2,306,361)
Interest paid on capital debt	(1,358,220)
Grants and contributions	725,853
Net cash used by capital and related financing activities	(7,842,908)
Cash flows from investing activities:	
Proceeds from sale of investments	251,496
Investment income	9,861
Net cash provided by investing activities	261,357
Net decrease in cash and cash equivalents	(1,034,167)
Cash and cash equivalents, beginning of period	8,898,548
Cash and cash equivalents, end of period	$ 7,864,381
Reconciliation of cash, cash equivalents per Statement of Net Position:	
Cash and cash equivalents, current	$ 4,964,352
Restricted cash and cash equivalents, current	1,940,889
Restricted cash and cash equivalents, capital	959,140
Total	$ 7,864,381
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (12,942,290)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	5,840,141
Changes in assets and liabilities:	
Accounts receivable	233,502
Deferred outflows - pension	(112,848)
Accounts payable	(818,886)
Other current liabilities	(228,176)
Unearned revenue	594,654
Compensated absences payable	27,265
Taxes payable	(5,460)
Net pension liability including deferred inflows	(149,814)
Net cash used by operating activities	$ (7,561,912)

I. 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 15-13-2-1 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. 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 15-13-2-1. 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 under Indiana Code 15-13-3-11 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 a Board of Directors consisting exclusively as the members of the Commission.

B. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 standard operating practice to apply restricted resources first, then unrestricted resources as needed.

C. 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, 2020, the Commission had a money market account with a balance of $25 thousand; the Foundation had funds in a money market savings account of $647 thousand.

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 not necessary at December 31, 2020.

4. Prepaid Expense

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and amortized over the period of the agreement.

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 value at the time received.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 $720,358 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.

8. Unearned Revenue

Deferred revenue represents payments received for events that have not yet taken place as of December 31. The income will be recognized in the year the event takes place.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

9. 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 includes 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 the Indiana State Fair.

D. 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.

Total grants and contributions recognized in 2020 was $358,297.

E. Business Disruption

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Commission were impacted by this global pandemic. In an effort to follow local, state and national health guidelines, the Commission canceled several events in 2020, including the State Fair that is held every August. While the Commission is still dealing with some of the effects of the pandemic on the hospitality and events industry, it has seen continued forward momentum to a return to pre COVID-19 conditions.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Adoption of New Accounting Pronouncements

For the year ended December 31, 2020, the Commission adopted the following accounting pronouncements. There was no impact on the financial statements upon adoption of these pronouncements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB Statement No. 90, *Majority Equity Interests*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (paragraphs 4-5)*

II. DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

Federal depository insurance covers $250,000 of demand deposits, and the rest of the Commission's funds have coverage under Indiana's Public Deposit Insurance Fund. At December 31, 2020, the Indiana State Fair Commission had deposit balances in the amount of $7,864,381. 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, 2020.

B. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciated				
Land	$ 1,424,959	$ -	$ (62,703)	$ 1,362,256
Construction in progress	72,182	3,820,571	-	3,892,753
Total capital assets not being depreciated	1,497,141	3,820,571	(62,703)	5,255,009
Capital assets, depreciated				
Land improvements	16,205,723	32,036	-	16,237,759
Buildings and improvements	145,552,418	832,222	-	146,384,640
Machinery and equipment	4,587,736	219,354	-	4,807,090
Office furniture	1,863,177	-	-	1,863,177
Totals	168,209,054	1,083,612	-	169,292,666
Less accumulated depreciation for				
Land improvements	(12,912,139)	(633,255)	-	(13,545,394)
Buildings and improvements	(75,373,687)	(4,861,764)	-	(80,235,451)
Machinery and equipment	(4,305,811)	(154,472)	-	(4,460,283)
Office furniture	(1,477,552)	(127,949)	-	(1,605,501)
Totals	(94,069,189)	(5,777,440)	-	(99,846,629)
Total capital assets, being depreciated, net	74,139,865	(4,693,828)	(62,703)	69,446,037
Total capital assets, net	$ 75,637,006	$ (873,257)	$ (62,703)	$ 74,701,046

At December 31, 2020, construction in progress consisted of the ongoing Coliseum roof renovation. Remaining capital commitments were $727,000 at December 31, 2020. The projected was completed in 2021.

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 in May 2019, for the lease of three BIZHUB model copiers. The lease agreement also includes terms related to maintenance costs. The lease expires in May 2024. The total lease expense for the year ending December 31, 2020 was $ 42,073.

Future maximum lease payments under operating leases are as follows:

	$ Amount
2021	$ 67,000
2022	67,000
2023	67,000
2024	27,917
Total	$ 228,917

Operating Leases of a Lessor: The Commission is engaged in leasing various facilities to tenants under operating leases expiring over the next 20 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
2021	$ 1,850,877
2022	1,971,838
2023	1,796,438
2024	1,707,665
2025	1,015,500
2026-2030	5,166,233
2031-2035	5,556,660
2036-2040	4,235,935
Total	$ 23,301,146

The future minimum lease payments to be received from 2025-2039 are assuming that the lease agreement between the Commission and the Indiana Hockey Club will be renewed for each five-year renewal term.

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, 2020, the total capitalized cost of the buildings and improvements was $58.5 million and accumulated depreciation was $7.3 million. Future lease payments and present values of the net minimum lease payment under the capital lease as of December 31, 2020, are as follows:

2021	$ 3,694,780
2022	3,660,764
2023	3,684,455
2024	3,684,550
2025	3,671,162
2026-2030	18,383,114
2031-2035	18,449,280
2036-2038	2,952,038
Total minimum lease payments	58,180,143
Less amount representing interest	(11,539,404)
Present value of net minimum lease payments	$ 46,640,739

On November 9, 2012, the Indiana Finance Authority (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 until the bond fully matures.

In January 2020, the Commission worked with the IFA to do an advance refunding issue of some of the Series 2012M bonds and create a new Series 2020A bonds due to favorable market conditions. The refunding issue resulted in the accounting loss of $3.7 million to the Commission, which will be amortized over the life of the bond. The current year portion accounted for in interest expense on the Statement of Revenues, Expenses and Changes in Net Position is $0.199 million. The refunding issue created a net present value savings of $3.7 million to the Commission. The Commission will realize this savings over the life of the bond, and the effect will be measured by the reduced cash outflows required for Capital Lease payments.

The remaining future minimum lease payments on the Series 2012M Bonds, as well as the newly issued 2020A Series are included in the table above. As of December 31, 2020, there was $2.390 million in short-term principal and $44.250 million in long-term debt principal outstanding on the agreement.

II. DETAILED NOTES ON ACCOUNTS (Continued)

2. Changes in Noncurrent Liabilities
Noncurrent liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease payable	$ 45,242,938	$ 3,704,162	$ (2,306,361)	$ 46,640,739	$ 2,390,000
Compensated absences	332,338	257,788	(230,523)	359,603	243,198
Total long-term liabilities	$ 45,575,276	$ 3,961,950	$ (2,536,884)	$ 47,000,342	$ 2,633,198

E. Designated and Restricted Assets

Cash and investments designated or restricted include the following:

1. **Indiana State Fair Foundation –** There is $608,984 reported 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	$ 672,177
Standardbred Racing Fund	1,134,784
Coliseum R&R Fund	133,928
Fall Creek Pavilion	101,352
Coliseum Roof Project	857,788
Total restricted cash	2,900,029
Designated – Indiana State Fair Reserve	500,000
Total designated and restricted assets	$ 3,400,029

F. Operating Revenue – Expense Reimbursement

The Indiana State Fair Commission receives revenue from the rental of buildings, grounds, equipment and services. 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, equipment and clean-up. The costs 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 gross revenue received for these services is recorded as reimbursable revenue within Facility Revenue on the Statement of Revenues, Expenses, and Changes in Net Position. The corresponding expense is recorded under operating expenses.

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 and Preventative Maintenance Appropriations	$ 5,551,609
Riverboat Admissions Tax	4,716,248
Fall Creek Pavilion	779,345
Pari-mutual, off-track betting distribution	48,305
Commercial Vehicle Excise Tax	21,238
Coliseum Roof Project	2,313,000
Total State Funding	$ 13,429,745

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 does carry property insurance for specific buildings to guard against the destruction of assets, which covers up to $226 million, and possible loss of business revenue related to such destruction of assets, which covers up to $13.4 million. 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 Financial Officer, Commission Chair, and each Commission member. There were no significant reductions in insurance coverage during 2020 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.

III. OTHER INFORMATION (Continued)

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 State of Indiana Comprehensive Annual Financial Report.

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, 2020:

	2020			
	State Fair	Foundation	Eliminations	Combined
Assets				
Current assets	$ 6,796,685	$ 763,843	$ (89,933)	$ 7,470,595
Noncurrent assets	75,660,186	-	-	75,660,186
Total assets	82,456,871	763,843	(89,933)	83,130,781
Deferred outflows of resources	4,087,108	-	-	4,087,108
Total assets and deferred outflows of resources	$ 86,543,979	$ 763,843	$ (89,933)	$ 87,217,889
Liabilities				
Current liabilities	$ 5,350,274	$ 109,708	$ (89,933)	$ 5,370,049
Noncurrent liabilities	47,089,123	-	-	47,089,123
Total liabilities	52,439,397	109,708	(89,933)	52,459,172
Deferred inflows of resources	687,883	-	-	687,883
Net investment in capital assets	31,336,090	-	-	31,336,090
Restricted - expendable:				
Indiana State Fair Foundation	-	608,984	-	608,984
Coliseum R&R fund	133,928	-	-	133,928
Standardbred racing fund	1,134,784	-	-	1,134,784
Fall Creek Pavilion	101,352	-	-	101,352
Coliseum Roof Project	857,788	-	-	857,788
Unrestricted	(147,243)	45,151	-	(102,092)
Total net position	33,416,699	654,135	-	34,070,834
Total liabilities, deferred inflows of resources and net position	$ 86,543,979	$ 763,843	$ (89,933)	$ 87,217,889

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, 2020:

	2020			
	State Fair	Foundation	Eliminations	Combined
Operating revenues				
Operating revenues	$ 6,549,357	$ -	$ -	$ 6,549,357
Operating expenses				
Depreciation and amortization	5,840,141	-	-	5,840,141
Other operating expenses	13,352,334	299,172	-	13,651,506
Total operating expenses	19,192,475	299,172	-	19,491,647
Operating loss	(12,643,118)	(299,172)	-	(12,942,290)
Nonoperating revenues (expenses) and transfers				
State funding:				
General fund and PM appropriations	5,551,609	-	-	5,551,609
Fall Creek Pavilion project – state appropriation	779,345	-	-	779,345
Riverboat distribution	4,716,248	-	-	4,716,248
Par-mutual, off-track betting distribution	48,305	-	-	48,305
Commercial vehicle excise tax	21,238	-	-	21,238
Coliseum Roof Project	2,313,000	-	-	2,313,000
Standardbred racing fund	1,000,000	-	-	1,000,000
Grants and contributions	127,937	230,360	-	358,297
Investment earnings	7,801	2,060	-	9,861
Net Gain/Loss on Sale of Property	74,702	-	-	74,702
Capital lease interest expense	(1,557,547)	-	-	(1,557,547)
Net nonoperating revenues	13,082,638	232,420	-	13,315,058
Change in net position	439,520	(66,752)		372,768
Beginning net position	32,977,179	720,887	-	33,698,066
Ending net position	$ 33,416,699	$ 654,135	$ -	$ 34,070,834

The following summarizes the combining information for the statement of cash flows for the year ended December 31, 2020:

	2020			
	State Fair	Foundation	Eliminations	Combined
Cash flows from operating activities	$ (7,276,117)	$ (285,795)	$ -	$ (7,561,912)
Cash flows from noncapital financing activities	14,132,184	(22,888)	-	14,104,296
Cash flows from capital and related financing activities	(8,068,761)	225,853	-	(7,842,908)
Cash flows from investing activities	7,801	253,556	-	261,357
Net increase in cash and cash equivalents	(1,204,893)	170,726	-	(1,034,167)
Cash and cash equivalents, beginning of period	8,351,946	546,602	-	8,898,548
Cash and cash equivalents, end of period	$ 7,147,053	$ 717,328	$ -	$ 7,864,381

III. OTHER INFORMATION (Continued)

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

Public Employees' Retirement Fund (PERF):

The Commission contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS).

Public Employees' Retirement System - Defined Benefit Plan

Plan Description: PERF Defined Benefit (DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to fulltime employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, and 35 IAC 1.2.and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (see Defined Contribution Plans section), a member-funded account.

Retirement benefits provided: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

Disability and survivor benefits provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of $180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five year annual salary multiplied by 1.1 percent (minimum of $180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than $2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. Historically, eligible members receive a one-time check (13th check) with the dollar amount tied to years of service.

III. OTHER INFORMATION (Continued)

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

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2020, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.44 percent funding a supplemental reserve account for postretirement benefits. No member contributions are required for the defined benefit plan.

The employer contribution requirement, which was made by the Commission, was $530,427 for 2020 which represents the required 11.2% of covered payroll for 2020.

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

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2020	$ 530,427	100%
2019	573,706	100%

Financial Report: INPRS issues a publicly available stand-alone financial report that includes 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 (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2020
- Asset valuation date – June 30, 2020
- Liability valuation date – June 30, 2019 – Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.75%, includes inflation and net of investment expenses
- COLA – In lieu of a 1% COLA occurring beginning on January 1, 2020, the COLA was replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter will be 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.75% - 8.75%
- Inflation – 2.25%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

III. OTHER INFORMATION (Continued)

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

Mortality rates for healthy members were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report. Mortality rates for disabled members were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and updated as appropriate based on the results of the study for the June 30, 2020 actuarial valuation.

Changes in Assumptions from the Prior Year:

- The future salary increase assumption changed from an age-based table ranging from 2.50% - 4.25% to a service-based table ranging from 2.75% to 8.75%.
- The mortality assumption changed from RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables 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 to the Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.
- The retirement assumption was updated based on a recent experience and was updated for an age and service-based table to an age-based table dependent on eligibility for early retirement (reduced benefit), 30 percent are now assumed to commence benefits immediately and 70 percent are assumed to commence benefits at unreduced retirement eligibility. Previously 33 percent of actives were assumed to commence benefits with early retirement while 67 percent were assumed to wait for unreduced retirement eligibility.
- The termination assumption was updated based on recent experience. For state members the tables were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivision earning more than $20,000, the sex-distinct tables were combined to one unisex service-based table. For members in political subdivisions earning less than $20,000, the sex distinct age-based table was maintained, and the rates were updated based on experience.
- The disability assumption was updated based on recent experience.
- The material assumption was updated based on recent experience. 80 percent of male members and 65 percent of female members are assumed to be married or to have a depended beneficiary. Previously, 75 percent of male members and 60 percent of female members were assumed to be married or to have a dependent beneficiary.
- The load placed on the final average earnings to account for additional wages received upon termination, such as severance pay or unused sick leave, decreased from $400 to $200.

III. OTHER INFORMATION (Continued)

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

The long-term return expectation for the INPRS defined benefit retirement plan was 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the Board as the discount rate.

Asset Class	Target Allocation %	Geometric Basis Long-Term Expected Real Rate of Return
Public equity	22.0%	4.4%
Private equity	14.0	7.6
Fixed income – ex inflation - linked	20.0	1.9
Fixed income – inflation - linked	7.0	0.5
Commodities	8.0	1.6
Real estate	7.0	5.8
Absolute return	10.0	2.9
Risk parity	12.0	5.5
Total	100.0%	

Discount rate: Total pension liability for the defined benefit pension plan was calculated using the discount rate of 6.75 percent for 2020. 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). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was 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 the plan.

III. OTHER INFORMATION (Continued)

D. Pension Plan - Public Employees' 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 2020, 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	$ 4,437,752	$ 2,721,979	$ 1,284,880

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 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 (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2020, the Commission reported a liability of $2,721,979 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, 2020 measurement date was 0.0009012 percent. This represents a slight decrease from the prior measurement date. The proportionate share used at the June 30, 2019 measurement date was 0.0009317 percent.

For the year ended December 31, 2020, the Commission recognized pension expense of $230,626, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of $11,413. At December 31, 2020, 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	$ 48,226	$ 36,546
Net difference between projected and actual earnings on pension plan investments	232,957	-
Changes in assumptions	-	567,147
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,423	84,190
Total that will be recognized in pension expense (income) based on table below	335,606	687,883
Pension contributions subsequent to measurement date	246,667	-
Total	$ 582,273	$ 687,883

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, 2020 and 2019 measurement dates are recognized as a reduction of net pension liability in the year ending December 31, 2021, respectively. 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
2021	$ (266,553)
2022	(116,840)
2023	(67,839)
2024	98,955

Public Employees' Retirement Fund - Defined Contribution Plan

PERF DC is a multiple-employer defined contribution plan providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law. The plan provides supplemental defined contribution benefits under the PERF Hybrid plan.

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Plans section) is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings. The Commission has elected to make the required member contributions on behalf of employees.

The Commission made payments on behalf of employees of 3% of covered payroll for the last two years as follows:

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2020	$ 142,079	100%
2019	153,701	100%

REQUIRED SUPPLEMENTARY INFORMATION

INDIANA STATE FAIR COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – PERF
December 31, 2020

	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0009012	0.0009317	0.0009152	0.0008958	0.0008684	0.0007841
Commission's proportionate share of the net pension liability	$ 2,721,979	$ 3,079,328	$ 3,108,976	$ 3,996,651	$ 3,941,185	$ 3,193,562
Commission's covered payroll	$ 4,865,206	$ 4,854,462	$ 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	55.95%	63.43%	66.58%	89.93%	94.70%	85.03%
Plan fiduciary net position as a percentage of the total pension liability	81.40%	80.06%	78.90%	76.60%	75.30%	77.30%

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

- Asset valuation date – June 30, 2020
- Liability valuation date – June 30, 2019 – Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 and June 30, 2020 measurement date.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.75%
- COLA – In lieu of a 1% COLA occurring beginning on January 1, 2020, the COLA was replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter will be 0.4% beginning on January 1, 2022, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.75% - 8.75%
- Inflation – 2.25%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

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.

INDIANA STATE FAIR COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS – PERF
December 31, 2020

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 530,427	$ 573,706	$ 533,419	$ 489,635	$ 487,710	$ 452,597
Contributions in relation to the statutorily required contribution	(530,427)	(573,706)	(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%	100%	100%
Commission's covered payroll	$ 4,735,955	$ 5,122,400	$ 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%	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: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
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 6/30/16 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 actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 10.03%; 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 6/30/20 was 7.83%. In addition, SEA 373-2018 mandated that the cost of any expected postretirement benefit increases after 6/30/2018 be broken out into separate surcharges. The surcharges used in the fiscal year ended 6/30/20 are 0.43% for 7/1/19-12/31/19 and 0.44% for 1/1/20-6/30/20. However, the INPRS Board approved a State employer contribution rate of 11.2%, which includes both the base benefit and surcharge rates. 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.

INDIANA STATE
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