

INDIANA STATE FAIR COMMISSION

# 2021 ANNUAL REPORT



INDIANA STATE  
**FAIRGROUNDS**  
& EVENT CENTER

   /IndianaStateFair.com

INDIANA STATE FAIR COMMISSION  
2021 ANNUAL REPORT

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[IndianaStateFair.com](http://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.

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## 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.

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## 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.
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## Message from the Commission Chairman & Executive Director



Thank you for your interest in and support of the Indiana State Fairgrounds & Event Center. On behalf of the Indiana State Fair Commission, the Indiana State Fair Board and our amazing team, we present this annual report for your review. 2021 highlighted the importance of our People and this Place, as we hosted part of the 2021 NCAA Men's Basketball Championship, the Mecum Auto Auction and a return of your great Indiana State Fair, among many other events.

As we close the chapter on a challenging, but highly successful 2021, we are optimistic that we can turn the momentum of last year's success to accelerate us into the future. Each year in our Annual Report, we highlight a word for the year that most represents the feelings of the Commission, Board and our Team. If there were a word for 2021, it would be "grateful."

We are grateful to Governor Holcomb and the General Assembly for paying off the Indiana Farmers Coliseum bond debt and investing \$50 million in the future of our beloved Fairgrounds with the 197,000 square foot, multi-use Indiana Farm Bureau Fall Creek Pavilion. These investments will transform this institution for generations to come.

We are grateful that our Indiana Farmers Coliseum played host to the Horizon League Men's and Women's Basketball Championships and took the national stage with the rest of Indianapolis and the State of Indiana to host a portion of the NCAA Division I Men's Basketball Championship with great success. The Coliseum also welcomed back Indy Fuel hockey, IUPUI basketball, along with All Elite Wrestling (AEW) and several successful concerts.

We are grateful that the state's largest event, dedicated to the resiliency of Hoosiers, was a safe, successful State Fair that brought fairgoers together again and helped us recover financially and keep our team intact.

We are grateful for the support of our guests, our customers, our team and all Hoosiers for their love and support of this institution, especially during the throes of a global pandemic.

In 2022 we are turning our attention to welcoming Hoosiers to the great Indiana State Fair by celebrating and elevating Indiana's rich, world-class history with the automobile. Holistically, we continue to innovate and identify and implement new revenue streams and opportunities to serve our State as stewards of this tremendous 250-acre asset. We are committed to executing on our bold Strategic Plan by focusing on four key areas: Our Business, Our Campus, Our People and Our Responsibility.

To date, we've seen a solid return to our year-round event schedule and are hard at work planning your 2022 Indiana State Fair. We look forward to welcoming all Hoosiers as we celebrate the automobile in 2022!

Sincerely,

A handwritten signature in black ink, appearing to read "Mitch Frazier".

**Mitch Frazier**  
Chairman  
Indiana State Fair Commission

A handwritten signature in black ink, appearing to read "Cynthia C. Hoyer".

**Cynthia C. Hoyer**  
Executive Director  
Indiana State Fair Commission



# INDIANA STATE FAIR COMMISSION

**Mitch Frazier** Chairman

**Terry Clifford** President, ISF Board

**Bruce Kettler** Director, ISDA

**Olgen Williams**

Appointed Member, ISF Fair Board

**Greg Schenkel**

**Miriam Robeson**

**Cheri Daniels**

**Leigh Evans**

**Sam Frain**

Representing the Governor's Office

**Dr. Jason Henderson**

Representing Purdue Extension

**Rep. Bob Cherry**

State Fair Legislative Advisory Committee

**Sen. Jean Leising**

State Fair Legislative Advisory Committee

## INDIANA STATE FAIR COMMISSION EXECUTIVE TEAM

**Cynthia C. Hoyer** Executive Director

**Mike Berkery** Chief Operating Officer

**John Pfeffenberger** Chief Financial Officer

**Ray Allison** Chief Development & Strategy Officer

**Anna Whelchel** Chief Marketing & Sales Officer

## INDIANA STATE FAIR BOARD

### DISTRICT

District 1

District 2

District 3

District 4

District 5

District 6

District 7

**Scott Fritz**

**Dave Trotter**

**Gwen Mize** VP

**Lynn Kuhn**

**Sandy Neukam**

**Terry Clifford** President

**Tip Phelps**

**Ryan Hilton**

**Melissa Huff** Secretary

**Jeanette Merritt**

**Sam Ellison**

**Terry Strueh**

**Olgen Williams**

### EX-OFFICIO MEMBERS

**Sam Frain** Governor's Office Representative

**Bruce Kettler** Director of Indiana State Department of Agriculture

**Dr. Jason Henderson** Chairman of C.A.S.H., Associate Dean & Director of Purdue Extension

# 2021 **VICTORIES**

## **GREAT INDIANA STATE FAIR**

- Implementation of Self-Service Ticket Kiosks at all walk gates, with a 41% adoption rate. This reduced the necessary staff needed, and improved efficiency for our customers.
- The new “Backyard Brats & Brews” F&B Location was an incredible reuse of space that generated over \$50,000 in new, net revenue.
- Transitioned to gate closing time of 8pm. While this had some challenges, it yielded positive results from a Safety & Security standpoint.
- Livestock Penning Auction generated approximately \$65,000 to support the Celebration of Champions
- For the 2021 Indiana State Fair there were 36,881 Paid Entries; 5933 Exhibitors and 5,247 Head Exhibited.

## **CAPITAL PROJECTS**

- Indiana Farmers Coliseum Roof, Fascia Trim, and Metal Cladding was replaced.
- Track of Champions was converted to an all-weather surface.
- Developed and built-out new Dirt Arena for the Grandstand
- Added 10 additional security cameras to our property to improve our security posture and view of the grounds.
- Finalized the removal of the Boy Scout Bridge and added landscaping and fence enhancement.
- Developed and built-out the new “Backyard Brats & Brews” F&B Area.
- Carpet was installed in the Coliseum Locker Rooms.
- The flooring was replaced in Discovery Hall.
- The Discovery Hall Parking Lot was seal-coated

## **PROTECT THE HEARTLAND – SUSTAINABILITY**

- Our recycling efforts continued, and we were able to successfully sort plastic bottles and cans to divert from the landfill during the Indiana State Fair.
- Launched recycling during year-round events with custom dual-stream receptacles.
- 600 Lighting Fixtures were replaced with energy efficient LED Fixtures in the West Pavilion. This replacement will yield a 35% reduction in energy usage (322 tons of CO2 prevented), and provide approximately \$40,000 in savings annually.
- 271 Lighting Fixtures were replaced with energy efficient LED Fixtures in the Expo Hall. This replacement will yield a 39% reduction in energy usage (186 tons of CO2 prevented), and provide approximately \$23,000 in savings annually.



# 2021 VICTORIES

## YEAR-ROUND

- Successfully Hosted First & Second Round games of the 2021 NCAA March Madness Tournament.
- We secured a new Discovery Hall tenant – CSC Security.
- A new long-term tenant for Southwest Pavilion – Hi & Mighty Distillery – was secured.
- Continued to navigate COVID-19 by working with ISDH and our Show Promoters to successfully host Safe Events. While our large Q1 Shows (Home Show, Boat Sport, Travel) did not occur in 2021, by Q3 most shows made their return, with slightly less attendance than 2019 levels.
- Hosted the NSR Exposition in June, which had a record 5,500 entries and over 3,500 hogs.

## TECHNOLOGY

- We replaced our outdated and aging front end networking equipment, upgrading to Dual High Reliability Fortinet Firewalls with additional new dual core Fiber Switches. This change not only upgraded our infrastructure, but it has allowed us to activate additional security settings for the State Fair and year-round events.
- We were able to separate the Dante Audio Network from our ISF network, and create a stand-alone network for the Dante software and infrastructure.
- In April of 2021, we assumed management of the vendor network from ERMCO. This change has allowed us to realize 100% of the technology-related revenue from our year-round events. Previously, ERMCO received this revenue and paid the ISFC 5%. Through November, we have netted more than \$50,000 in revenue compared to \$5,000 in previous years.
- In April of 2021 we went live on the new Wireless portal, which allows us to keep 100% of the Wireless purchases from events and allows users to purchase these services using a Credit Card. Year to date from April to end of November, Event Services has received \$7,075.00 through the portal. This does not include multiple package wireless, hardlines, VoIP phones and analog line services.
- In July we were able to secure 40 Windows 10 desktops from IOT and an additional 75 Windows 10 laptops in December.
- In October, the Technology Department issued an RFP for new Managed Services provider, we received 9 proposals and have decided to move forward with, AIS (Apex Infinite Solutions).

## FALL CREEK PAVILION PROJECT & MASTER PLAN

- Secured funding from the Indiana General Assembly to resume the Fall Creek Pavilion Project.
- Successfully bid the project and awarded contracts to more than 25 sub-contractors.
- Started the stormwater utility project in October. It will continue through the spring of 2022.
- The current Swine Barn and Public Safety Building will be torn down in January 2022.





# 2021 **VICTORIES**

## **HUMAN RESOURCES**

- Contributed to the completion of a comprehensive compensation study examining ISFC pay rates compared to other venues in our market.
- Hired, processed and paid just shy of 800 seasonal employees in support of the 2021 Indiana State Fair.
- Revived the ISFC's fundraising program. 15 groups participated in 2021, and we have positioned ourselves to launch a more successful program in the future as pandemic-related issues subsist.
- Implemented and carried through a staff training plan, covering required OSHA training and other safety and employment training for year-round employees.
- Published a new edition of the ISFC Employee Handbook.

## **INDIANA STATE FAIR FOUNDATION**

- The Foundation raised more than \$180,000 to support Youth Development and Celebration of Champions at the State Fair.
- Hosted the Celebration of Champions event during the State Fair.
- Through partnerships with the LEAP Foundation, Indiana Soybean Alliance and Indiana Corn Marketing Council, the Foundation raised funds for more than 23,000 students to participate in virtual field trips free of charge.
- Continued design and development of State Fair Farm with our partner MixDesign. We are now positioned to begin fundraising efforts in January 2022.
- Had our most successful end of year, and Giving Tuesday fundraising efforts, raising more than \$10,000.



# 2021 VICTORIES

## EDUCATION

- Re-opened On-Site Fieldtrips in October after a 20-month hiatus, welcoming back more than 2,600 students during the Fall semester.
- Welcomed students back to the Indiana State Fair and launched two new virtual fair fieldtrip offerings.
- Partnered with Purdue University Extension to offer new STEM-based educational activities in the Mac Reynolds Barn during the State Fair.
- Partnered with the Indiana Hardwood Lumberman's Association to bring the Forever Forest exhibit to the State Fair.
- Moved Animal Town to a new location in the Family Fun Park
- Through an agreement with the Indiana Soybean Alliance, the Education Department assumed management of the Glass Barn during the State Fair.
- Offered two live educational sessions during the 2021 JA Job Spark event from Fair Oaks Pig Adventure to discuss the careers involved in the swine industry.
- Launched the Journey of Corn-From Farm to Me Virtual Fieldtrip.
- Developed partnership with National FFA to expand our There's A Pig in my Classroom virtual fieldtrip nationally. To date, we have delivered this program in 21 states.
- Launched Taste and Create programing during the 2021 Indiana State Fair, which has led to year-round programming. we sold out second night of our November program.
- **2021 Year-Round Field Trips**
  - On-site field trips (Fall semester only) ..... 2,686
  - Virtual field trips
    - There's A Pig in My Classroom..... 13,944
    - The Journey of Corn..... 4,981
    - It's All About the Genes..... 4,211
- **2021 State Fair Fieldtrips**
  - On-site field trips..... 1,912
  - Virtual field trips
    - Science of Deep Fried Foods..... 2,154
    - Machines of the Midway ..... 797
- **Total students programmed in 2021 ..... 30,685**





# 2021 VICTORIES

## FINANCE

- With thanks to our Chairman and the Indiana Finance Authority, we have secured a commitment for funding for the Stormwater portion of the Fall Creek Pavilion project through the Federal American Rescue Plan Act funds to be distributed in 2022.
- Due to a successful 2021 State Fair, generous support from the Governor and General Assembly to pay off the Coliseum Debt and consistent financial management and execution by the whole ISFC team, exceeded budget by an estimated \$5.7 million in 2021.
- With generous support from Governor Holcomb and the Indiana General Assembly, secured the payoff of the Coliseum Capital Lease obligation, which will save the Commission roughly \$4M a year.
- With the support from Governor Holcomb and the Indiana General Assembly, secured \$50M to build the Indiana Farm Bureau Fall Creek Pavilion.
- Secured \$1.775M in funding from the State of Indiana to perform R&R projects, including: Fire Alarm and Electrical Upgrades; LED Lighting Upgrades; ADA Compliance Upgrades and Champions Pavilion RTU Replacement.
- Admissions, Parking & Concessions for the State Fair exceeded our 75% reforecast by over \$2.8 million.
- We hit \$2 million in Concessions commissions for the first time during the State Fair and per caps on concessions were up 29.4% over 2019's State Fair.
- Implemented a new framework for Enterprise Risk Management to be further developed and executed upon in conjunction with the Commission's 3 Year Strategic Plan, starting in 2022.
- Accounting completed the 2020 financial audit with a clean opinion.
- On-boarded a new staff accountant to our team.
- Continued XBE outreach efforts by posting Bids/RFPs with the Office of Minority and Women Owned Business Development.
- Issued, tracked and executed 949 Fair related contracts, with all contracts executed before services were rendered.

## MARKETING

- Exceeded State Fair admissions sales targets:
  - Increased online sales during Fair for parking & admissions by 210% over 2019 (\$1.147 million)
  - Shifted customer habits to purchasing in advance, online and using CC
    - Strong, successful advertising & awareness campaigns
- Increased average spend per customer at State Fair to \$99.63 (not including admission or parking).
- Customer KPIs remain strong, including NPS of nearly 50.
- Attracted record breaking attendance at Free Stage Concerts
  - Booked successful line-up under extremely challenging times - under budget
- Worked closely with public health officials and the Governor's office to successfully message COVID-19 safety measures to staff, guests, show promoters, tenants, vendors, sponsors and volunteers.
- Won 20+ awards at annual IAFE convention, including Best Overall Marketing Campaign.

# 2021 VICTORIES

- Increase in overall marketing numbers:
  - 3,006 earned media hits, including State Fair brand recognition and coverage contributing to overall event awareness and sales – a 173% increase in local, regional and national media stories.
  - 1 Million + marketing e-blasts delivered to current and potential customers in database; contributing to overall sales and promotion for event (including sponsorship activation)
    - 12% of all website conversion were directly driven by email marketing – significant increase
  - 500,000+ social media engagements
  - 33.4 social media impressions
  - 4.67 million website pageviews
    - State Fair social media platforms saw an overall gain of 7.6% in new Followers. Our greatest increase since 2018.
- Introduced numerous new, successful programming elements to State Fair:
  - Hosted the first Sensory Friendly Day at the Indiana State Fair – contributing to expanding our DEI efforts
  - Backyard Brats & Brews - F&B destination with musical performances, backyard games, and seating at State Fair – contributing new earned revenue and customer enhancement
  - Hosted first ever 5K during the Fair with over 200+ paid signups in the first year
- Expanded social media activations by adding TikTok – grew almost 14,000 Followers and more than 78k Likes.
- State Fair social media platforms saw an overall gain of 7.6% in new Followers. Our greatest increase since 2018.
- Local apparel company, United State of Indiana, became our new Official Gift Shop provider for the State Fair. They were incredibly successful and we tripled revenue to the Commission
- 2021 online ticket sales saw an incredible increase of 110% over the 2019 State Fair.
- Created branding in-house for the IAFE 2022 Convention in Indianapolis.
- We achieved 106% to percent to goal on sponsorship revenue.
- We saw a 94% retention rate on sponsor during pandemic
- Secured title sponsor for 2022 State Fair with Tom Wood Automotive Group (\$150,000).
- Acquired a naming rights partner for Fall Creek Pavilion and subsequently signing their insurance brand to a 3-year day sponsorship partnership.
- Helped position our partners for record sales growth in 2021, which included Renewal By Andersen, Hoosier Lottery, and others.
- For the first time in sponsorship history had 3 partners investing more than \$200,000 each.
- Hosted 46 media members on Media Preview Day by offering a sneak peek at attractions and Fair food items.









# INDIANA FARM BUREAU FALL CREEK PAVILION

## *Core Element Driving the Fairgrounds Economic Engine*

Thanks to Governor Holcomb and the Indiana General Assembly, the Fall Creek Pavilion project was able to resume in 2021 after being approved in the current biennium budget. The project was re-bid in July 2021 and bids were awarded in August.

Construction officially started in September with underground utility work to replace the aging and inadequate stormwater system on the Fairgrounds. Demolition of the existing Swine Barn and Public Safety Center started in December and continued through the Spring of 2022. While the project was paused, one significant modification was made to the design of the building.



The interior support columns were re-engineered to allow for more clearspan space in the building. This was done so the building could more easily accommodate a 200-meter indoor track surface. The result is a 212-foot span between columns, which provides more than 80,000 square feet of column-free space in the center of the building. When complete, it will be unlike any other exhibit building on the fairgrounds.

Another significant achievement for the project in 2021 was securing a naming rights partner for the building. In July 2021, Indiana Farm Bureau agreed to a 15-year partnership for the building to become the Indiana Farm

Bureau Fall Creek Pavilion. The partnership between Indiana Farm Bureau and the Indiana State Fairgrounds dates back nearly 100 years, and this agreement ensures the partnership will continue for many years to come.

A groundbreaking ceremony was held during the 2021 Indiana State Fair to kick-off the project and announce the partnership with Indiana Farm Bureau. The ceremony was attended by Governor Holcomb, members of the General Assembly, representatives from Indiana Farm Bureau, the Indiana State Fair Commission, Fair Board, Commission staff, and several 4-Hers.

With construction underway and the building scheduled to open in July 2023, just before the Indiana State Fair, the goals and scope of the project have not changed. The Indiana Farm Bureau Fall Creek Pavilion will host the Indiana State Fair swine shows and 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 workspace 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



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

FINANCIAL STATEMENTS  
December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion analysis on pages 3 - 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Indianapolis, Indiana  
May 20, 2022

*Crowe LLP*

Crowe LLP

INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 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, 2021.

## 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 \$130.6 million (net position). There is a total of \$0.5 million in unrestricted net position internally designated by the Commission for specific purposes. This funding is utilized as a reserve for the annual Indiana State Fair.
- The Commission's current assets increased in 2021 by \$6.8 million. This is primarily attributable to the overall improvement in net operating, as a result of the Commission's core business returning to pre-pandemic levels, including holding the annual Indiana State Fair after it being canceled in 2020 for the first time since World War II.
- Noncurrent assets increased by \$46.0 million in 2021, largely based on the appropriation of capital funding by the State of Indiana to construct the Indiana Farm Bureau Fall Creek Pavilion.
- The Commission's liabilities decreased by \$48.1 million in 2021. This was due primarily to the retirement of the Commission's capital lease obligation. This impacted both current and noncurrent liabilities favorably. With the support of the Governor and the Indiana General Assembly, funds were allocated in 2021 to defease the remaining portion of the debt service on the outstanding bonds related to the Coliseum.
- The Commission's net position increased by \$96.5 million during the current fiscal year. As mentioned above, this is largely due to three key factors. The two largest factors are the retirement of the Commission's capital lease related to the Coliseum (\$43.7 million) and the appropriation of \$50.0 million to build the Indiana Farm Bureau Fall Creek Pavilion. Unrestricted net position improved substantially as well due to a significant improvement in net operating results over 2020.

## 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 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 per Indiana Code 15-13-3-11. The Board of Directors of the Foundation is made up of the 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 the Commission's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2021

**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 the entity's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$130.6 million at the close of the most recent fiscal year.

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

	<u>2021</u>	<u>2020</u>
Current assets	\$ 14,301	\$ 7,471
Capital and other non-current assets	<u>121,707</u>	<u>75,660</u>
Total assets	136,008	83,131
Deferred outflows of resources	<u>883</u>	<u>4,087</u>
Current liabilities	3,215	5,370
Noncurrent liabilities	<u>1,140</u>	<u>47,089</u>
Total liabilities	<u>4,355</u>	<u>52,459</u>
Deferred inflows of resources	<u>1,947</u>	<u>688</u>
Net position:		
Net investment in capital assets	73,820	31,336
Restricted	50,577	2,837
Unrestricted	<u>6,192</u>	<u>(102)</u>
Total net position	<u>\$ 130,589</u>	<u>\$ 34,071</u>

Operating revenue increased by \$13.7 million in 2021, due in large part to holding a more normalized year-round event schedule, as well as the annual Indiana State Fair, which was canceled in 2020 due to the pandemic. Despite operating expense increasing proportionately, net operating loss was reduced by \$4.7 million in 2021. In addition, nonoperating income exceeded 2020 by \$91.5 million, largely attributable to the appropriation of funding to build the Indiana Farm Bureau Fall Creek Pavilion (\$50.0 million), as well as the retirement by the State of Indiana of the Commission's Capital Lease obligation (\$43.7 million). The increase in net position of \$96.5 million is one of the largest increases the Commission has experienced in many years, largely due to the continued support of the capital infrastructure of the Indiana State Fairgrounds property.

INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2021

**FINANCIAL ANALYSIS** (Continued)

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

	<u><b>2021</b></u>	<u><b>2020</b></u>
Operating revenues:		
Admissions revenue	\$ 5,344	\$ 283
Parking revenue	2,534	859
Facility revenue	5,605	3,870
Concessions revenue	4,001	538
Sponsorship revenue	1,837	487
Other revenue	<u>913</u>	<u>512</u>
Total operating revenue	20,234	6,549
Operating expenses:		
Compensation & benefits	7,882	7,009
Utilities	2,426	1,727
Maintenance	1,896	1,250
Marketing	840	205
Event services & operations	4,265	1,629
Fair production	2,806	264
Safety & security	724	242
Administrative and technology	1,839	1,326
Depreciation & amortization	<u>5,847</u>	<u>5,840</u>
Total operating expenses	<u>28,525</u>	<u>19,492</u>
Operating loss	(8,291)	(12,943)
Nonoperating revenues (expenses):		
State funding:		
General fund appropriations	5,137	5,553
Fall Creek Pavilion – state appropriation	50,000	779
Riverboat distribution	5,372	4,716
Other non-major tax distributions	100	69
Coliseum capital lease retirement	43,731	-
Coliseum roof project	-	2,313
Standardbred racing fund	1,000	1,000
Grants and contributions	403	358
Investment earnings	3	10
(Loss)/gain on disposal of capital assets	(263)	75
Capital lease interest expense	<u>(673)</u>	<u>(1,558)</u>
Net nonoperating revenues	<u>104,810</u>	<u>13,315</u>
Change in net position	<u>\$ 96,519</u>	<u>\$ 372</u>



INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2021

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets:** The Commission's total capital assets as of December 31, 2021, amounts to \$73.9 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. The Commission also has \$47.8 million in restricted cash and cash equivalents tied to capital, in particular the funding associated with the construction of the Indiana Farm Bureau Fall Creek Pavilion project in 2022 and thereafter. Net investment in capital assets on December 31, 2021 was \$73.8 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 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 made up the 2020 balance of the existing Capital Lease obligation of the Commission.

In 2020, the State of Indiana appropriated funding to the Commission to support the lease payments due to the Commission's significant loss in operating revenues as a result of the COVID-19 global pandemic. In the spring of 2021, the Indiana General Assembly, in its approved biennial budget appropriated funding to retire the remaining debt associated with the Coliseum renovation project.

As a result, in June 2021, the Indiana Finance Authority, through direct appropriation from the State of Indiana, retired the remaining obligations of the Commission on the Capital Lease. The Commission's Capital Lease as of December 31, 2021 has been paid in full, and the Master Use and Occupancy Agreement has been retired.

## ECONOMIC OUTLOOK

As with most enterprises in the events and hospitality industries during the global COVID-19 pandemic, market conditions; government mandated shutdowns and capacity restrictions presented challenges to the Commission in 2021. While the Commission is still dealing with some of the effects of the pandemic on the hospitality and events industry, it has seen continue forward momentum to a return to normal conditions.

The Commission, like most other industries is combating heavy price inflation, labor challenges and slightly less in overall event-attendance levels as the pandemic wanes. Aside from this, and the always general uncertainty of economic indicators on the Commission and its customers, there are no significant facts, decision 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, 2021

**Assets**

Current assets:

Cash and cash equivalents	\$ 10,268,357
Commission designated cash – Indiana State Fair Reserve	500,000
Cash and cash equivalents - Foundation	<u>84,173</u>
Total unrestricted and designated cash and cash equivalents	10,852,530
Restricted cash and cash equivalents	2,952,417
Accounts receivable, net	491,933
Accrued contributions	<u>4,465</u>
Total current assets	14,301,345

Non-current assets:

Restricted cash and cash equivalents, capital	47,799,444
Capital assets, non-depreciated	6,184,513
Capital assets, depreciated, net of accumulated depreciation	<u>67,722,970</u>
Total non-current assets	<u>121,706,927</u>
Total current and noncurrent assets	136,008,272

**Deferred Outflows of Resources**

Pension	<u>883,012</u>
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Total assets and deferred outflows of resources	<u>\$ 136,891,284</u>
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**Liabilities**

Current liabilities:

Accounts payable and accrued expenses	\$ 2,399,451
Unearned revenue	569,084
Compensated absences payable	<u>246,332</u>
Total current liabilities	3,214,867

Noncurrent liabilities:

Compensated absences payable	119,342
Net pension liability	<u>1,020,440</u>
Total noncurrent liabilities	<u>1,139,782</u>
Total current and noncurrent liabilities	4,354,649

**Deferred inflows of resources**

Pension	<u>1,947,048</u>
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**Net position**

Net investment in capital assets	73,820,225
Restricted – expendable:	
Capital projects	49,012,868
Standardbred racing and facilities	972,647
Foundation programming	<u>592,035</u>
	50,577,550
Unrestricted	<u>6,191,812</u>
Total net position	<u>130,589,587</u>

Total liabilities, deferred inflows of resources and net position	<u>\$ 136,891,284</u>
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INDIANA STATE FAIR COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the year ended December 31, 2021

**Operating revenues:**

Admissions revenue	\$ 5,343,587
Parking revenue	2,534,268
Facility revenue	5,604,550
Concessions revenue	4,001,467
Sponsorship revenue	1,836,832
Other revenue	<u>913,100</u>
Total operating revenue	20,233,804

**Operating expenses:**

Compensation & benefits	7,881,907
Utilities	2,426,124
Maintenance	1,896,096
Marketing	840,229
Event services & operations	4,264,774
Fair production	2,806,324
Safety & security	724,307
Administrative & technology	1,838,494
Depreciation and amortization	<u>5,846,625</u>
Total operating expenses	<u>28,524,880</u>

**Operating loss** (8,291,076)

**Nonoperating revenues (expenses):**

State funding:	
General fund and preventative maintenance appropriation	5,137,252
Fall Creek Pavilion project – state appropriation	50,000,000
Riverboat distribution	5,371,927
Other non-major tax distributions	100,320
Coliseum capital lease retirement	43,731,010
Standardbred racing fund	1,000,000
Grants and contributions	402,513
Investment earnings	2,583
Loss on disposal of capital assets	(262,499)
Capital lease interest expense	<u>(673,277)</u>
Net nonoperating revenues	<u>104,809,829</u>

**Change in net position** 96,518,753

**Total Net Position, January 1** 34,070,834

**Total Net Position, December 31** \$ 130,589,587

**INDIANA STATE FAIR COMMISSION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2021

**Cash flows from operating activities:**

Receipts from customers and users	\$ 19,302,063
Payments to suppliers	(13,594,643)
Payments to employees for salary and benefits	<u>(8,630,100)</u>
Net cash used by operating activities	(2,922,680)

**Cash flows from noncapital financing activities:**

Tax distributions from State	
General fund appropriations	5,137,252
Other distributions from the State	5,472,247
Standardbred racing fund	500,000
Grants and contributions	<u>23,424</u>
Net cash provided by noncapital financing activities	11,132,923

**Cash flows from capital and related financing activities:**

Appropriations from State – Fall Creek Pavilion	50,000,000
Acquisition/construction of capital assets	(5,359,495)
Proceeds from sale of capital assets	43,858
Appropriations from State – Coliseum debt	1,767,684
Principal paid on capital debt	(1,172,500)
Interest paid on capital debt	(673,277)
Grants and contributions	<u>920,914</u>
Net cash used by capital and related financing activities	45,527,184

**Cash flows from investing activities:**

Investment income	<u>2,583</u>
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**Net increase in cash and cash equivalents** 53,740,010

**Cash and cash equivalents, beginning of period** 7,864,381

**Cash and cash equivalents, end of period** \$ 61,604,391

**Reconciliation of cash, cash equivalents per Statement of Net Position:**

Cash and cash equivalents, current	\$ 10,852,530
Restricted cash and cash equivalents, current	2,952,417
Restricted cash and cash equivalents, non-current	<u>47,799,444</u>

**Total** \$ 61,604,391

**Noncash Capital and Related Financing Activities**

Extinguishment of capital lease obligation	\$ 41,963,325
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**Reconciliation of operating loss to net cash used by operating activities:**

Operating loss	\$ (8,291,076)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	5,846,625
Changes in assets and liabilities:	
Accounts receivable	27,131
Deferred outflows - pension	(300,740)
Accounts payable	1,201,705
Other current liabilities	(11,149)
Unearned revenue	(958,872)
Compensated absences payable	6,070
Net pension liability including deferred inflows	<u>(442,374)</u>

**Net cash used by operating activities** \$ (2,922,680)

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Indiana State Fair Commission (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. The Commission is a separate body, corporate and politic and is not a state agency. The Commission maintains and develops the Fairgrounds and other properties owned by the Commission. The Indiana State Fair Commission is a non-major discretely presented component unit – proprietary fund, to be included in the State of Indiana's Annual Comprehensive Financial Report (ACFR) because of it being established a separate body, corporate and politic (not a state agency), by Indiana Code 15-13-2-1. Proprietary component units represent funds that are legally separate from the State of Indiana, but provide valuable and beneficial services to the State and its citizens.

*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 of 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 an 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 costs of labor, production, maintenance 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.



**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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, 2021, the Commission had a money market account with a balance of \$ 47.7 million and the Foundation had funds in a money market savings account of \$608 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, 2021.

**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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
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.

**6. Accounts Payable**

Operating payables and contracts payable have been combined on the Statement of Net Position. Contracts payable make up \$876,214 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 or sponsorship that have not yet taken place or been fulfilled as of December 31. The income will be recognized in the year the event takes place or the sponsorship is fulfilled.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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 and Foundation 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 2021 was \$402,513.

**E. Adoption of New Accounting Pronouncements**

For the year ended December 31, 2021, the Commission adopted the following accounting pronouncements. There was no impact on the financial statements upon adoption of these pronouncements.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**II. DETAILED NOTES ON ACCOUNTS**

**A. Deposits and Investments**

Federal depository insurance covers \$250,000 of demand deposits. At December 31, 2021, the Indiana State Fair Commission had deposit balances in the amount of \$61,997,254. 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, 2021. The Commission may be subject to custodial credit risk, which is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not maintain a deposit policy for custodial credit risk.

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciated				
Land	\$ 1,362,256	\$ 50,702	\$ (20,357)	\$ 1,392,601
Construction in progress	<u>3,892,753</u>	<u>2,409,567</u>	<u>(1,510,408)</u>	<u>4,791,912</u>
Total capital assets not being depreciated	<u>5,255,009</u>	<u>2,460,269</u>	<u>(1,530,765)</u>	<u>6,184,513</u>
Capital assets, depreciated				
Land improvements	16,237,760	926,436	-	17,164,196
Buildings and improvements	146,384,640	3,191,156	(394,315)	149,181,481
Machinery and equipment	4,807,090	173,701	(14,750)	4,966,041
Office furniture	<u>1,863,177</u>	<u>148,609</u>	<u>-</u>	<u>2,011,786</u>
Totals	169,292,667	4,439,902	(409,065)	173,323,504
Less accumulated depreciation for				
Land improvements	(13,545,394)	(539,532)	-	(14,084,926)
Buildings and improvements	(80,235,451)	(4,904,106)	-	(85,139,557)
Machinery and equipment	(4,460,283)	(151,063)	-	(4,611,346)
Office furniture	<u>(1,605,501)</u>	<u>(159,204)</u>	<u>-</u>	<u>(1,764,705)</u>
Totals	<u>(99,846,629)</u>	<u>(5,753,905)</u>	<u>-</u>	<u>(105,600,534)</u>
Total capital assets, being depreciated, net	<u>69,446,038</u>	<u>(1,314,003)</u>	<u>(409,065)</u>	<u>67,722,970</u>
Total capital assets, net	<u>\$ 74,701,047</u>	<u>\$ 1,146,266</u>	<u>\$ (1,939,830)</u>	<u>\$ 73,907,483</u>

At December 31, 2021, construction in progress consisted of the ongoing construction of the Fall Creek Pavilion. Remaining capital commitments to complete the project are approximately \$47.7 million at December 31, 2021. The project is expected to be completed by Summer 2023.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 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, 2021 was \$28,374.

Future maximum lease payments under operating leases are as follows:

	<u>\$ Amount</u>
2022	\$ 67,000
2023	67,000
2024	<u>27,917</u>
Total	<u>\$ 161,917</u>

**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:

	<u>\$ Amount</u>
2022	\$ 2,563,948
2023	2,414,780
2024	1,763,415
2025	1,303,545
2026	1,106,815
2027-2031	5,645,317
2032-2036	5,629,865
2037-2041	<u>3,080,680</u>
Total	<u>\$ 23,508,365</u>

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.



**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**II. DETAILED NOTES ON ACCOUNTS (Continued)**

**D. Long-Term Liabilities**

**1. Capital Leases**

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, to be amortized over the life of the bond. The Commission recognized a deferred outflow of resource related to the refunding with a balance of \$3,504,835 at December 31, 2020.

In January 2021, the State of Indiana provided \$1.77 million appropriation to cover principal and interest payments on the capital lease. In June 2021, the State of Indiana appropriated further funding to defease the remaining outstanding portion of bonds tied to the Series 2020A bonds and the Coliseum renovation projection. The State worked directly through the Indiana Finance Authority to defease the debt, and the Commission was subsequently released from its Capital Lease obligation and Master Use and Occupancy Agreement with the IFA. The transaction resulted in a non-operating revenue transaction of \$43.7 million recognized by the Commission in 2021. The Commission has no outstanding long-term capital lease obligations as of December 31, 2021.

**2. Changes in Noncurrent Liabilities**

Noncurrent liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease payable	\$ 46,640,739	\$ -	\$ (46,640,739)	\$ -	\$ -
Compensated absences	<u>359,603</u>	<u>249,269</u>	<u>(243,198)</u>	<u>365,674</u>	<u>246,332</u>
Total long-term liabilities	<u>\$ 47,000,342</u>	<u>\$ 249,269</u>	<u>\$ (46,883,937)</u>	<u>\$ 365,674</u>	<u>\$ 246,332</u>

**E. Designated and Restricted Assets**

Cash and investments designated or restricted include the following:

- Indiana State Fair Foundation** – There is \$592,035 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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**II. DETAILED NOTES ON ACCOUNTS (Continued)**

2. **Indiana State Fair Reserve** – The net income from the Fair is used to support the operations of the Fairgrounds. 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.
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. **Fall Creek Pavilion Fund** – The Commission has restricted the funding appropriated by the State of Indiana to construct the Indiana Farm Bureau Fall Creek Pavilion for only uses specific to that purpose.
5. **Other State Appropriated Project Funds** – The Commission additionally restricts funding for certain repair and replacement projects and line-item capital projects where funding is appropriated by the State of Indiana to be used for the specific purposes of the particular project.

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

	<u>Amount</u>
Indiana State Fair Foundation	\$ 641,428
Standardbred Racing Fund	972,647
Fall Creek Pavilion	47,721,128
State Funded Repair and Replacement	1,338,342
Coliseum Roof Project	<u>78,316</u>
Total restricted cash	50,751,861
Designated – Indiana State Fair Reserve	<u>500,000</u>
Total designated and restricted assets	<u>\$ 51,251,861</u>

**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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**G. Non-Operating Revenue – State Funding**

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

	<u>\$ Amount</u>
State General Fund appropriations	\$ 5,137,252
Riverboat Supplemental Wagering Tax	5,371,927
Fall Creek Pavilion project	50,000,000
Pari-mutual, off-track betting distribution	78,589
Commercial Vehicle Excise Tax	21,731
Coliseum capital lease retirement	<u>43,731,010</u>
Total State Funding	<u>\$ 104,340,509</u>

**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 \$12.2 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 2021 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 State of Indiana Annual Comprehensive Financial Report.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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, 2021:

	2021			
	<u>State Fair</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>Assets</b>				
Current assets	\$ 13,607,062	\$ 732,026	\$ (37,743)	\$ 14,301,345
Noncurrent assets	<u>121,706,927</u>	<u>-</u>	<u>-</u>	<u>121,706,927</u>
Total assets	135,313,989	732,026	(37,743)	136,008,272
Deferred outflows of resources	<u>883,012</u>	<u>-</u>	<u>-</u>	<u>883,012</u>
Total assets and deferred outflows of resources	<u>\$ 136,197,001</u>	<u>\$ 732,026</u>	<u>\$ (37,743)</u>	<u>\$ 136,891,284</u>
<b>Liabilities</b>				
Current liabilities	\$ 3,196,792	\$ 55,818	\$ (37,743)	\$ 3,214,867
Noncurrent liabilities	<u>1,139,782</u>	<u>-</u>	<u>-</u>	<u>1,139,782</u>
Total liabilities	4,336,574	55,818	(37,743)	4,354,649
Deferred inflows of resources	1,947,048	-	-	1,947,048
Net investment in capital assets	73,820,225	-	-	73,820,225
Restricted – expendable:	49,985,515	592,035	-	50,577,550
Unrestricted	<u>6,107,639</u>	<u>84,173</u>	<u>-</u>	<u>6,191,812</u>
Total net position	<u>129,913,379</u>	<u>676,208</u>	<u>-</u>	<u>130,589,587</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 136,197,001</u>	<u>\$ 732,026</u>	<u>\$ (37,743)</u>	<u>\$ 136,891,284</u>

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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, 2021:

	2021			
	<u>State Fair</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Operating revenues				
Operating revenues	\$ 20,231,984	\$ 1,820	\$ -	\$ 20,233,804
Operating expenses				
Depreciation and amortization	5,846,625	-	-	5,846,625
Other operating expenses	<u>22,276,924</u>	<u>401,331</u>	<u>-</u>	<u>22,678,255</u>
Total operating expenses	<u>28,123,549</u>	<u>401,331</u>	<u>-</u>	<u>28,524,880</u>
Operating loss	<u>(7,891,565)</u>	<u>(399,511)</u>	<u>-</u>	<u>(8,291,076)</u>
Nonoperating revenues (expenses)				
State funding	104,340,509	-	-	104,340,509
Standardbred racing fund	1,000,000	-	-	1,000,000
Grants and contributions	(18,401)	420,914	-	402,513
Investment earnings	1,913	670	-	2,583
Loss on disposal of capital asset	(262,499)	-	-	(262,499)
Capital lease interest expense	<u>(673,277)</u>	<u>-</u>	<u>-</u>	<u>(673,277)</u>
Net nonoperating revenues	<u>104,388,245</u>	<u>421,584</u>	<u>-</u>	<u>104,809,829</u>
Change in net position	96,496,680	22,073	-	96,518,753
Beginning net position	<u>33,416,699</u>	<u>654,135</u>	<u>-</u>	<u>34,070,834</u>
Ending net position	<u>\$ 129,913,379</u>	<u>\$ 676,208</u>	<u>\$ -</u>	<u>\$ 130,589,587</u>

The following summarizes the combining information for the statement of cash flows for the year ended December 31, 2021:

	2021			
	<u>State Fair</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Cash flows from operating activities	\$ (2,469,279)	\$ (453,401)	\$ -	\$ (2,922,680)
Cash flows from noncapital financing activities	11,092,833	40,090	-	11,132,923
Cash flows from capital and related financing activities	45,106,270	420,914	-	45,527,184
Cash flows from investing activities	<u>1,913</u>	<u>670</u>	<u>-</u>	<u>2,583</u>
Net increase in cash and cash equivalents	<u>53,731,737</u>	<u>8,273</u>	<u>-</u>	<u>53,740,010</u>
Cash and cash equivalents, beginning of period	<u>7,147,053</u>	<u>717,328</u>	<u>-</u>	<u>7,864,381</u>
Cash and cash equivalents, end of period	<u>\$ 60,878,790</u>	<u>\$ 725,601</u>	<u>\$ -</u>	<u>\$ 61,604,391</u>



**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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 2021, 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 \$551,048 for 2021 which represents the required 11.2% of covered payroll for 2021.

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

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$ 551,048	100%
2020	\$ 530,427	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](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://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, 2021
- Asset valuation date – June 30, 2021
- Liability valuation date – June 30, 2020 – Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 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 – 6.25%, includes inflation and net of investment expenses
- COLA – In 2021, HEA 1001-2021 granted a 1% COLA beginning January 1, 2022, and no additional postretirement benefit increases through June 30, 2023. The COLA assumption thereafter will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65%
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using the SOA Scale MP-2019.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**III. OTHER INFORMATION (Continued)**

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

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 were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

Changes in Assumptions from the Prior Year:

The following economic assumptions were adopted for the June 30, 2021 actuarial valuation:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplement benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.

The long-term return expectation for the INPRS defined benefit retirement plans 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. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time 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 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return</u>
Public equity	20.0%	3.6%
Private equity	15.0	7.3
Fixed income – ex inflation - linked	20.0	1.5
Fixed income – inflation - linked	15.0	(0.3)
Commodities	10.0	0.8
Real estate	10.0	4.2
Absolute return	5.0	2.5
Risk parity	20.0	4.4
Leverage Offset	(15.0)	(1.4)
Total	<u>100.0%</u>	

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**III. OTHER INFORMATION (Continued)**

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

Discount rate: Total pension liability for each defined benefit pension plan was calculated using the long-term expected rate of return of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from members, would at the minimum be made at the actuarially determined required rates, computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the nonemployee contributing entity) would be made as stipulated by Indiana statute. Projected inflows from investment earnings were calculated using the 6.25 percent long-term assumed investment rate of return. 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.

Sensitivity: The following presents the Commission's share of the net pension liability calculated using the discount rate of 6.25 percent for 2021, 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 (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease <u>(5.25%)</u>	Current Rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
Proportionate share of the collective net pension liability	\$ 2,668,898	\$ 1,020,440	\$ (354,592)

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](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the Commission reported a liability of \$1,020,440 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, 2021 measurement date was 0.0007755 percent. This represents a slight decrease from the prior measurement date. The proportionate share used at the June 30, 2020 measurement date was 0.0009012 percent.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**III. OTHER INFORMATION (Continued)**

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

For the year ended December 31, 2021, the Commission recognized pension income of \$(193,841), which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(105,739). At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,902	\$ 20,375
Net difference between projected and actual earnings on pension plan investments	-	1,324,948
Changes in assumptions	513,288	229,210
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>17,762</u>	<u>372,515</u>
Total that will be recognized in pension expense (income) based on table below	565,952	1,947,048
Pension contributions subsequent to measurement date	<u>317,060</u>	<u>-</u>
Total	<u>\$ 883,012</u>	<u>\$ 1,947,048</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2022, 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:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (405,697)
2023	(364,943)
2024	(231,722)
2025	(378,734)

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**III. OTHER INFORMATION** (Continued)

**D. Pension Plan – Public Employee’s Retirement fund (PERF)** (Continued)

*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:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$ 147,602	100%
2020	\$ 142,079	100%

## **REQUIRED SUPPLEMENTARY INFORMATION**



INDIANA STATE FAIR COMMISSION  
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY – PERF  
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	0.0007755	0.0009012	0.0009317	0.0009152	0.0008958	0.0008684	0.0007841
Commission's proportionate share of the net pension liability	\$ 1,020,440	\$ 2,721,979	\$ 3,079,328	\$ 3,108,976	\$ 3,996,651	\$ 3,941,185	\$ 3,193,562
Commission's covered payroll	\$ 4,275,711	\$ 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	23.87%	55.95%	63.43%	66.58%	89.93%	94.70%	85.03%
Plan fiduciary net position as a percentage of the total pension liability	92.51%	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, 2021
- Liability valuation date – June 30, 2020 – The TPL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year to June 30, 2021, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- 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 – 6.25%
- COLA – Members in pay were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 23. Therefore, the COLA assumption will be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 551,048	\$ 530,427	\$ 573,706	\$ 533,419	\$ 489,635	\$ 487,710	\$ 452,597
Contributions in relation to the statutorily required contribution	<u>(551,048)</u>	<u>(530,427)</u>	<u>(573,706)</u>	<u>(533,419)</u>	<u>(489,635)</u>	<u>(487,710)</u>	<u>(452,597)</u>
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Commission's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%
Commission's covered payroll	\$ 4,920,074	\$ 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%	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:* 2.0%

*Salary increases:* 2.65% - 8.65%

*Investment rate of return:* 6.25%

*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.



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