

INDIANA STATE FAIR COMMISSION
2022 ANNUAL REPORT

Published by the
Indiana State Fair Commission

June 30, 2023

1202 E 38th Street
Indianapolis, IN
317.927.7500
[IndianaStateFair.com](https://www.IndianaStateFair.com)



MISSION

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

VISION

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

CORE VALUES

Pride in:

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

Message from the Commission Chairman & Executive Director



Thank you for your interest in and support of the Indiana State Fairgrounds & Event Center. On behalf of the Indiana State Fair Commission, the Indiana State Fair Board, and our amazing team, we present this annual report.

In accordance with our Accelerate 2024 strategic plan, we have continued to deliver results across our four key pillars of operations, including Our Business, Our People, Our Campus, and Our Responsibility. As leaders of this treasured institution, execution across each of these positions us well to preserve and enhance this beloved Hoosier institution for years to come.

In the following pages, you will see how our team delivered success in 2022, including:

- Exceeded budget goals for the 2022 Indiana State Fair, despite disruption of locations for exhibits and animals due to the construction of the Indiana Farm Bureau Fall Creek Pavilion.
- Implemented year one of our Accelerate 2024 Strategic Plan.
- Formed our Master Plan and Capital Plan for the next six years, creating a vision for the future of the Fairgrounds.
- Expanded our partnership with the Mecum Auto Auction to secure both long-term office space and a second annual auction to be held beginning in October 2023.

We are grateful for the continued support of the Governor and the General Assembly and their investment in Our Campus, as we prepare to cut the ribbon on the new Indiana Farm Bureau Fall Creek Pavilion/Swine Barn – a best-in-class livestock facility and a new venue for Indianapolis to host major national and international events, including indoor track & field.

As we turn our attention to the year of 2023, join us as we celebrate youth and agriculture through the tradition and sounds of the Great Indiana State Fair. In 2023, we will celebrate the State That Grew The Game, and all things basketball!

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. Hoye".

Cynthia C. Hoye
Executive Director
Indiana State Fair Commission

INDIANA STATE FAIR

Indiana Farmers Coliseum

COLISEUM



INDIANA STATE FAIR COMMISSION

Mitch Frazier Chairman

Gwen Mize President, ISF Board

Don Lamb Director, ISDA

Olgen Williams

Appointed Member, ISF Fair Board

Greg Schenkel

Miriam Robeson

Cheri Daniels

John Gregg

Leigh Evans

Sam Frain

Representing the Governor's Office

Angela Abbott

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 Vice President, Chief Operating Officer

John Pfeffenberger Vice President, Chief Financial Officer

Ray Allison Vice President, Chief Development & Strategy Officer

Anna Whelchel Vice President, 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 President

Lynn Kuhn

Sandy Neukam Secretary

Joe Rule

Tim Phelps

Ryan Hilton

Melissa Huff Vice President

Jeanette Merritt

Elisha Modisett Kemp

Sam Ellison

Terry Strueh

Olgen Williams

EX-OFFICIO MEMBERS

Sam Frain Governor's Office Representative

Don Lamb Director, Indiana State Department of Agriculture

Angela Abbott Interim Director, Purdue Extension

2022 SLAM DUNKS

OUR BUSINESS

- Exceeded our Net Operating budget goal.
- Generated an additional \$1.5 million to the planned surplus in Commission's Operating Fund through better than planned business results.
- Increased on-campus credit card adoption rate for admission & parking to the State Fair to exceed the use of cash for the first time.
- Fully implemented an Enterprise Risk Management Program.
- Developed a cyber security strategy and onboarded a cyber security firm to assist us in our on-going control, testing and documentation efforts related to cyber security.
- Executed and completed a comprehensive biennial budget submission to the State of Indiana with over \$70 million in total requests for the Commission.
- Opened an investment pool account with Trust Indiana, which will help the Commission earn better returns on its idle funds.
- Exceeded State Fair revenue targets, including great growth in sponsorships, group sales and F&B. Sponsorship exceed budget for the State Fair by \$0.100M, and online sales to the Fair increased by 39% over 2021.
- Fair-goer average spend increased to \$140 per person from \$99.63 per person in 2021.
- Executed a successful activation for the automobile theme through impactful & attendance-driving programming. Great success overall with title sponsorship with Tom Wood Automotive Group for the 2022 State Fair.
- Customer research results revealed wins, including consistent numbers for most KPIs, including likelihood to return, overall opinion and satisfaction. Areas of opportunity include good value & Net Promoter Score.
- Successfully marketed 2nd year of new date format, achieving awareness within the marketplace around the State Fair dates, ticket sales campaigns and attendance driving programming.
- Expanded our partnership with the Horizon League by extending the contract to host their Men's & Women's Basketball Championships through 2026.
- Expanded the relationship with Mecum Auctions by adding a 2nd Auction in the Fall, beginning in 2023, as well as a tenant lease for office space in Discovery Hall.
- Successfully hosted a portion of the Indiana Fever season in the Indiana Farmers Coliseum while renovations continued at Gainbridge Fieldhouse.



2022 SLAM DUNKS

• OUR CAMPUS

- In partnership with the Commission and numerous stakeholders, developed a 6 year Capital Plan to guide the evolution and enhancement of the physical assets of the ISFC.
- Designed two stand-alone restroom facilities to replace the Monon Campground Bathhouse and the Farmers Market bathhouse in future years.
- Began roof replacement on the West Pavilion.
- Replaced western perimeter fence to improve security posture.
- Added 10 additional security cameras to our property to improve our security posture and view of the grounds.
- Built a new suite in Discovery Hall.
- In partnership with DNR, plans for renovation of the DNR Building were completed, with work currently set to complete prior to the 2023 State Fair. Updates include a new roof, masonry repairs, window replacements and restroom renovations.
- Designed and installed Fire Alarm Systems in multiple building (South, Harvest, Northwest, Indiana Arts, Pioneer Village, DNR Building).
- Upgraded more than 100 aging laptop computers that are deployed during the State Fair and for summer interns.
- Upgraded wireless access points in four major show buildings.

OUR PEOPLE

- Completed a comprehensive employee compensation study examining pay levels for our entire team to align with the marketplace.
- Paid over \$80,000 in retention bonuses to seasonal employees who worked the entirety of the 2022 Indiana State Fair

OUR RESPONSIBILITY

- Thanks to a grant from the Indiana Department of Energy Management (IDEM), deployed 120 additional dual-stream receptacles in permanent and semi-permanent outdoor locations.
- 78 lighting fixtures were replaced with energy efficient LED Fixtures in the Harvest Pavilion. This replacement will yield a 26% reduction in energy usage (46 tons of CO2 prevented) and provide approximately \$7,000 in annual savings.
- Engaged a sustainability consultant to guide the development of a long-term sustainability plan.
- Expanded our partnerships with Purdue University Extension to offer STEM-based education activities in the Mac Reynolds and Normandy Barns in 2022.







INDIANA FARM BUREAU FALL CREEK PAVILION OPENING FAIR 2023!

This state-of-the-art pavilion is designed to accomodate indoor track and field events and is slated to host the **2025 NCAA Division II Indoor Track & Field Championship!**



The restoration of the historic 1923 structure stands proudly with the original north facade, but now houses a **196,000 sq. ft. facility** with:

- a 118,000 sq. ft. show floor
- a 14,000 sq. ft. lobby
- 80,000 feet of clear-span space in the center of the building
- 25-ft ceiling height



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

FINANCIAL STATEMENTS
December 31, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION.....	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PERF	27
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS – PERF	28

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, 2022, 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, 2022, 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 28, and the schedule of the Commission's contributions on page 29 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.



Crowe LLP

Indianapolis, Indiana
May 24, 2023

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

As management of the Indiana State Fair Commission (Commission), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2022.

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 \$140.45 million (net position). Unrestricted net position totals \$13.521 million of which \$5.0 million is internally designated by the Commission. Of this, \$0.5 million serves as a reserve for the annual State Fair and \$4.5 million is for major capital projects and campus improvements, as well as to serve as an operating reserve in times of economic hardship.
- The Commission's current assets increased in 2022 by \$9.922 million. This is primarily attributable to the overall improvement in the Commission's unrestricted cash and cash equivalents with the return to normal business levels and the elimination of the debt service obligation on the Coliseum against that portion of cash position. Accounts Receivables were also higher at year end due to an appropriation from the State of Indiana approved by the State Budget Committee in December for repair of the DNR Building on the Fairground's campus for \$1.3 million.
- Noncurrent assets increased by \$11.557 million in 2022, largely based on the implementation of the GASB 87 Lease Accounting standard.
- The Commission's liabilities increased by \$3.385 million in 2022. This was due primarily to the annual actuarial change in the Net Pension Liability provided by the State Employee Public Retirement Fund, as well as over \$1.0 million in payables and accrued expenditures for large capital projects at year end.
- The Commission's net position increased by \$9.865 million during the current fiscal year. This is largely due to the non-operating activity of the Commission in 2022. The primary drivers were a one-time appropriation of \$3.5 million for Fall Creek Pavilion construction inflationary costs from the State of Indiana, as well as \$2.060 million in funds from the State for repair of the DNR Building on the Fairgrounds. The Commission also saw substantial growth in its investment pool with earnings of \$0.427 million, and the full elimination of Capital Lease Interest Expense in 2022. Net nonoperating revenues decreased \$85.269 million from the prior year due to two significant events in 2021: 1.) \$50.0 million state appropriation for Fall Creek Pavilion construction and 2.) the retirement of Commission's Capital Lease of \$43.731 million through state appropriations.

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 by 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.

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.

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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.

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 \$140.5 million at the close of the most recent fiscal year.

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

	<u>2022</u>	<u>2021</u>
Current assets	\$ 24,223	\$ 14,301
Capital and other non-current assets	<u>133,264</u>	<u>121,707</u>
Total assets	157,487	136,008
Deferred outflows of resources	<u>1,329</u>	<u>883</u>
Current liabilities	4,809	3,215
Noncurrent liabilities	<u>2,931</u>	<u>1,140</u>
Total liabilities	<u>7,740</u>	<u>4,355</u>
Deferred inflows of resources	<u>10,622</u>	<u>1,947</u>
Net position:		
Net investment in capital assets	105,117	73,820
Restricted	21,816	50,577
Unrestricted	<u>13,521</u>	<u>6,192</u>
Total net position	<u>\$ 140,454</u>	<u>\$ 130,589</u>

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

FINANCIAL ANALYSIS (Continued)

Operating revenue increased by \$3.7 million in 2022, due in large part to holding a more normalized year-round event schedule, as well as a successful annual Indiana State Fair. Due to the continued compounding effects of inflation with the full event schedule in 2022, operating expense increased by over \$5.1 million. Net operating loss increased by \$1.385 million as a result of this. In addition, nonoperating income did not meet 2021 levels, which was, largely attributable to the appropriation of one-time cash funding to build the Indiana Farm Bureau Fall Creek Pavilion (\$50 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 \$9.865 million is the second largest increase the Commission has experienced in the last five years, largely due to the continued support of the capital infrastructure of the Indiana State Fairgrounds property.

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

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Admissions revenue	\$ 5,598	\$ 5,344
Parking revenue	3,170	2,534
Facility revenue	7,088	5,605
Concessions revenue	4,915	4,001
Sponsorship revenue	2,227	1,837
Other revenue	<u>965</u>	<u>913</u>
Total operating revenue	23,963	20,234
Operating expenses:		
Compensation & benefits	9,767	7,882
Utilities	2,934	2,426
Maintenance	2,310	1,896
Marketing	936	840
Event services	5,701	4,265
Operations	3,055	2,806
Fair production	1,078	724
Safety & security	2,091	1,839
Administrative and technology	<u>5,767</u>	<u>5,847</u>
Depreciation & amortization	33,639	28,525
Total operating expenses	(9,676)	(8,291)
Operating loss	(9,676)	(8,291)
Nonoperating revenues (expenses):		
State funding:		
General fund, R&R and preventative maintenance appropriations	6,217	5,137
Fall Creek Pavilion – state appropriation	3,500	50,000
DNR Building – state appropriation	2,060	-
Riverboat distribution	5,805	5,372
Other non-major tax distributions	91	100
Coliseum capital lease retirement	-	43,731
Standardbred racing fund	1,000	1,000
Grants and contributions	579	403
Lease Interest Income	154	-
Investment earnings	427	3
(Loss)/gain on disposal of capital assets	(292)	(263)
Capital lease interest expense	<u>-</u>	<u>(673)</u>
Net nonoperating revenues	19,541	104,810
Change in net position	<u>\$ 9,865</u>	<u>\$ 96,519</u>

INDIANA STATE FAIR COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Commission's total capital assets as of December 31, 2022, amounts to \$106.205 million (net of accumulated depreciation). This includes land, land improvements, buildings, equipment, and furnishings and fixtures. The Commission also has \$19.542 million in restricted cash and cash equivalents tied to capital, in particular the funding associated with finalizing the construction of the Indiana Farm Bureau Fall Creek Pavilion. Net investment in capital assets on December 31, 2022 was \$105.117 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, 2022 has been paid in full, and the Master Use and Occupancy Agreement has been retired.

ECONOMIC OUTLOOK

The Commission, like many others in the event and hospitality space, continues to combat price inflation, labor challenges and a competitive marketplace for consumer's entertainment dollars. Aside from this, and the always general uncertainty of economic indicators on the Commission and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest. 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, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 11,514,218
Commission designated cash	5,000,000
Cash and cash equivalents - Foundation	<u>81,095</u>
Total unrestricted and designated cash and cash equivalents	16,595,313

Restricted cash and cash equivalents	2,274,288
Accounts receivable, net	2,305,059
Prepaid expenses	33,750
Notes receivable	83,586
Lease receivable	2,901,219
Pledges receivable	<u>29,870</u>
Total current assets	24,223,085

Non-current assets:

Restricted cash and cash equivalents, capital	19,541,900
Notes receivable	156,304
Lease receivable	7,360,949
Capital assets, non-depreciated	42,764,047
Capital assets, depreciated, net of accumulated depreciation	<u>63,441,116</u>
Total non-current assets	133,264,316
Total current and noncurrent assets	157,487,401

Deferred Outflows of Resources

Pension	<u>1,328,610</u>
---------	------------------

Total assets and deferred outflows of resources	<u>\$ 158,816,011</u>
---	-----------------------

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 3,520,572
Unearned revenue	999,531
Compensated absences payable	<u>288,608</u>
Total current liabilities	4,808,711

Noncurrent liabilities:

Compensated absences payable	146,690
Net pension liability	<u>2,784,203</u>
Total noncurrent liabilities	<u>2,930,893</u>
Total current and noncurrent liabilities	7,739,604

Deferred inflows of resources

Pension	359,822
Leases	<u>10,262,168</u>
Total deferred inflows of resources	<u>10,621,990</u>

Net position

Net investment in capital assets	105,117,131
Restricted – expendable:	
Capital projects	19,541,900
Standardbred racing and facilities	1,534,637
Foundation programming	<u>739,651</u>
	21,816,188
Unrestricted	<u>13,521,098</u>
Total net position	<u>140,454,417</u>

Total liabilities, deferred inflows of resources and net position	<u>\$ 158,816,011</u>
---	-----------------------

INDIANA STATE FAIR COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2022

Operating revenues:

Admissions revenue	\$ 5,598,278
Parking revenue	3,169,827
Facility revenue	7,088,541
Concessions revenue	4,914,530
Sponsorship revenue	2,226,698
Other revenue	<u>965,288</u>
Total operating revenue	23,963,162

Operating expenses:

Compensation & benefits	9,767,052
Utilities	2,933,883
Maintenance	2,310,130
Marketing	935,618
Event services & operations	5,701,563
Fair production	3,054,952
Safety & security	1,078,398
Administrative & technology	2,091,064
Depreciation and amortization	<u>5,767,147</u>
Total operating expenses	<u>33,639,807</u>

Operating loss (9,676,645)

Nonoperating revenues (expenses):

State funding:	
General fund, R&R and preventative maintenance appropriation	6,216,782
Fall Creek Pavilion project – state appropriation	3,500,000
DNR Building – state appropriation	2,060,000
Riverboat distribution	5,804,946
Other non-major tax distributions	91,269
Standardbred racing fund	1,000,000
Grants and contributions	579,445
Lease interest income	153,813
Investment earnings	427,362
Loss on disposal of capital assets	<u>(292,142)</u>
Net nonoperating revenues	<u>19,541,475</u>

Change in net position 9,864,830

Total net position, January 1 130,589,587

Total net position, December 31 \$ 140,454,417

INDIANA STATE FAIR COMMISSION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

Cash flows from operating activities:	
Receipts from customers and users	\$ 22,340,593
Payments to suppliers	(17,954,092)
Payments to employees for salary and benefits	<u>(9,969,263)</u>
Net cash used by operating activities	(5,582,762)
Cash flows from noncapital financing activities:	
Tax distributions from State	
General fund appropriations	6,216,782
Other distributions from the State	5,896,214
Standardbred racing fund	500,000
Grants and contributions	<u>554,040</u>
Net cash provided by noncapital financing activities	13,167,036
Cash flows from capital and related financing activities:	
Appropriations from State – Fall Creek Pavilion	3,500,000
Appropriations from State – DNR Building	2,060,000
Acquisition/construction of capital assets	(37,418,339)
Lease interest income	153,813
Grants and contributions	<u>500,000</u>
Net cash used by capital and related financing activities	(31,204,526)
Cash flows from investing activities:	
Investment income	<u>427,362</u>
Net change in cash and cash equivalents	(23,192,890)
Cash and cash equivalents, beginning of period	<u>61,604,391</u>
Cash and cash equivalents, end of period	<u>\$ 38,411,501</u>
Reconciliation of cash, cash equivalents per Statement of Net Position:	
Cash and cash equivalents, current	\$ 16,595,313
Restricted cash and cash equivalents, current	2,274,288
Restricted cash and cash equivalents, non-current	<u>19,541,900</u>
Total	<u>\$ 38,411,501</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (9,676,645)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	5,767,147
Changes in assets and liabilities:	
Accounts receivable	(1,813,126)
Notes receivable	(239,890)
Deferred outflows - pension	(445,598)
Lease receivable	(2,416,299)
Prepaid expenses	33,750
Accounts payable and accrued expenses	114,990
Unearned revenue	430,448
Compensated absences payable	69,623
Net pension liability including pension deferred inflows	176,539
Deferred inflows – leases	<u>2,416,299</u>
Net cash used by operating activities	<u>\$ (5,582,762)</u>
Noncash activities:	
Capital assets included in accounts payable	<u>\$ 1,088,032</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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, 2022

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. The Commission and Foundation maintain an Investment Policy that complies with State statute for the investment of Public Funds. The Commission and Foundation participate in the Trust Indiana Investment Pool, an investment vehicle with immediate liquidity administered by the State Treasurer that complies with the laws of Indiana for the investment of Public Funds. The goal of Trust Indiana is to invest in a common pool of investment assets that preserves the principal of the public funds, remains highly liquid, and maximizes return on investment. At December 31, the Foundation had a balance of \$0.503 million invested in Trust Indiana, and the Commission had a balance of \$23.816 million invested.

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 receivables 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, 2022.

4. Notes Receivable

The Commission has a note receivable with a customer which requires principal and interest payments annually through November 2026.

5. 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.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

6. Lease Receivable

The Commission is engaged in leasing various facilities to tenants under lease agreements. At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Commission has established a capitalization threshold of \$25,000 (the net present value in which individual leases are recognized as a lease receivable).

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

7. 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.

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

8. Accounts Payable

Operating payables and contracts payable have been combined on the Statement of Net Position. Contracts payable make up \$1.426 million of the combined accounts payable.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

9. 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.

10. Unearned Revenue

Unearned revenue represents payments received for events or sponsorship that have not yet taken place or been fulfilled as of December 31. The revenue will be recognized in the year the event takes place or the sponsorship is fulfilled.

11. 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 the State Fair Foundation and the Standardbred Racing Fund.
- Unrestricted net position is the remaining net position that does 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, and \$4,500,000 in a Capital Fund to contribute to major capital and Master Plan projects, as well as to serve as an operating reserve in times of economic hardship.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2022 was \$579,445.

E. Adoption of New Accounting Pronouncements

For the year ended December 31, 2022, the Commission adopted the following accounting pronouncements:

- GASB Statement No. 87, *Leases*. This statement revises the recognition criteria for leases and, generally, requires recognition of lease assets and liabilities for most leases that were previously classified as operating leases. The Commission implemented this statement for the year ended December 31, 2022. As a result of implementation, the Commission reported a lease receivable of \$7,845,869 and a corresponding deferred inflow of resource for the same amount as of January 1, 2022. There was no net impact on the beginning net position as a result of the implementation.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There was no impact on the Commission as a result of the implementation of this standard.
- GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. There was no impact on the Commission as a result of the implementation of this standard.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses accounting and financial reporting implications that result from the replacement of an IBOR. There was no impact on the Commission as a result of the implementation of this standard.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement requires that Section 457 plans be classified as pension or other employee benefit plans and clarifies that the provisions of *GASB Statement 84* should be applied to IRC Section 457 plans to determine whether those arrangements should be reported as fiduciary activities. This statement is effective for periods beginning after June 15, 2021. Certain provisions were effective immediately and the Commission implemented those provisions with no material impact to its financial statements. The Commission has implemented the remaining provisions of this statement during the year ended December 31, 2022.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

II. DETAILED NOTES ON ACCOUNTS

A. Deposits and Investments

Federal depository insurance covers \$250,000 of demand deposits. At December 31, 2022, the Indiana State Fair Commission had deposit balances in the amount of \$38.145 million and the Foundation had \$0.820 million. All funds were held at banks or the Trust Indiana Investment Pool which implements similar strategies to hold funds 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, 2022. 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, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciated				
Land	\$ 1,392,601	\$ -	\$ (77,863)	\$ 1,314,738
Construction in progress	<u>4,791,912</u>	<u>36,657,397</u>	<u>-</u>	<u>41,449,309</u>
Total capital assets not being depreciated	<u>6,184,513</u>	<u>36,657,397</u>	<u>(77,863)</u>	<u>42,764,047</u>
Capital assets, depreciated				
Land improvements	17,164,196	204,579	-	17,368,775
Buildings and improvements	149,181,481	1,209,781	(1,582,880)	148,808,382
Machinery and equipment	4,966,041	317,114	(1,436,492)	3,846,663
Office furniture	<u>2,011,786</u>	<u>139,285</u>	<u>(70,112)</u>	<u>2,080,959</u>
Totals	<u>173,323,504</u>	<u>1,870,759</u>	<u>(3,089,484)</u>	<u>172,104,779</u>
Less accumulated depreciation for				
Land improvements	(14,084,926)	(450,096)	-	(14,535,022)
Buildings and improvements	(85,139,557)	(4,926,161)	1,354,012	(88,711,706)
Machinery and equipment	(4,611,346)	(219,875)	1,279,894	(3,551,327)
Office furniture	<u>(1,764,705)</u>	<u>(171,015)</u>	<u>70,112</u>	<u>(1,865,608)</u>
Totals	<u>(105,600,534)</u>	<u>(5,767,147)</u>	<u>2,704,018</u>	<u>(108,663,663)</u>
Total capital assets, being depreciated, net	<u>67,722,970</u>	<u>(3,896,388)</u>	<u>(385,466)</u>	<u>63,441,116</u>
Total capital assets, net	<u>\$ 73,907,483</u>	<u>\$ 32,761,009</u>	<u>\$ (463,329)</u>	<u>\$ 106,205,163</u>

At December 31, 2022, construction in progress consisted of the ongoing construction of the Fall Creek Pavilion. Remaining capital commitments to complete the project are approximately \$17.7 million at December 31, 2022. The project is expected to be completed by Summer 2023.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

II. DETAILED NOTES ON ACCOUNTS (Continued)

C. Leases

Substantially all capital assets of the Indiana State Fair Commission are available for lease. The Commission is engaged in leasing various facilities to tenants under non-cancelable and cancelable lease agreements. The Commission, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, short-term leases, cancelable leases, and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Commission has entered into multiple property lease agreements to include land, buildings, and office space. These leases range in expiration dates through March 2032. The rent in these leases may escalate by an inflationary factor each year.

The receivable on these leases was discounted to the net present value. The discount rates are based on the Commission's incremental borrowing rate as of January 1, 2022 for existing leases and rates in effect for new leases during 2022 which is generally tied to the 10-year treasury yield and the length of the lease term. Discount rates range from 1.63% to 3.88%. As of December 31, 2022, the net present value of lease receivables totaled \$10,262,168 which includes implied interest of \$903,213.

Lease revenue is recognized as facility revenue on the Statement of Revenues, Expenses, and Change in Net Position. The Commission recognized revenue of approximately \$2,320,000 during 2022 related to leases that met the GASB 87 criteria. Facility revenue recognized under the variable component of these agreements and other short-term leases totaled \$4,768,541. Lease interest income of \$153,813 was recognized for the year ended December 31, 2022.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023 \$	2,666,529	\$ 234,690	\$ 2,901,219
2024	2,015,679	177,408	2,193,087
2025	1,554,433	136,812	1,691,245
2026	940,504	82,777	1,023,281
2027	892,114	78,518	970,632
2028-2032	2,192,910	193,007	2,385,917
	<u>\$ 10,262,169</u>	<u>\$ 903,212</u>	<u>\$ 11,165,381</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

II. DETAILED NOTES ON ACCOUNTS (Continued)

D. Long-Term Liabilities

Changes in Noncurrent Liabilities:

Noncurrent liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 365,374	\$ 352,991	\$ (283,067)	\$ 435,298	\$ 288,608

E. Designated and Restricted Assets

Cash and investments designated or restricted include the following:

1. **Indiana State Fair Foundation** – There is \$739,651 reported as restricted funds for the Indiana State Fair Foundation. These funds include gifts and grants related to the Coliseum Project Capital Campaign and the Youth and Education funds.
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 unfunded obligations.
3. **Commission Capital Fund** – Created by the Commission by policy in January 2022, the Commission Capital Fund was created to provide a designated fund at the Commission level that provides working capital for the purpose of maintaining and executing on the Commission's Master Plan and other major capital projects. The fund may serve as a reserve in times of economic hardship. The Commission has set aside \$4,500,000 for the capital fund as of December 31, 2022.
4. **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 around the State. Unspent funds are recorded as restricted funds.
5. **Fall Creek Pavilion Fund** – The Commission has received restricted funding appropriated by the State of Indiana to construct the Indiana Farm Bureau Fall Creek Pavilion for only uses specific to that purpose.
6. **Other State Appropriated Project Funds** – The Commission additionally received restricted 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.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

II. DETAILED NOTES ON ACCOUNTS (Continued)

E. Designated and Restricted Assets (Continued)

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

	<u>Amount</u>
Indiana State Fair Foundation	\$ 739,651
Standardbred Racing Fund	1,534,637
Fall Creek Pavilion	17,713,722
State Funded Repair and Replacement	<u>1,828,178</u>
Total restricted cash	21,816,188
 Designated – Indiana State Fair Reserve & Commission Capital Fund	 <u>5,000,000</u>
 Total designated and restricted assets	 <u>\$ 26,816,188</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 customer. 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 customer. In many cases, the amount billed to the customer is not a dollar for dollar pass through. Therefore, the gross revenue received for these services is recorded as reimbursable revenue within facility revenue on the Statement of Revenues, Expenses, and Changes in Net Position. The corresponding expense is recorded under operating expenses.

G. Non-Operating Revenue – State Funding

The Indiana State Fair Commission receives state appropriated and statutory funding from various sources. The funding is used to mitigate operating expenses and support capital projects. The following was recognized during the year:

	<u>Amount</u>
State General Fund, R&R and Preventative Maintenance	\$ 6,216,782
Riverboat Supplemental Wagering Tax	5,804,946
Fall Creek Pavilion project	3,500,000
DNR Building project	2,060,000
Standardbred Racing Fund	1,000,000
Pari-mutual, off-track betting distribution	68,803
Commercial Vehicle Excise Tax	<u>22,466</u>
 Total State & Tax Funding	 <u>\$ 18,672,997</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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 additional 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 \$239.5 million, and possible loss of business revenue related to such destruction of assets, which covers up to \$7.817 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 \$100,000 for each of the following: Executive Director, Chief Financial Officer, Executive Officers, Accounting Staff, the Commission Chair, and each Commission member. There were no significant reductions in insurance coverage during 2022 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, 2022

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, 2022:

	2022			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Assets				
Current assets	\$ 23,389,519	\$ 850,806	\$ (17,240)	\$ 24,223,085
Noncurrent assets	<u>133,264,316</u>	<u>-</u>	<u>-</u>	<u>133,264,316</u>
Total assets	156,653,835	850,806	(17,240)	157,487,401
Deferred outflows of resources	<u>1,328,610</u>	<u>-</u>	<u>-</u>	<u>1,328,610</u>
Total assets and deferred outflows of resources	<u>\$ 157,982,445</u>	<u>\$ 850,806</u>	<u>\$ (17,240)</u>	<u>\$ 158,816,011</u>
Liabilities				
Current liabilities	\$ 4,807,512	\$ 18,439	\$ (17,240)	\$ 4,808,711
Noncurrent liabilities	<u>2,930,893</u>	<u>-</u>	<u>-</u>	<u>2,930,893</u>
Total liabilities	7,738,405	18,439	(17,240)	7,739,604
Deferred inflows of resources	10,621,990	-	-	10,621,990
Net investment in capital assets	105,117,131	-	-	105,117,131
Restricted – expendable:	21,076,537	739,651	-	21,816,188
Unrestricted	<u>13,428,382</u>	<u>92,716</u>	<u>-</u>	<u>13,521,098</u>
Total net position	<u>139,622,050</u>	<u>832,367</u>	<u>-</u>	<u>140,454,417</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 157,982,445</u>	<u>\$ 850,806</u>	<u>\$ (17,240)</u>	<u>\$ 158,816,011</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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, 2022:

	<u>2022</u>			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Operating revenues				
Operating revenues	\$ 23,963,162	\$ -	\$ -	\$ 23,963,162
Operating expenses				
Depreciation and amortization	5,767,147	-	-	5,767,147
Other operating expenses	27,545,651	327,009	-	27,872,660
Total operating expenses	<u>33,312,798</u>	<u>327,009</u>	<u>-</u>	<u>33,639,807</u>
Operating loss	(9,349,636)	(327,009)	-	(9,676,645)
Nonoperating revenues (expenses)				
State funding	17,672,997	-	-	17,672,997
Standardbred racing fund	1,000,000	-	-	1,000,000
Grants and contributions	100,000	479,445	-	579,445
Lease interest income	153,813	-	-	153,813
Investment earnings	423,639	3,723	-	427,362
Loss on disposal of capital asset	(292,142)	-	-	(292,142)
Net nonoperating revenues	<u>19,058,307</u>	<u>483,168</u>	<u>-</u>	<u>19,541,475</u>
Change in net position	9,708,671	156,159	-	9,864,830
Beginning net position	<u>129,913,379</u>	<u>676,208</u>	<u>-</u>	<u>130,589,587</u>
Ending net position	<u>\$ 139,622,050</u>	<u>\$ 832,367</u>	<u>\$ -</u>	<u>\$ 140,454,417</u>

The following summarizes the combining information for the statement of cash flows for the year ended December 31, 2022:

	<u>2022</u>			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Cash flows from operating activities	\$ (5,218,374)	\$ (364,388)	\$ -	\$ (5,582,762)
Cash flows from noncapital financing activities	12,711,226	455,810	-	13,167,036
Cash flows from capital and related financing activities	(31,204,526)	-	-	(31,204,526)
Cash flows from investing activities	423,639	3,723	-	427,362
Net increase in cash and cash equivalents	(23,288,035)	95,145	-	(23,192,890)
Cash and cash equivalents, beginning of period	<u>60,878,790</u>	<u>725,601</u>	<u>-</u>	<u>61,604,391</u>
Cash and cash equivalents, end of period	<u>\$ 37,590,755</u>	<u>\$ 820,746</u>	<u>\$ -</u>	<u>\$ 38,411,501</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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.

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. For the year ended June 30, 2022, postretirement benefits of \$4.1 million were issued to members as a COLA.

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.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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 2022, 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 for 2022, was \$583,596, which represents the required 11.2 percent of covered payroll.

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>
2022	\$ 583,596	100%
2021	551,048	100%

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2022
- Asset valuation date – June 30, 2022
- Liability valuation date – June 30, 2021 – The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Inflation – 2.00%
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Investment rate of return – 6.25%, net of investment expenses
- COLA – As of June 30, 2022: Members in pay status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. 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.
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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.

The long-term return expectation for the INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% 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.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return*</u>
Public Equity	20.0%	3.6%
Private Equity	15.0%	7.7%
Fixed Income – Ex Inflation-Linked	20.0%	1.4%
Fixed Income – Inflation-Linked	15.0%	(0.3)%
Commodities	10.0%	0.9%
Real Assets	10.0%	3.7%
Absolute Return	5.0%	2.1%
Risk Parity	20.0%	3.8%
Cash and Cash Overlay	N/A	(1.7)%

*The defined benefit plan's target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

Changes in Assumptions from the Prior Year: There were no changes in actuarial assumptions from the prior year.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

III. OTHER INFORMATION (Continued)

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

Discount rate: Total pension liability for the defined benefit pension plan was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the plan.

Sensitivity: Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.25 percent for 2022, as well as what each plan'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 (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Proportionate share of the collective net pension liability	\$ 4,703,358	\$ 2,784,203	\$ 1,183,338

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2022, the Commission reported a liability of \$2,784,203 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, 2022 measurement date was 0.0008828 percent. This represents a slight increase from the prior measurement date. The proportionate share used at the June 30, 2021 measurement date was 0.0007755 percent.

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

III. OTHER INFORMATION (Continued)

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

For the year ended December 31, 2022, the Commission recognized pension income of \$310,005, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(45,993). At December 31, 2022, 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	\$ 60,037	\$ 10,589
Net difference between projected and actual earnings on pension plan investments	343,600	-
Changes in assumptions	377,106	119,118
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>220,089</u>	<u>230,115</u>
Total that will be recognized in pension expense (income) based on table below	1,000,832	359,822
Pension contributions subsequent to measurement date	<u>327,778</u>	<u>-</u>
Total	<u>\$ 1,328,610</u>	<u>\$ 359,822</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2022 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2023. 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, which 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>
2023	\$ 64,264
2024	209,864
2025	3,422
2026	<u>363,460</u>
Total	<u>\$ 641,010</u>

INDIANA STATE FAIR COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2022

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>
2022	\$ 156,351	100%
2021	147,602	100%

REQUIRED SUPPLEMENTARY INFORMATION

INDIANA STATE FAIR COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – PERF
December 31, 2022

	<u>2022</u>	<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	0.0008828	0.0007755	0.0009012	0.0009317	0.0009152	0.0008958	0.0008684	0.0007841
Commission's proportionate share of the net pension liability	\$ 2,784,203	\$ 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	\$ 5,080,916	\$ 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	54.80%	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	82.50%	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, 2022
- June 30, 2021 – The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, 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 status were granted a 1.0% COLA on January 1, 2022 and no COLA on January 1, 2023. 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 583,596	\$ 551,048	\$ 530,427	\$ 573,706	\$ 533,419	\$ 489,635	\$ 487,710	\$ 452,597
Contributions in relation to the statutorily required contribution	<u>(583,596)</u>	<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%	100%
Commission's covered payroll	\$ 5,210,679	\$ 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%	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: 2.00%

Salary increases: 2.65% - 8.65% based on service

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 employer contribution rate for the year ended June 30, 2022 was 11.20%.

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.

