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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

July 9, 2024

Cynthia Hoye, Executive Director  
Indiana State Fair Commission  
Marion County, Indiana

We have reviewed the audit report of the Indiana State Fair Commission, which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana State Fair Commission as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

**INDIANA STATE FAIR COMMISSION**  
(A COMPONENT UNIT OF THE  
STATE OF INDIANA)

**FINANCIAL STATEMENTS**  
December 31, 2023

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

FINANCIAL STATEMENTS  
December 31, 2023

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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, 2023, 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, 2023, 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 29, and the schedule of the Commission's contributions on page 30 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 20, 2024

INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2023

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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, 2023.

### 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 \$181.598 million (net position). Unrestricted net position totals \$15.832 million of which \$8.015 million is internally designated by the Commission. Of this, \$0.5 million serves as a reserve for the annual State Fair and \$7.515 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 2023 by \$1.985 million. This is primarily attributable to the Commission's unrestricted cash and cash equivalents, which increased by \$2.751 million over 2022.
- Noncurrent assets increased by \$40.689 million in 2023, based on several factors, including: State appropriated funding to Restricted Cash and Cash Equivalents - Capital, to fund a major Perimeter Fence line project for the Fairgrounds; a 200 meter banked portable indoor track; and a new ADA walk tunnel just outside of the Communications Building. In addition, the completion of construction and remainder of the capitalization of the new Indiana Farm Bureau Fall Creek Pavilion drove up capital asset balances substantially over 2022.
- The Commission's liabilities were relatively stable at year end, with a small increase of \$0.710 million over 2022, driven by the implementation of GASB 96.
- The Commission's net position increased by \$41.144 million during the current fiscal year. While the Commission's Operating Revenues increased by nearly 7.0 percent in 2023, this was offset by a nearly 9.0% increase in Operating Expenses. The increase in net position is driven largely by Nonoperating activities. This includes \$28.798 million in State appropriated funding for the capital projects noted above; \$5.001 million more in General Fund, R&R and Preventative Maintenance funding from the State; and an increase in Investment Earnings of \$1.472 million over 2022.

### 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, 2023

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**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 \$181.598 million at the close of the most recent fiscal year, an increase of \$41.144 million over 2022.

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

	<u>2023</u>	<u>2022</u>
Current assets	\$ 26,208	\$ 24,223
Capital and other non-current assets	<u>173,953</u>	<u>133,264</u>
Total assets	200,161	157,487
 Deferred outflows of resources	 <u>1,457</u>	 <u>1,329</u>
Current liabilities	4,609	4,809
Noncurrent liabilities	<u>3,841</u>	<u>2,931</u>
Total liabilities	<u>8,450</u>	<u>7,740</u>
 Deferred inflows of resources	 <u>11,570</u>	 <u>10,622</u>
Net position:		
Net investment in capital assets	131,719	105,117
Restricted	34,047	21,816
Unrestricted	<u>15,832</u>	<u>13,521</u>
 Total net position	 <u>\$ 181,598</u>	 <u>\$ 140,454</u>

INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2023

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**FINANCIAL ANALYSIS** (Continued)

Operating revenue increased by \$1.579 million in 2023, due in large part to year round Facility Rental, as well as Sponsorship and Admissions from the State Fair. Parking and Concessions growth continues for both the State Fair and our year-round business. However, due to the continued compounding effects of inflation and personnel costs, operating expense increased by over \$2.850 million. Net operating loss increased by \$1.271 million as a result of this, with a Net Operating Loss of (\$10.948) million. Nonoperating income performed exceedingly well with State Funding for capital projects increasing by \$28.798 million, as well as the funding provided from the General Fund, and for R&R and Preventative Maintenance. In addition, the Commission invests its idle cash and due to favorable market conditions, increased Investment Earnings by \$1.472 million. The increase in net position of \$41.144 million is the second largest increase the Commission has experienced in the last six years, largely due to the continued support of the capital infrastructure of the Indiana State Fairgrounds property by the Governor and General Assembly, making our Fairgrounds and State Fair known as one of the best in the country across the industry.

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

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Admissions revenue	\$ 5,704	\$ 5,598
Parking revenue	3,270	3,170
Facility revenue	7,824	7,088
Concessions revenue	5,091	4,915
Sponsorship revenue	2,622	2,227
Other revenue	<u>1,031</u>	<u>965</u>
Total operating revenue	25,542	23,963
Operating expenses:		
Compensation & benefits	10,864	9,767
Utilities	2,893	2,934
Maintenance	3,051	2,310
Marketing	1,116	936
Event services & Operations	6,198	5,701
Fair production	3,671	3,055
Safety & security	1,345	1,078
Administrative and Technology	2,135	2,091
Depreciation & amortization	<u>5,217</u>	<u>5,767</u>
Total operating expenses	<u>36,490</u>	<u>33,639</u>
Operating loss	(10,948)	(9,676)
Nonoperating revenues (expenses):		
State funding:		
General fund, R&R and preventative maintenance appropriations	11,219	6,217
Fall Creek Pavilion – federal and state funding	2,695	3,500
State funded capital projects	28,798	2,060
Riverboat distribution	5,583	5,805
Other non-major tax distributions	98	91
Standardbred racing fund	1,000	1,000
Grants and contributions	579	579
Investment earnings	1,900	427
Other	<u>220</u>	<u>(138)</u>
Net nonoperating revenues	<u>52,092</u>	<u>19,541</u>
Change in net position	<u>\$ 41,144</u>	<u>\$ 9,865</u>

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INDIANA STATE FAIR COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended December 31, 2023

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**ECONOMIC OUTLOOK**

The Commission, like many others in the event and hospitality space, continues to combat price inflation, labor challenges and an increasingly 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, 2023

**Assets**

Current assets:

Cash and cash equivalents	\$ 11,230,001
Commission designated cash – Indiana State Fair Reserve	8,015,220
Cash and cash equivalents - Foundation	<u>100,946</u>
Total unrestricted and designated cash and cash equivalents	19,346,167
Restricted cash and cash equivalents	2,242,009
Accounts receivable, net	1,219,219
Grants receivable	113,287
Prepaid expenses	9,614
Lease receivable	3,192,241
Pledges receivable	<u>85,784</u>
Total current assets	26,208,321

Non-current assets:

Restricted cash and cash equivalents, capital	31,770,672
Notes receivable	147,789
Lease receivable	8,285,761
SBITA right of use asset	867,485
Capital assets, non-depreciated	7,644,658
Capital assets, depreciated, net of accumulated depreciation	<u>125,236,618</u>
Total non-current assets	<u>173,952,983</u>
Total current and noncurrent assets	200,161,304

**Deferred Outflows of Resources**

Pension	<u>1,457,328</u>
Total assets and deferred outflows of resources	<u>\$ 201,618,632</u>

**Liabilities**

Current liabilities:

Accounts payable and accrued expenses	\$ 3,258,453
Unearned revenue	750,665
Compensated absences payable	314,065
SBITA liabilities	<u>285,441</u>
Total current liabilities	4,608,624

Noncurrent liabilities:

Compensated absences payable	139,994
SBITA liabilities	582,044
Net pension liability	<u>3,119,578</u>
Total noncurrent liabilities	<u>3,841,616</u>
Total current and noncurrent liabilities	8,450,240

**Deferred inflows of resources**

Pension	92,460
Leases	<u>11,478,002</u>
Total deferred inflows of resources	<u>11,570,462</u>

**Net position**

Net investment in capital assets	131,718,654
Restricted – expendable:	
Capital projects	31,770,672
Standardbred racing and facilities	1,624,113
Foundation programming	<u>652,206</u>
	34,046,991
Unrestricted	<u>15,832,285</u>
Total net position	<u>181,597,930</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 201,618,632</u>

INDIANA STATE FAIR COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the year ended December 31, 2023

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<b>Operating revenues:</b>	
Admissions revenue	\$ 5,703,967
Parking revenue	3,270,021
Facility revenue	7,824,102
Concessions revenue	5,091,270
Sponsorship revenue	2,622,087
Other revenue	<u>1,030,753</u>
Total operating revenue	25,542,200
<b>Operating expenses:</b>	
Compensation & benefits	10,863,549
Utilities	2,893,073
Maintenance	3,051,048
Marketing	1,115,504
Event services & operations	6,198,537
Fair production	3,670,831
Safety & security	1,344,823
Administrative & technology	2,135,371
Depreciation and amortization	<u>5,217,370</u>
Total operating expenses	<u>36,490,106</u>
<b>Operating loss</b>	(10,947,906)
<b>Nonoperating revenues (expenses):</b>	
State funding:	
General fund, R&R and preventative maintenance appropriation	11,218,672
Fall Creek Pavilion project – state appropriation	25,000
Fall Creek Pavilion project – federal grant	2,669,833
State Funded Capital Projects	28,797,627
Riverboat distribution	5,582,959
Other non-major tax distributions	98,362
Standardbred racing fund	1,000,000
Grants and contributions	579,130
Lease interest income	349,376
SBITA interest expense	(26,587)
Investment earnings	1,899,805
Loss on disposal of capital assets	<u>(102,758)</u>
Net nonoperating revenues	<u>52,091,419</u>
<b>Change in net position</b>	41,143,513
<b>Total net position, January 1</b>	<u>140,454,417</u>
<b>Total net position, December 31</b>	<u>\$ 181,597,930</u>

**INDIANA STATE FAIR COMMISSION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2023

<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 26,472,085
Payments to suppliers	(20,739,334)
Payments to employees for salary and benefits	<u>(10,940,346)</u>
Net cash used by operating activities	(5,207,595)
<b>Cash flows from noncapital financing activities:</b>	
Tax distributions from State	
General fund appropriations	11,218,672
Other distributions from the State	5,681,322
Standardbred racing fund	500,000
Grants and contributions	<u>523,216</u>
Net cash provided by noncapital financing activities	17,923,210
<b>Cash flows from capital and related financing activities:</b>	
Appropriations from State – Capital projects	28,822,627
Fall Creek Pavilion project – federal grant	2,669,833
Acquisition/construction of capital assets	(31,901,252)
Principal paid on SBITA liabilities	(108,658)
Lease interest income	349,376
Grants and contributions	<u>500,000</u>
Net cash used by capital and related financing activities	331,926
<b>Cash flows from investing activities:</b>	
Investment income	<u>1,899,805</u>
<b>Net change in cash and cash equivalents</b>	14,947,347
<b>Cash and cash equivalents, beginning of period</b>	<u>38,411,501</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 53,358,848</u>
<b>Reconciliation of cash, cash equivalents per Statement of Net Position:</b>	
Cash and cash equivalents, current	\$ 19,346,167
Restricted cash and cash equivalents, current	2,242,009
Restricted cash and cash equivalents, non-current	<u>31,770,672</u>
Total	<u>\$ 53,358,848</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (10,947,906)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	5,217,370
Changes in assets and liabilities:	
Accounts receivable	1,086,651
Notes receivable	92,101
Deferred outflows - pension	(128,718)
Lease receivable	(1,215,834)
Prepaid expenses	(24,136)
SBITA right of use assets	(544,742)
Accounts payable and accrued expenses	(340,865)
SBITA liabilities	544,742
Unearned revenue	(248,867)
Compensated absences payable	18,762
Net pension liability including pension deferred inflows	68,013
Deferred inflows – leases	<u>1,215,834</u>
Net cash used by operating activities	<u>\$ (5,207,595)</u>
<b>Noncash activities:</b>	
Capital assets included in accounts payable	<u>\$ 1,162,622</u>

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**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). 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, and 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 and depreciation and amortization. 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, 2023

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**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. Trust Indiana was authorized by the Indiana General Assembly's passage of Indiana Code §5-13-9-11. At December 31, the Foundation had a balance of \$0.529 million invested in Trust Indiana, and the Commission had a balance of \$50.192 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, 2023.

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.

**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. SBITA Right to Use Assets and SBITA Liabilities**

The Commission recognizes a subscription liability for Subscription-Based Information Technology Arrangements (SBITAs) with an initial, individual value of \$25,000 or more. At the commencement of the contract, the Commission initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for any payments made to the SBITA vendor before commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the asset's useful life.

Key estimates and judgments related to SBITAs include how the Commission determines (a) the discount rate it uses to discount the expected subscription payments to present value, (b) subscription term, and (c) subscription payments. The Commission uses the interest rate charge by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the contract. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The Commission monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Net Position (Continued)**

8. 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:

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

9. Accounts Payable

Operating payables and contracts payable have been combined on the Statement of Net Position. Contracts payable make up \$0.988 million of the combined accounts payable.

10. Compensated Absences

- a. Sick Leave – Commission employees earn sick leave at the rate of 9 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is not paid to employees.
- b. Vacation Leave – Commission employees earn vacation leave at rates from 12 days to 25 days per year based upon the number of years of service. Vacation leave may be accumulated indefinitely. Accumulated vacation leave is paid to employees in good standing, through cash payments for up to a maximum of 30 days' vacation upon separation of service.
- c. Personal Leave – Commission employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 3 days. Any personal leave accumulated in excess of 3 days automatically becomes part of the sick leave balance. Accumulated personal leave is not paid to employees.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Net Position (Continued)**

11. 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.

12. 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 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 Capital Projects, 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 \$7,515,220 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.

**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 state and local grants and contributions recognized in 2023 was \$0.579 million. The Commission also received \$2.670 million in federal Coronavirus Local Fiscal Recovery Fund (CLFRF) grant funds for the Fall Creek Pavilion Stormwater Project which was completed during 2023.

**E. Adoption of New Accounting Pronouncements**

For the year ended December 31, 2023, the Commission adopted the following accounting pronouncements:

- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for periods beginning after June 15, 2022. There was no impact on the Commission's financial statements as a result of the implementation of this standard.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Adoption of New Accounting Pronouncements (Continued)**

- *GASB issued Statement No. 96, Subscription Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The Commission implemented this statement for the year ended December 31, 2023. As of January 1, 2023, the Commission reported a SBITA right of use asset and corresponding SBITA liability of approximately \$0.323 million. There were several new SBITAs entered into during 2023. As of December 31, 2023, the Commission reported a SBITA right of use asset and corresponding SBITA liability of approximately \$0.867 million.

- GASB Statement No. 99, Omnibus 2022, effective for periods beginning after June 15, 2022. There was no impact on the Commission's financial statements as a result of the implementation of this standard.

**II. DETAILED NOTES ON ACCOUNTS**

**A. Deposits and Investments**

Federal depository insurance covers \$250,000 of demand deposits. At December 31, 2023, the Indiana State Fair Commission had deposit balances in the amount of \$52.991 million and the Foundation had \$0.718 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, 2023. 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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciated				
Land	\$ 1,314,738	\$ 175,529	\$ -	\$ 1,490,267
Construction in progress	<u>41,449,309</u>	<u>6,154,391</u>	<u>(41,449,309)</u>	<u>6,154,391</u>
Total capital assets not being depreciated	<u>42,764,047</u>	<u>6,329,920</u>	<u>(41,449,309)</u>	<u>7,644,658</u>
Capital assets, depreciated/ amortized				
Land improvements	17,368,775	1,880,886	-	19,249,661
Buildings and improvements	148,808,382	64,229,109	(498,740)	212,538,751
Machinery and equipment	3,846,663	664,834	(121,907)	4,389,590
Office furniture	2,080,959	217,554	(40,087)	2,258,426
SBITA ROU Assets	<u>322,743</u>	<u>653,400</u>	<u>-</u>	<u>976,143</u>
Totals	<u>172,427,522</u>	<u>67,645,783</u>	<u>(660,734)</u>	<u>239,412,571</u>
Less accumulated depreciation/ amortization for				
Land improvements	(14,535,022)	(682,867)	-	(15,217,889)
Buildings and improvements	(88,711,706)	(4,269,055)	410,570	(92,570,191)
Machinery and equipment	(3,551,327)	(40,942)	121,907	(3,470,362)
Office furniture	(1,865,608)	(115,848)	40,087	(1,941,369)
SBITA ROU Assets	<u>-</u>	<u>(108,658)</u>	<u>-</u>	<u>(108,658)</u>
Totals	<u>(108,663,663)</u>	<u>(5,217,370)</u>	<u>572,564</u>	<u>(113,308,469)</u>
Total capital assets, being depreciated/amortized, net	<u>63,763,859</u>	<u>62,428,413</u>	<u>(88,170)</u>	<u>126,104,102</u>
Total capital assets, net	<u>\$ 106,527,906</u>	<u>\$ 68,758,333</u>	<u>\$(41,537,479)</u>	<u>\$ 133,748,760</u>

Note: The beginning balance as of July 1, 2021 has been restated for GASB 96 implementation.

For the year ended December 31, 2023, the Commission adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Statement No. 96 required the Commission to classify software purchases as information technology subscription liabilities that were just shown as operating expenses in the past. As a result, the Commission recognized \$867,485 of Right of Use (ROU) SBITA assets for 2023. These assets are amortized over the shorter of the useful life of the asset or the lease term. The associated amortization of the ROU SBITA assets was \$108,658 for the year ended December 31, 2023.

As of December 31, 2023, construction in process includes several ongoing projects, including the Southeast ADA tunnel improvements, Perimeter Fence line Phase I Project, and the Blue Ribbon Pavilion Roof Replacement. The remaining capital commitments to complete projects in construction in progress is approximately \$25.5 million as of December 31, 2023. The Southeast ADA tunnel is estimated to be completed by June 2024. The Perimeter Fence line Phase I Project will materially commence following the 2024 State Fair and will not be completed until 2025. The Blue Ribbon Pavilion Roof is estimated to be completed in July 2024.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**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 is 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 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, 2023, the net present value of lease receivables totaled \$11,478,002 which includes implied interest of \$1,007,668.

Lease revenue is recognized as facility revenue on the Statement of Revenues, Expenses, and Change in Net Position. The Commission recognized revenue of approximately \$3.4 million during 2023 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 approximately \$4.4 million. Lease interest income of \$349,376 was recognized for the year ended December 31, 2023.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	3,192,241	250,071	3,442,311
2025	2,846,306	249,881	3,096,187
2026	2,229,028	195,689	2,424,717
2027	1,269,591	111,459	1,381,050
2028	999,304	87,730	1,087,035
2029-2032	941,531	112,838	1,054,370
	<u>\$11,478,002</u>	<u>\$ 1,007,668</u>	<u>\$ 12,485,670</u>

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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

**D. Long-Term Liabilities**

Changes in Noncurrent Liabilities:

Noncurrent liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 435,298	\$ 307,895	\$ (289,133)	\$ 454,059	\$ 314,065
SBITA liabilities	<u>322,743</u>	<u>653,400</u>	<u>(108,658)</u>	<u>867,485</u>	<u>285,441</u>
Total noncurrent liabilities	<u>\$ 758,041</u>	<u>\$ 961,295</u>	<u>\$ (397,791)</u>	<u>\$ 1,321,544</u>	<u>\$ 599,506</u>

**SBITA Liabilities** – With the implementation of GASB 96, the Commission recognized SBITA liabilities totaling \$857,485 for the year ended December 31, 2023. Associated interest expense was \$26,587 for 2023. The lease liability is calculated at the present value of the remaining lease payments, with a discount range of 3.79% to 3.88%.

The principal maturities and interest repayment requirements on SBITA liabilities are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 255,351	\$ 30,090	\$ 285,441
2025	226,405	23,569	249,974
2026	223,126	16,408	239,534
2027	<u>162,603</u>	<u>8,568</u>	<u>171,171</u>
	<u>\$ 867,485</u>	<u>\$ 78,635</u>	<u>\$ 946,120</u>

**E. Designated and Restricted Assets**

Cash and investments designated or restricted include the following:

- Indiana State Fair Foundation** – There is \$0.652 million 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.
- 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 \$0.500 million as a designated reserve to be used to meet unfunded obligations.
- Commission Capital Fund** – Created by Commission 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 \$7.515 million for the capital fund as of December 31, 2023.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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

**E. Designated and Restricted Assets (Continued)**

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. **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.

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

	<u>Amount</u>
Indiana State Fair Foundation	\$ 652,206
Standardbred Racing Fund	1,624,113
Perimeter Fence Line Project	21,052,657
State Funded Repair and Replacement	<u>10,718,015</u>
Total restricted cash	34,046,991
Designated – Indiana State Fair Reserve & Commission Capital Fund	<u>8,015,220</u>
Total designated and restricted assets	<u>\$ 42,062,211</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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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

**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	\$ 11,218,672
Riverboat Supplemental Wagering Tax	5,582,959
Fall Creek Pavilion project – Pass through federal grant	2,669,833
State Funded Capital Projects	28,797,627
Standardbred Racing Fund	1,000,000
Pari-mutual, off-track betting distribution	75,017
Commercial Vehicle Excise Tax	<u>23,345</u>
Total State & Tax Funding	<u>\$ 49,492,453</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 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 \$262.1 million, and possible loss of business revenue related to such destruction of assets, which covers up to \$7.682 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, select staff that handle funds, the Commission Chair, and each Commission member. There were no significant reductions in insurance coverage during 2023 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.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**III. OTHER INFORMATION** (Continued)

**B. Retirement Medical Benefits Account**

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

**C. Condensed Combining Information**

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

The following summarizes the combining information for the statement of net position as of December 31, 2023:

	2023			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
<b>Assets</b>				
Current assets	\$ 25,454,729	\$ 805,031	\$ (51,439)	\$ 26,208,321
Noncurrent assets	<u>173,952,983</u>	<u>-</u>	<u>-</u>	<u>173,952,983</u>
Total assets	199,407,712	805,031	(51,439)	200,161,304
Deferred outflows of resources	<u>1,457,328</u>	<u>-</u>	<u>-</u>	<u>1,457,328</u>
 Total assets and deferred outflows of resources	 <u>\$ 200,865,040</u>	 <u>\$ 805,031</u>	 <u>\$ (51,439)</u>	 <u>\$ 201,618,632</u>
 <b>Liabilities</b>				
Current liabilities	\$ 4,608,184	\$ 51,879	\$ (51,439)	\$ 4,608,624
Noncurrent liabilities	<u>3,841,616</u>	<u>-</u>	<u>-</u>	<u>3,841,616</u>
Total liabilities	8,449,800	51,879	(51,439)	8,450,240
Deferred inflows of resources	11,570,462	-	-	11,570,462
Net investment in capital assets	131,718,654	-	-	131,718,654
Restricted – expendable:	33,394,785	652,206	-	34,046,991
Unrestricted	<u>15,731,339</u>	<u>100,946</u>	<u>-</u>	<u>15,832,285</u>
Total net position	<u>180,844,778</u>	<u>753,152</u>	<u>-</u>	<u>181,597,930</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 200,865,040</u>	 <u>\$ 805,031</u>	 <u>\$ (51,439)</u>	 <u>\$ 201,618,632</u>

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**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, 2023:

	2023			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Operating revenues				
Operating revenues	\$ 25,632,200	\$ -	\$ (90,000)	\$ 25,542,200
Operating expenses				
Depreciation and amortization	5,217,370	-	-	5,217,370
Other operating expenses	<u>30,782,439</u>	<u>680,297</u>	<u>(190,000)</u>	<u>31,272,736</u>
Total operating expenses	<u>35,999,809</u>	<u>680,297</u>	<u>(190,000)</u>	<u>36,490,106</u>
Operating loss	(10,367,609)	(680,297)	100,000	(11,047,906)
Nonoperating revenues (expenses)				
State funding	48,492,453	-	(100,000)	48,392,453
Standardbred racing fund	1,000,000	-	-	1,000,000
Grants and contributions	5,240	573,890	-	579,130
Lease interest income	349,376	-	-	349,376
SBITA interest expense	(26,587)	-	-	(26,587)
Investment earnings	1,872,613	27,192	-	1,899,805
Loss on disposal of capital asset	<u>(102,758)</u>	<u>-</u>	<u>-</u>	<u>(102,758)</u>
Net nonoperating revenues	<u>51,590,337</u>	<u>601,082</u>	<u>(100,000)</u>	<u>52,091,419</u>
Change in net position	41,222,728	(79,215)	-	41,143,513
Beginning net position	<u>139,622,050</u>	<u>832,367</u>	<u>-</u>	<u>140,454,417</u>
Ending net position	<u>\$ 180,844,778</u>	<u>\$ 753,152</u>	<u>\$ -</u>	<u>\$ 181,597,930</u>

The following summarizes the combining information for the statement of cash flows for the year ended December 31, 2023:

	2023			
	<u>Commission</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Cash flows from operating activities	\$ (4,660,738)	\$ (646,856)	\$ 100,000	\$ (5,207,594)
Cash flows from noncapital financing activities	17,405,449	517,761	-	17,923,210
Cash flows from capital and related financing activities	431,926	-	(100,000)	331,926
Cash flows from investing activities	1,872,614	27,191	-	1,899,805
Net increase in cash and cash equivalents	15,049,250	(101,904)	-	14,947,346
Cash and cash equivalents, beginning of period	<u>37,590,755</u>	<u>820,746</u>	<u>-</u>	<u>38,411,501</u>
Cash and cash equivalents, end of period	<u>\$ 52,640,006</u>	<u>\$ 718,842</u>	<u>\$ -</u>	<u>\$ 53,358,848</u>

**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 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 fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 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.

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, 2023

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**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 2023, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.66 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 2023, was \$640,574, 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</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2023	\$ 640,574	100%
2022	583,596	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, 2023
- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2022/3, 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, 2023: No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2026, 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, 2023

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**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</u> <u>Asset Allocation</u>	<u>Geometric Basis</u> <u>Long-Term Expected</u> <u>Real Rate of Return*</u>
Public Equity	20.0%	3.7%
Private Markets	15.0%	6.4%
Fixed Income – Ex Inflation-Linked	20.0%	2.2%
Fixed Income – Inflation-Linked	15.0%	0.5%
Commodities	10.0%	1.1%
Real Assets	10.0%	3.4%
Absolute Return	5.0%	1.6%
Risk Parity	20.0%	5.9%
Cash and Cash Overlay	N/A	0.0%

\*The defined benefit plans 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, 2023

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**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 2023, 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	\$ 5,083,922	\$ 3,119,578	\$ 1,481,703

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, 2023, the Commission reported a liability of \$3,119,578 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, 2023 measurement date was 0.0008839 percent. This represents a slight increase from the prior measurement date. The proportionate share used at the June 30, 2022 measurement date was 0.0008828 percent.

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**III. OTHER INFORMATION** (Continued)

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

For the year ended December 31, 2023, the Commission recognized pension income of \$584,428, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(48,855). At December 31, 2023, 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	\$ 63,826	\$ -
Net difference between projected and actual earnings on pension plan investments	715,016	-
Changes in assumptions	170,117	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>157,811</u>	<u>92,460</u>
Total that will be recognized in pension expense (income) based on table below	1,106,770	92,460
Pension contributions subsequent to measurement date	<u>350,558</u>	<u>-</u>
Total	<u>\$ 1,457,328</u>	<u>\$ 92,460</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2023 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2024. 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>
2024	\$ 325,395
2025	118,608
2026	472,917
2027	<u>97,390</u>
Total	<u>\$ 1,014,310</u>

**INDIANA STATE FAIR COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**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>
2023	\$ 171,616	100%
2022	156,351	100%

**REQUIRED SUPPLEMENTARY INFORMATION**

INDIANA STATE FAIR COMMISSION  
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY – PERF  
December 31, 2023

	<u>2023</u>	<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	0.0008839	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	\$ 3,119,578	\$ 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	\$ 5,556,719	\$ 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	56.14%	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	80.83%	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, 2023
- Liability valuation date – June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, 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 – No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed; 0.4% beginning on January 1, 2026, 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, 2023

	<u>2023</u>	<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	\$ 640,574	\$ 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>(640,574)</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Commission's contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%	100%	100%
Commission's covered payroll	\$ 5,719,411	\$ 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%	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% per year

*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, 2023 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.