



INDIANA STATE FAIRGROUNDS

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Memorandum

Date: November 18, 2013
To: Cindy Hoye, Executive Director
CC: Clay Jackson, Finance Project Manager, Auditor of State
Jennifer Marshall, Auditor-in-Charge, State Board of Accounts
From: David Ellis, Chief Financial Officer
Re: 2012 Financial Restatement

The Indiana State Fair Commission Financial Statements included in the State Board of Accounts audit statement were misrepresented due to the accounting for the 2012 Bond Series M. At the time the financials were presented for the audit the Commission believed the proper accounting for the bond was to reflect the total liability for the bond, and the corresponding cash disbursements, on the Commission's books. It was determined during the audit of the Indiana Finance Authority (IFA) the bond should be reflected on the IFA's books. The liability on the Commission's books should have been a capital lease payable to the IFA, and only for the amount used on the project as of the date of the financial statements.

The adjusting entry needed to correct the Commission's books only impacts balance sheet accounts, and therefore does not change the Net Position of the organization. The required adjusting entry is as follows:

	DR	CR
Coliseum Project Fund		55,391,781
Capitalized Interest Fund		2,984,494
Expense Account Fund		30,838
Current Portion of Long Term Debt	1,275,000	
Long Term Debt	60,890,000	
Premium on Bond Payable	7,402,961	
Current Portion of Capital Lease Payable		2,667,332
Capital Lease Payable		8,493,516

After management's review of this issue, and after discussion with members of the Commission's Financial Advisory Committee, the decision was made to not reissue the December 31, 2012 Financial Statements, but rather do a prior period adjustment and restatement on the December 31, 2013 Financial Statements. This decision was presented to the members of the Commission at the meeting held on November 14, 2013.