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COLORADO STATE FAIR AUTHORITY CONTINUES TO EXPERIENCE DECLINES IN ITS FINANCIAL POSITION

DENVER—A financial and compliance audit issued by the Colorado Office of the State Auditor (OSA) has found that the Colorado State Fair Authority, which operates the State Fair, continues to experience declines in its financial position. Specifically, the Authority experienced a \$3.3 million operating loss for Fiscal Year 2014, which was \$500,000 higher than the \$2.8 million operating loss for Fiscal Year 2013. The Authority had an unrestricted net position of negative \$1.4 million as of June 30, 2014 and is unable to absorb future losses.

Although the Authority received in excess of \$2 million in State and local contributions, these contributions were not adequate to offset the Authority's operating loss. Additionally, the Long Appropriations Bill for Fiscal Year 2015 included a \$250,000 appropriation as a permanent addition to offset certain costs. The General Assembly also approved one-time funding of \$300,000 for Fiscal Year 2015. However, this additional funding for Fiscal Year 2015 is insufficient to offset the Authority's unrestricted net position deficit as of June 30, 2014.

The audit provided information and analysis showing that the Authority has experienced significant operating losses before state or local contributions every year for at least the last 10 years. The auditors recommended that the Authority reconsider its strategies and pricing policies and also search for efficiencies in its operations to minimize future losses. Auditors also recommended that the Authority work with the Colorado Department of Agriculture and the Joint Budget Committee to obtain additional appropriations to ensure continued operations. The Authority agreed with the audit recommendations.

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The Authority operates on the State Fairgrounds in Pueblo on approximately 80 acres of land. The grounds and facilities are owned by the State and include exhibition halls, four permanent restaurants, permanent stalls for horse shows, three 4-H buildings, an amphitheater, six pavilions, and a covered grandstand. The facilities also include an indoor arena (the Events Center), which began operating in 1995. Most of the Authority's revenue is generated during the annual State Fair from admissions, parking, food and beverage sales, concessions, commercial space rental, sponsorships, and carnival ticket sales. Additional revenue is generated from events that are held on a year-round basis at the Events Center and other facilities on the State Fairgrounds. Approximately 477,000 people attended the Fiscal Year 2014 State Fair, which was held during August and September 2013.

The OSA contracted with Wall, Smith, Bateman Inc., to conduct the audit. A copy of the audit report is available electronically on the OSA's website, <http://www.state.co.us/auditor>, via the link called "OSA Audit Reports."

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.