



COLORADO STATE FAIR AUTHORITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2023 and 2022

LEGISLATIVE AUDIT COMMITTEE

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State Auditor

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Contract Monitor

Eide Bailly LLP

Contractor



Members of the Legislative Audit Committee and Board of Authority:

We have completed the financial statement audit of the Colorado State Fair Authority as of and for the year ended June 30, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all State agencies. The reports we have issued as a result of this engagement are set forth in the table of contents which follows.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Denver, Colorado
December 20, 2023

COLORADO STATE FAIR AUTHORITY
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June 30, 2023 and 2022

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**COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
Years Ended June 30, 2023 and 2022**

Authority, Purpose and Scope

The audit of the Colorado State Fair Authority was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all State agencies. The Fiscal Year 2023 and 2022 audits were conducted under contract with Eide Bailly LLP. The audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Audit work was performed during the time period of June through December 2023.

The purposes and scope of this audit were to:

- Audit the basic financial statements of the Authority for the years ended June 30, 2023 and 2022, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*.
- Review the Authority's compliance with state and federal laws and regulations, State Fiscal Rules, and bond covenants that could have a material effect on the Authority's financial statements.
- Perform audit work to evaluate the Authority's progress in implementing prior audit recommendations.
- Review exhibits required by the State Controller to be submitted to the State Controller in support of the statewide financial statements.
- Submit attestation memos to the Office of the State Auditor on the results of audit work performed to support the audit of the statewide financial statements and statewide Single Audit.
- Prepare report comments and/or a management letter, as appropriate.

Audit Opinions and Reports

The independent auditor's reports included herein state that the financial statements of the Colorado State Fair Authority are fairly stated, in all material respects, in accordance with accounting principles generally accepted in the United States of America, and that no material weaknesses in internal controls were identified during the course of the audit.

We also issued a report on the Colorado State Fair Authority's internal control over financial reporting and compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

Auditor's Communication to Legislative Audit Committee

The auditor is required to communicate to the Legislative Audit Committee certain matters related to the conduct of the audit and to ensure that the Legislative Audit Committee receives additional information regarding the scope and results of the audit that may assist the Legislative Audit Committee in overseeing the financial reporting and disclosure process for which management is responsible. These matters have been communicated to the Legislative Audit Committee in this report.

**COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
Years Ended June 30, 2023 and 2022**

Summary of Findings and Recommendations

There was one finding and recommendation that related to internal control over financial reporting for the year ended June 30, 2023.

Summary of Progress in Implementing Prior Year Audit Recommendations

A summary of the finding and recommendation reported for the year ended June 30, 2022 is included on page 10.

**COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
Recommendation Locator
Year Ended June 30, 2023**

Recommendation Locator				
All recommendations are addressed to the Colorado State Fair Authority Fiscal Year 2023				
Recommendation Number	Page Number	Recommendation Summary	Agency Response	Implementation Date
2023-001	9	The State Fair Authority should strengthen its internal controls over financial reporting to ensure unusual and significant accounting transactions are correctly recorded and reported, either through Authority staff's own research or when appropriate, working together with other resources within the State to seek GASB technical guidance.	Agree	January 2024

**COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2023 and 2022**

The Colorado State Fair has been in existence for over 145 years. Over the years, the Colorado State Fair has undergone a number of organizational changes. In 1983, the General Assembly created the Colorado State Fair Authority (Authority) as a separate political subdivision of the State. House Bill 97-1342 abolished the existing Authority and its Board of Commissioners and created the new Colorado State Fair Authority as a division within the State Department of Agriculture effective June 30, 1997. The current Board of Commissioners consists of eleven members. Of the eleven members, one member must be a certified public accountant, one member must have current management-level banking experience and expertise in finance, and one member must have agriculture or 4-H club experience. The Commissioner of Agriculture or the Commissioner's designee also serves as a voting member of the board.

The Authority operates on the State Fairgrounds in Pueblo on approximately 100 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 was constructed at a cost of approximately \$7.5 million. The Events Center began operating in 1995. Most of the Authority's revenue is generated during the annual State Fair from admissions, parking, commission on food and beverage sales, commercial space rental, sponsorships, concert ticket sales, and commission on 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. For Fiscal Year 2023, the Authority was appropriated 26.9 full-time staff to run its year-round operations. In the summer, the Authority adds about 500 temporary staff to run the annual State Fair.

Fiscal Year 2023 Financial Highlights

The following presents a summarized statement of revenues, expenses, and changes in fund position of the Authority for the past three fiscal years. The State Fair operations in Fiscal Year 2021 were severely limited by the COVID-19 pandemic and State Fair-time events were limited to modified virtual events or were nonexistent in Fiscal Year 2021.

**Schedule of Revenues, Expenses, and Changes in Fund Net Position
Years ended June 30,**

	2023	2022	2021
Total operating revenues	\$ 8,348,674	\$ 8,027,660	\$ 1,452,497
Total operating expenses	12,171,655	10,349,048	4,219,723
Operating loss	(3,822,981)	(2,321,388)	(2,767,226)
Net non-operating revenue	3,684,579	7,078,341	8,035,687
Gain before capital contributions	(138,402)	4,756,953	5,268,461
Capital contributions	2,518,558	1,998,826	2,040,979
Transfers out	(1,140,000)	-	-
Change in net position	1,240,156	6,755,779	7,309,440
Net position, beginning of year	22,010,991	15,255,212	7,945,772
Net Position, end of year	<u>\$ 23,251,147</u>	<u>\$ 22,010,991</u>	<u>\$ 15,255,212</u>

**COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2023 and 2022**

Historical Cash Flow Trends

The following presents a summarized schedule of the historical cash and cash equivalents balances and related cash flow trends over the past nine fiscal years.

For the Fiscal Year Ended June 30,	Cash Flows from Operating Activities	Cash Flows from Noncapital Financing Activities (Cash contributions)	Cash Flows from Capital and Related Financing and Investing Activities	Net Increase (Decrease) in Cash and Cash Equivalents	Cash and Cash Equivalents, End of year	Due to State Treasury
2023	\$ 287,320	\$ 3,646,030	\$ (8,205,511)	\$ (4,272,161)	\$ 8,650,434	\$ -
2022	(1,368,228)	7,822,576	(3,072,984)	3,381,364	12,922,595	-
2021	(2,536,733)	8,088,059	1,984	5,477,610	9,541,231	-
2020	(2,801,412)	3,755,790	90,142	1,044,520	4,063,621	-
2019	(2,507,120)	5,551,191	(1,186,059)	1,858,012	3,019,101	-
2018	(1,837,428)	3,547,873	(604,651) *	1,105,794	1,161,089	-
2017	(2,270,954)	3,313,681	(1,215,721)	(172,994)	55,295	(376,473)
2016	(2,611,888)	2,564,809	67,944	20,865	228,289	(1,391,299)
2015	(2,811,333)	2,379,090	464,914	32,671	207,424	(1,200,813)

* Includes repayment of loan from State Treasury of \$283,023

COLORADO STATE FAIR AUTHORITY
Auditor's Findings and Recommendations
Year Ended June 30, 2023

Internal Controls over Financial Reporting

The Colorado State Fair Authority's (Authority) accounting staff are responsible for all of the Authority's financial accounting and reporting, including the accurate and timely entry of financial transactions into the Colorado Operations Resource Engine (CORE), the State's accounting system. The Authority's accounting staff are also responsible for reporting fiscal year-end accounting information through forms, or exhibits, to the Office of the State Controller (OSC) for inclusion in the State's financial statements. The OSC collects information from state departments after each fiscal year end through department-submitted exhibits to assist in its preparation of the State's financial statements and required note disclosures. This includes the Exhibits J1, *Schedule Stand Alone Financial Statement Reconciliation for the Statement of Net Position (Enterprise Funds)* and J2, *Schedule Stand Alone Financial Statement Reconciliation for the Statement of Revenues, Expenses, and Changes in Net Position (Enterprise Funds)*.

The OSC has established certain guidelines that require the Authority to be responsible for the financial reporting of its property acquisitions through interagency agreements and related long-term payable obligations. On June 2, 2023, the Authority entered into an interagency purchase agreement with History Colorado, an agency within the State's Department of Higher Education, for the purchase of a building. Both entities are state entities that are reported within the State of Colorado's reporting entity's financial statements. Based on this agreement, the Authority was required to pay History Colorado a total of \$1,140,000: a minimum of \$285,000 during Fiscal Year 2023, a minimum of \$285,000 during Fiscal Year 2024, a minimum of \$285,000 during Fiscal Year 2025 and the remaining \$285,000 balance before July 31, 2025. However, the Authority paid in advance of the dates contained in this agreement and, as of June 30, 2023, had paid a total of \$770,000 to History Colorado, leaving a balance due of \$370,000.

The Authority is required to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) establishes GAAP for state and local government entities through the issuance of GASB statements and authoritative accounting guidance such as GASB implementation guides, which the Authority must comply with when preparing its financial statements.

What was the purpose of our audit work and what work was performed?

The purpose of the audit work was to obtain an understanding of the Authority's internal controls relevant to the audit in order to design audit procedures to issue an opinion on the financial statements, which included assessing the adequacy of the Authority's internal controls over accounting and financial reporting activities, and to determine whether the Authority complied with applicable accounting principles and standards during Fiscal Year 2023.

We obtained an understanding of the Authority's internal controls over account balances, financial processes, and fiscal year-end close processes. We specifically performed the following:

- Obtained and analyzed the Authority's CORE transactional data related to other operating expenses and the interagency agreement with History Colorado related to the building purchase.

COLORADO STATE FAIR AUTHORITY
Auditor’s Findings and Recommendations
Year Ended June 30, 2023

- Inquired of Authority and OSC personnel to gain an understanding of the process for recording interagency purchase agreements.

How were the results of the audit work measured?

We measured the results of our audit against the following:

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (GASB 48), paragraph 15 and Footnote 3, establishes criteria for the transfer of capital and financial assets within the same financial reporting entity. Specifically, GASB 48 indicates that the transferee should record the assets at the carrying value of the transferor if both are within the same financial reporting entity and that the transferee should also record an expense and classify the expense as a “transfer out” in the financial statements for the amount paid for the building.
- GASB Statement No. 34, *Basic Financial Statements-and management’s discussion and analysis-for State and Local Governments* (GASB 34) paragraph 112, Footnote 2, establishes guidance for reporting Interfund services provided and used and establishes that sales and purchases of goods between funds for a price approximating their external exchange value should be reported as revenues in seller funds and expenditures or expenses in purchaser funds. This criteria was a possible consideration for recording the activity if a sale and purchase of goods was being made between History Colorado and the Authority. This section also establishes that unpaid amounts should be reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.
- The OSC’s Fiscal Procedures Manual, Chapter 1, Section 3.3, *State of Colorado Accounting Organization Objectives*, states that one of the objectives of the State of Colorado reporting includes “maintaining accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with Governmental Accounting Standards Board (GASB) pronouncements.”
- State Fiscal Rule 1-2 (3.5), *Internal Controls*, requires that state agencies “implement internal accounting and administrative controls that reasonably ensure that financial transactions are accurate, reliable, conform to the Fiscal Rules, and reflect the underlying realities of the accounting transaction (substance rather than form).”
- The OSC has adopted the *Standards for Internal Control in the Federal Government* (Green Book), published by the Government Accountability Office, as the State’s standard for internal controls, which all state agencies must follow. Green Book, Paragraph OV2.14, *Roles in an Internal Control System*, states that management is responsible for designing an internal control system which includes controls over the preparation of financial reporting in accordance with professional standards and applicable laws and regulations.

What problem did the audit work identify?

We determined that the Authority initially recorded \$770,000 in “other operating expense” that should have been recorded as a “transfer out”, and did not record a \$370,000 long-term interagency payable due to History Colorado, as well as the offsetting \$370,000 in related transfers out to History Colorado, to record the remaining unpaid amount due on the agreement as of June 30, 2023.

COLORADO STATE FAIR AUTHORITY
Auditor’s Findings and Recommendations
Year Ended June 30, 2023

After we worked with the Authority to determine the proper accounting treatment for this agreement, the Authority staff made an adjustment to the accounting records and the financial statements to accurately record the interagency payable as of June 30, 2023 and related transfer out in fiscal year 2023.

Why did this problem occur?

The Authority did not have sufficient internal controls in place to ensure it properly records and reports unusual and significant accounting transactions. This transaction was related to an unusual interagency agreement and the Authority did not have a process in place to ensure that staff were appropriately trained or performed sufficient research of applicable accounting guidance to record the transaction appropriately and in accordance with standards. Authority staff indicated that they reached out to the Department of Agriculture and the OSC for guidance due to the uncertainty and that they were provided with guidance that they followed. However, due to the complexity of this transaction, we obtained GASB’s technical guidance and determined that a payable and a transfer of the asset should have been recorded by the Authority in Fiscal Year 2023, as the transaction was effectively a financing agreement to purchase a building that was executed during Fiscal Year 2023. Because the Authority ultimately is responsible for ensuring its accounting transactions are recorded accurately, it needs to ensure it conducts sufficient research, including reaching out to GASB for technical guidance as necessary, when accounting for unusual transactions.

Why does this problem matter?

Because Authority staff did not properly apply relevant accounting principles and guidance, liabilities and expenditures that were recorded in the Authority’s financial statements were materially understated, as the additional \$370,000 represented 3 percent of overall expenditures. Additionally, without adequate internal controls in place over financial reporting to ensure that all unusual and significant transactions are recorded properly, the Authority cannot ensure the accuracy and completeness of its reported financial information, and ultimately, the State’s financial statements. The post-closing entry required the Authority to submit an amended Exhibit J1 and J2 to the OSC on November 20, 2023 – 3 months after the exhibits were due.

Classification of Finding: Material Weakness
This finding does not apply to a prior audit recommendation.

COLORADO STATE FAIR AUTHORITY
Auditor's Findings and Recommendations
Year Ended June 30, 2023

Recommendation 2023-001

The State Fair Authority should strengthen its internal controls over financial reporting to ensure unusual and significant accounting transactions are correctly recorded and reported, either through Authority staff's own research or when appropriate, working together with other resources within the State to seek GASB technical guidance.

Response

Colorado State Fair Authority

Agree

Implementation Date: January 2024

The State Fair Authority is responsible for the recording of all transactions according to GAAP and reflect the underlying realities of the accounting transaction. The State Fair Authority currently has a process in place to identify transactions that are unique and require additional expertise or advisement from State resources such as the Department of Agriculture and the State Controller's Office. We have modified this process to include seeking advice and confirmation from external expert resources before the transaction is recorded.

**COLORADO STATE FAIR AUTHORITY
DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2023 and 2022**

Recommendation Number	Recommendation Summary	Disposition
2022-001	<p>The Colorado State Fair Authority should strengthen its internal controls over financial reporting by:</p> <p>a). Documenting and implementing the procedures necessary to prepare the Authority’s financial statements to ensure consistent, accurate, and timely reporting of financial transactions contained within the Colorado Operations Resource Engine. These procedures should specifically include the process for and timing of expense recognition of construction invoices to ensure expenses are recognized, or recorded, when incurred, which is in accordance with Generally Accepted Accounting Principles, and not when the invoice has been approved for payment.</p> <p>b). Seeking out appropriate, sufficient training opportunities for the Authority’s accounting staff and requiring them to attend that training on the implementation of new Governmental Accounting Standards Board (GASB) statements to ensure that all necessary, related transactions and changes to the Authority’s financial statements are made when a new GASB statement goes into effect.</p>	All parts of recommendation implemented



Independent Auditor's Report

Members of the Legislative Audit Committee
State of Colorado, Department of Agriculture, State Fair Authority, Board of Authority
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities, of the Colorado State Fair Authority (the Authority), a division of the Department of Agriculture (the Department) of the State of Colorado, as of and for the years ended June 30, 2023 and 2022, and the related notes to the 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 respective financial position of the business-type activities of the Authority, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority, 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Colorado State Fair Authority are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Colorado that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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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 Authority'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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Authority'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 Authority'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 and analysis and pension/OPEB information on pages 14 through 21 and 51 through 57 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Background of the Colorado State Fair Authority but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2023 on our consideration of the Colorado State Fair Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Colorado State Fair Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colorado State Fair Authority's internal control over financial reporting and compliance.



Denver, Colorado
December 20, 2023

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2023 and 2022

This discussion and analysis of the Colorado State Fair Authority's financial performance is a required component of financial reporting under governmental accounting standards and prepared by the Colorado State Fair Authority Management. It provides an overview of financial activities for the years ended June 30, 2023 and 2022 (with comparative information for 2021) and should be read in conjunction with the Authority's financial statements, which begin on page 22. These financial statements reflect only activities of the Colorado State Fair Authority, a division of the Department of Agriculture of the State of Colorado.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund of the Authority is its proprietary fund.

Proprietary fund. The Authority maintains one proprietary fund, an enterprise fund. The Authority uses its enterprise fund to account for its Fair activities and Non-Fair activities conducted on the Fairgrounds.

The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 26 through 50 of this report.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority's enterprise fund, assets exceeded liabilities by \$23,251,147 at the close of the most recent fiscal year.

The following schedule provides a condensed statement of net position as of June 30, 2023, 2022 and 2021.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2023 and 2022

Condensed Schedules of Net Position
June 30,

	2023	2022	2021
Current Assets	\$ 8,839,681	\$ 13,138,857	\$ 9,819,523
Noncurrent Assets	26,480,841	17,573,514	14,363,574
Total Assets	<u>35,320,522</u>	<u>30,712,371</u>	<u>24,183,097</u>
Deferred Outflows of Resources	<u>2,003,344</u>	<u>1,826,573</u>	<u>591,521</u>
Current Liabilities	<u>5,679,009</u>	<u>2,577,968</u>	<u>2,087,238</u>
Noncurrent Liabilities	<u>7,526,297</u>	<u>4,831,057</u>	<u>4,072,365</u>
Total Liabilities	<u>13,205,306</u>	<u>7,409,025</u>	<u>6,159,603</u>
Deferred Inflows of Resources	<u>867,413</u>	<u>3,118,928</u>	<u>3,359,803</u>
Net Investment in Capital Assets	<u>25,890,099</u>	<u>16,891,291</u>	<u>13,593,743</u>
Unrestricted (Deficit) Net Position	<u>(2,638,952)</u>	<u>5,119,700</u>	<u>1,661,469</u>
Total Net Position	<u>\$ 23,251,147</u>	<u>\$ 22,010,991</u>	<u>\$ 15,255,212</u>

2023

The largest portion of the Authority's net position of \$23,251,147 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of \$25,890,099. The Authority uses these capital assets to operate the State Fair and Non-State Fair activities held on the premises; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position is a deficit of \$2,638,952.

During Fiscal Year 2023 total assets increased by \$4,608,151. Current assets decreased by \$4,299,176. The decrease was attributed to the decrease in cash for expenditures from the funds the Authority received through Senate Bill 22-134, which was intended to partly fund the 2021 Colorado State Fair Master Plan.

Capital assets increased \$8,998,808 of which \$1,568,275 was depreciation expense offset by additions in capital assets of \$4,205,096 and construction in progress of \$6,361,987. Construction in progress was funded by the State Controlled Maintenance, the State Capital Construction, House Bill (HB) 21-1262, Senate Bill (SB) 22-134, Pueblo County, and funding from the maintenance appropriation and operating funds in the amounts of \$1,216,455, \$1,322,788, \$2,805,309, \$4,000,000, \$14,374, \$102,494 and \$2,700 respectively. The projects funded by the State Controlled Maintenance were the Event Center HVAC system in the amount of \$132,607 which is 90 percent complete with expected completion by December 31, 2023, the installation of the fire suppression system in the Palace of Agriculture building for \$424,183 which is 98 percent complete and expected completion date of by December 31, 2023, Event Center code and life safety updates for \$659,665 expected completion date of June 30, 2024. The State Capital Construction funded the 2021 repair to replace the water, sanitary and sewer for \$1,322,788. This project is in the construction phase and expected to be completed by June 30, 2024.

HB 21-1262 funded the Gate 5 remodel in the amount of \$2,805,309 along with funds from Pueblo County of \$14,374. Gate 5 remodel was completed during fiscal year 2023 and the amount of \$3,102,132 was transferred to capital assets. SB22-134 funded the Plaza project in the amount of \$4,000,000 to be completed by June 30, 2024. Other capital assets increased by \$528,499 which were funded through general fund maintenance appropriation and operating funds. Buildings increased by \$574,465 which was a purchase from History Colorado for a piece of property that has been fully depreciated.

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Current liabilities increased by \$3,101,041. The increase was a combination of warrants payable, due to other state departments, unearned revenue, and other current liabilities increasing by \$2,882,509, \$285,000, \$325,198, and \$7,310 respectively and accrued expenses decreasing by \$409,450. These increases were due to additional liabilities related to ongoing construction in progress, acquisition of a building from another state department, and additional gate admission and sponsorship sales in advance of the 2024 fair. Noncurrent liabilities increased by \$2,695,240. This increase was due to an increase in the pension liability and due to other state department of \$2,633,466 and \$85,000 respectively and decrease in accrued absences and the OPEB liability of \$19,597 and \$3,629 respectively.

The Authority's net position increased by \$1,240,156 during the current fiscal year.

2022

The largest portion of the Authority's net position of \$22,010,991 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of \$16,891,291. The Authority uses these capital assets to operate the State Fair and Non-Fair activities held on the premises; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position is \$5,119,700.

During Fiscal Year 2022 total assets increased by \$6,529,274. Current assets increased by \$3,319,334. The increase was attributed to a cash transfer to the Authority through Senate Bill 22-134, which is intended to partly fund the 2021 Colorado State Fair Master Plan.

Capital assets increased \$3,297,548 of which \$1,030,027 was depreciation expense offset by additions in capital assets of \$601,604 and construction in progress of \$3,725,971. Construction in progress was funded by the State Controlled Maintenance, the State Capital Construction, Senate Bill (SB) 17-267, House Bill (HB) 21-1262 and funding from Pueblo County in the amounts of \$1,477,649, \$79,482, \$344,165, \$1,239,049 and \$585,626 respectively. The projects funded by the State Controlled Maintenance were the Event Center roof replacement in the amount of \$41,932, replace the Event Center HVAC system in the amount of \$1,132,306 which is 78 percent complete with expected completion by June 30, 2023, the installation of the fire suppression system in the Palace of Agriculture building for \$299,806 which is 42 percent complete and expected completion date of by June 30, 2023, Event Center code and life safety updates for \$3,605 expected completion date of June 30, 2024. The State Capital Construction funded the 2021 repair, replace the water, sanitary and sewer for \$79,482. This project is in the design phase and expected to be completed by June 30, 2024. SB 17-267 funded the sewer and storm water replacement in the amount of \$344,165 and was completed in fiscal year 2022.

HB 21-1262 funded the Gate 5 remodel – phase 1 in the amount of \$1,239,049 along with funds from Pueblo County of \$585,626. The Event Center roof replacement and the sewer and storm water replacement were completed during fiscal year 2022 and the amounts of \$788,632 and \$2,193,349 respectively were transferred to capital assets. Equipment, vehicles, and other capital assets increased by \$601,604 which were funded through general fund maintenance appropriation and HB 21-1262.

Current liabilities increased by \$490,730. The increase was a combination of accrued expenses, warrants payable and unearned revenue increasing by \$55,462, \$108,889 and \$321,622 respectively. Noncurrent liabilities increased by \$758,692. This increase was due to an increase in the pension liability of \$711,362 and the OPEB liability of \$40,577.

The Authority's net position increased by \$6,755,779 during Fiscal Year 2022.

COLORADO STATE FAIR AUTHORITY
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Schedule of Revenues, Expenses, and Changes in Fund Net Position
Years ended June 30,

	2023	2022	2021
Total operating revenues	\$ 8,348,674	\$ 8,027,660	\$ 1,452,497
Total operating expenses	12,171,655	10,349,048	4,219,723
Operating loss	(3,822,981)	(2,321,388)	(2,767,226)
Net non-operating revenue	3,684,579	7,078,341	8,035,687
Gain before capital contributions	(138,402)	4,756,953	5,268,461
Capital contributions	2,518,558	1,998,826	2,040,979
Transfers out	(1,140,000)	-	-
Change in net position	1,240,156	6,755,779	7,309,440
Net position, beginning of year	22,010,991	15,255,212	7,945,772
Net Position, end of year	<u>\$ 23,251,147</u>	<u>\$ 22,010,991</u>	<u>\$ 15,255,212</u>

For the Year Ended June 30, 2023, net position increased by \$1,240,156. The following table illustrates the Authority's Net Position and Change in Net Position without the effect of the GASB 68 and 75 liabilities and expense.

	Fiscal Year 2023	Fiscal Year 2022
Total Net Position (GAAP Basis)	\$ 23,251,147	\$ 22,010,991
Effect of GASB 68 – Pension	5,344,210	5,178,786
Effect of GASB 75 – OPEB	187,052	212,384
Net Investment in capital assets	25,890,099	16,891,291
Net Position excluding Pension and OPEB	2,892,310	10,510,870
Total Net Position	<u>\$ 28,782,409</u>	<u>\$ 27,402,161</u>

	Fiscal Year 2023	Fiscal Year 2022
Change in Net Position (GAAP Basis)	\$ 1,240,156	\$ 6,755,779
GASB 68 – Pension	326,891	(148,919)
GASB 75 – OPEB	(25,333)	(22,685)
Change in Net Position excluding Pension and OPEB	<u>\$ 1,541,714</u>	<u>\$ 6,584,175</u>

The change in Fiscal Year 2023 net position excluding pension and OPEB expenses was an increase of \$1,541,714. Key elements of this increase are as follows:

- Operating revenue increased by \$321,014. The 2022 State Fair resulted in an increase of operating revenue of \$375,802 offset by a decrease in rental revenue of \$54,788.

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- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2023 increased by \$1,520,402. Personnel and benefit costs, repairs and maintenance, other operating costs, supplies and materials, and utilities were the major contributors with increases of \$1,080,256, \$162,222, \$92,475, \$92,729, and \$121,009 respectively. The increase in personnel and benefit costs are due to additional PERA defined benefit pension expenses of \$927,625, filling vacant positions and the overall increase in wages. The increase in repairs and maintenance, supplies and materials, and other operating costs were due to increase in costs along with additional program purchases. The increase in utilities is due to increase in costs.
- Non-operating revenue decreased by \$3,393,762. Unclaimed Property interest income increased by \$359,706, and this year there was an unrealized gain in Treasury Pooled Cash which resulted in an increase of \$782,784. The increases were offset by decreases in Local Government Grants funding of \$536,252 and funding from Senate Bill 22-134 passed in Fiscal Year 2022 of \$4,000,000.
- Other revenues decreased by \$620,268. Contributions from the State Controlled Maintenance funds increased by \$519,732 which was offset by a transfer out of \$1,140,000 to History Colorado for the purchase of a building.

For the Year Ended June 30, 2022, net position increased by \$6,755,779. The increase is related to the \$4 million State funding received, changes in inputs and assumptions for the PERA defined benefit and OPEB plans which resulted in a reduction of expenses of \$624,114 in Fiscal Year 2022. The following table illustrates the Authority's Net Position and Change in Net Position without the effect of the GASB 68 and 75 liabilities and expense.

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>
Total Net Position (GAAP Basis)	\$ 22,010,991	\$ 15,255,212
Effect of GASB 68 – Pension	5,178,786	5,618,103
Effect of GASB 75 – OPEB	212,384	235,069
Net Investment in capital assets	16,891,291	13,593,743
Net Position excluding Pension and OPEB	<u>10,510,870</u>	<u>7,514,641</u>
Total Net Position	<u>\$ 27,402,161</u>	<u>\$ 21,108,384</u>
	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>
Change in Net Position (GAAP Basis)	\$ 6,755,779	\$ 7,309,440
GASB 68 – Pension	(148,919)	(1,904,854)
GASB 75 – OPEB	(22,685)	(26,021)
Change in Net Position excluding Pension and OPEB	<u>\$ 6,584,175</u>	<u>\$ 5,378,565</u>

The change in Fiscal Year 2022 net position excluding pension and OPEB expenses was an increase of \$6,584,175. Key elements of this increase are as follows:

- Operating revenue increased by \$6,575,163. The 2021 Colorado State Fair was produced whereas the 2020 Colorado State Fair was not produced due to COVID-19 which resulted in an increase of operating revenue of approximately \$6,781,708. Rental income decreased \$206,545 due to rental of the fairgrounds as a COVID-19 testing site and a COVID-19 vaccination site in Fiscal Year 2021 and the rental did not continue in Fiscal Year 2022.

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- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2022 increased by \$6,591,327. The increase was due to returning to pre COVID-19 operation and producing the 2021 Colorado State Fair.
- Non-operating revenue decreased by \$957,346 of which \$1,000,000 was a decrease in funding received from Bills passed in Fiscal Years 2022 and 2021, a decrease in Unclaimed Property interest income of \$123,609, and this year there was an unrealized loss in Treasury Pooled Cash which resulted in a decrease of \$681,468. The decreases were offset by the following increases. Local Government Grants funding increased by \$583,126 and funding from the general fund increased by \$275,000.
- State Controlled Maintenance decreased by \$42,153. This decrease was due to the continuing progress of four projects and the start of a new project.

Further Analysis

The Colorado State Fair is statutorily mandated per Section 35-65-105(1) C.R.S. (2012). Statute is silent on how this event, or the fairgrounds in general, are to be funded, with the exception of Section 38-13-116.7(3)(a)(I) C.R.S. (2012), which directs the Treasurer to deposit 25% of the interest from the Unclaimed Property Fund to the State Fair Authority Cash Fund. Year-round operations and maintenance of the fairgrounds is the real challenge since the annual fair event does not bring in enough revenue to support year-round operations. In order for the annual fair to support year-round operations, the Authority would need to drastically increase admissions, concession, and event revenue by raising prices, which would make the annual fair basically unaffordable for most fairgoers. Alternatively, the Authority could decrease expenses for attractions and events, which would adversely affect attendance since a sizeable percentage of fairgoers, attend the fair for the attractions and events offered. Understanding this, the Authority has been working diligently to strike a balance between increasing revenue and reducing expenses while producing a high-quality fair.

SUBSEQUENT EVENTS

For the Period July 1, 2023 to September 30, 2023

The fiscal year 2024 fair was held August 25th through September 4th, 2023. The following is a comparison of the statistics for the past three fairs.

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Colorado State Fair Attendance*	508,877	461,104	457,765
Paid events offered during the			
Colorado State Fair	9	10	12
Colorado State Fair Events*	1	1	2
Non-fair Events**	18	207	355

*The event for Fiscal Year 2024 was the Colorado State Fair.

**Fiscal Year 2024 is not complete; this reflects a total of events as of September 30, 2023.

COLORADO STATE FAIR AUTHORITY
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BUDGETARY HIGHLIGHTS

The Authority’s budget is determined by a variety of methods. The majority of the budget is set by the annual appropriations bill (called the Long Bill—enacted by the General Assembly and signed by the Governor), which determines budgets for every agency within the State. The Long Bill and centrally appropriated funds are approved shortly before the start of each fiscal year. Agencies may also request a supplemental appropriation during the fiscal year to cover unexpected expenses as well as year-end transfers of spending authority, if needed. The final method of funding is special legislation.

For Fiscal Year 2023, the approved expense budget for the Authority’s activities was \$10,853,035 of which \$1,000,000 was General Fund and \$9,853,035 was cash funded. The budgetary amount includes the Colorado State Fair Program line item in the Long Bill. Total actual operating revenues were \$8,348,674 and total revenue including Department of Agriculture, local government grants, unclaimed property fund interest income, and general fund appropriations were \$11,994,704 and total expenses on a budgetary basis were \$10,119,029.

Total operating expenses (GAAP basis)	\$ 12,171,655
(Less) depreciation	(993,810)
(Less) in-kind match	(757,258)
Plus GASB 68/71 pension expense	(326,891)
Plus GASB 75 OPEB expense	25,333
	<hr/>
Total expenses (budgetary basis)	\$ 10,119,029
	<hr/>

ECONOMIC OUTLOOK

Based on the 2023 (Fiscal Year 2024) Colorado State Fair financial results, the next few years have the potential to be better than average as the economy continues to recover from the period of economic uncertainty caused by COVID-19 in 2020 and 2021. This outlook is based on the better than average results of the 2009 to 2012 Colorado State Fairs. With the economic uncertainty that occurred after the great recession of 2008, people tended to do more “staycations”, which benefitted not only the Colorado State Fair, but also the demand for rentals on the property throughout the year.

While there is much upside potential, the Authority still faces many challenges in the upcoming years as a result of inflation and economic uncertainty. The Authority has done a good job of increasing rates over the past few years to cover increasing costs without seeing a reduction in the number of people attending the Fair and utilizing the fairgrounds.

In fiscal year 2021, the Authority adopted the Colorado State Fair Master Plan. During fiscal years 2022 and 2023 many projects in phase one of the plan were completed. The first project was the renovation of one of the main entrances located on Prairie Avenue. The second completed project in phase one is the landscape redesign as you enter the Fairgrounds through the Prairie gate and all the way to the west side of the Palace of Agriculture building. The Authority is in the early phases of launching a fundraising plan to complete phase two of the master plan, which is focused on a new livestock building, community building, and relocation of the carnival/midway location, along with the few remaining items from phase one. This fundraising plan is estimated to start in fiscal year 2025, be complete in five years, and will rely roughly on 40% privately raised funds and 60% public source funds with a funding goal of \$40 million.

COLORADO STATE FAIR AUTHORITY
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CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This management's discussion and analysis (MD&A) is designed to provide Colorado citizens, Colorado government officials, our sponsors, customers, and other interested parties with a general overview of the Authority's financial activity for Fiscal Year 2023 and to demonstrate the Authority's accountability for its use of State resources. If you have questions about the MD&A or need additional information, contact the Department of Agriculture Administrative Services, 305 Interlocken Parkway, Broomfield, Colorado 80021.

COLORADO STATE FAIR AUTHORITY
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,650,434	\$ 12,922,595
Accounts receivable, net of allowance for doubtful accounts	76,600	107,194
Lease receivable - current	89,386	87,608
Prepaid expenses	23,261	21,460
Total current assets	8,839,681	13,138,857
Noncurrent assets		
Lease receivable - long term	590,742	682,223
Capital assets, net of accumulated depreciation	25,890,099	16,891,291
Total noncurrent assets	26,480,841	17,573,514
TOTAL ASSETS	35,320,522	30,712,371
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,921,868	1,748,985
OPEB	81,476	77,588
Total deferred outflows of resources	2,003,344	1,826,573
LIABILITIES		
Current Liabilities		
Warrants Payable	3,057,689	175,180
Accrued expenses	1,074,082	1,483,532
Due to other state departments	285,000	-
Unearned revenue	1,234,614	909,416
Other current liabilities	11,000	3,690
Current portion of accrued compensated absences	16,624	6,150
Total current liabilities	5,679,009	2,577,968
Noncurrent liabilities		
Accrued compensated absences	113,280	132,877
Due to other state departments	85,000	-
Pension liability	7,162,228	4,528,762
OPEB liability	165,789	169,418
Total noncurrent liabilities	7,526,297	4,831,057
TOTAL LIABILITIES	13,205,306	7,409,025
DEFERRED INFLOWS OF RESOURCES		
Lease	660,824	760,832
Pension	103,850	2,237,542
OPEB	102,739	120,554
Total deferred inflows of resources	867,413	3,118,928
NET POSITION		
Net investment in capital assets	25,890,099	16,891,291
Unrestricted (deficit)	(2,638,952)	5,119,700
TOTAL NET POSITION	\$ 23,251,147	\$ 22,010,991

The accompanying notes are an integral part of the financial statements.

COLORADO STATE FAIR AUTHORITY
Statements of Revenues, Expenses, and Changes in Fund Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Gate admissions	\$ 2,981,580	\$ 2,831,164
Private sponsorships	1,383,347	1,241,001
Commercial space/concessions	1,332,642	1,155,967
Exhibitors	808,799	815,099
Concerts	1,143,498	1,248,718
Rentals	610,852	665,640
Miscellaneous sales	87,956	70,071
Total Operating Revenue	8,348,674	8,027,660
OPERATING EXPENSES		
Entertainment and attractions	2,241,581	2,178,275
Advertising and promotions	1,187,129	1,264,177
Personnel services and benefits	3,583,754	2,201,294
Prizes and awards	892,274	905,458
Depreciation	993,810	1,030,027
Utilities	1,003,036	882,027
Other operating	552,745	460,271
Repairs and maintenance	597,826	435,604
Other purchased services	239,601	271,032
Supplies and materials	512,711	419,982
Building, vehicle and equipment rental	211,021	179,492
Contractual services	114,217	76,102
Travel	41,950	45,307
Total Operating Expenses	12,171,655	10,349,048
Operating Loss	(3,822,981)	(2,321,388)
NONOPERATING REVENUES (EXPENSES)		
Unclaimed property	1,906,656	1,546,950
General fund appropriations	1,000,000	1,000,000
Local government grants	439,374	975,626
Marijuana tax cash fund appropriations	300,000	300,000
Unrealized gain (loss)	38,549	(744,235)
State appropriations for agriculture events	-	4,000,000
Total Nonoperating Revenues (Expenses)	3,684,579	7,078,341
Gain (loss) before State Controlled Maintenance	(138,402)	4,756,953
OTHER REVENUES, (EXPENSES), OR TRANSFERS		
State controlled maintenance	2,518,558	1,998,826
Transfers out	(1,140,000)	-
Total Other Revenues, (Expenses), or Transfers	1,378,558	1,998,826
Change in net position	1,240,156	6,755,779
Net position, beginning of year	22,010,991	15,255,212
Net position, end of year	\$ 23,251,147	\$ 22,010,991

The accompanying notes are an integral part of the financial statements.

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from fees for services	\$ 8,095,361	\$ 6,771,060
Cash received from rental of property	610,852	665,640
Cash received from other sources	87,956	70,071
Cash paid to employees	(3,284,008)	(2,813,253)
Cash paid to suppliers	(5,221,040)	(6,192,365)
Cash paid to others	(1,801)	130,619
	287,320	(1,368,228)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Unclaimed property fund interest	1,906,656	1,546,950
State of Colorado appropriation	1,300,000	1,300,000
Local government grants	439,374	975,626
State appropriations for agriculture events	-	4,000,000
	3,646,030	7,822,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Cumulative gain (loss) on treasury pooled cash	38,549	(744,235)
Purchases of property and equipment	(8,244,060)	(2,328,749)
	(8,205,511)	(3,072,984)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,272,161)	3,381,364
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,922,595	9,541,231
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,650,434	\$ 12,922,595

The accompanying notes are an integral part of the financial statements.

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING LOSS	\$ (3,822,981)	\$ (2,321,388)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	993,810	1,030,027
(Increase) decrease in accounts receivable	30,594	(72,680)
(Increase) decrease in prepaid expenses and other assets	(1,801)	130,799
(Increase) decrease in lease receivable	89,703	91,519
Increase (decrease) in accounts payable	(509,458)	(45,056)
Increase (decrease) in warrants payable	2,882,509	108,889
Increase (decrease) in compensated absences	(9,123)	11,295
Increase (decrease) in other payables	7,310	215
Increase (decrease) in unearned revenue	325,198	321,622
Increase (decrease) in pension liability	326,891	(600,784)
Increase (decrease) in OPEB liability	(25,332)	(22,686)
Total adjustments	4,110,301	953,160
NET CASH USED IN OPERATING ACTIVITIES	\$ 287,320	\$ (1,368,228)
NONCASH OPERATING AND FINANCING ACTIVITIES		
Property and equipment contributions	\$ 2,518,558	\$ 1,998,826
Advertising and promotions provided through private sponsorships	\$ 757,258	\$ 750,587

The accompanying notes are an integral part of the financial statements.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2023 and 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Colorado State Fair Authority (Authority) is a division of the Department of Agriculture of the State of Colorado (Department). It operates under the jurisdiction of the Colorado State Fair Authority Board of Commissioners (Board) whose members are appointed by the Governor of the State. The financial statements of the Authority are intended to present the financial position, and changes in financial position and cash flows, of only that portion of the business type activities of the Department that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the Department as of June 30, 2023 and 2022, and changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority operates on the state fairgrounds in Pueblo, Colorado. The grounds and facilities include exhibition halls, four permanent restaurants, permanent stalls for horse shows, three 4-H buildings, an amphitheater, six pavilions, a covered grandstand, and an indoor arena. Most of the Authority's revenue is generated during the annual Colorado State Fair and Exposition (State Fair) from admissions, parking, food and beverage concessions, commercial space rental, sponsorships, and carnival ticket sales. Additional revenue is generated from events that are held on a year-round basis in the indoor arena and other facilities on the state fairgrounds.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are from operating the Colorado State Fair and hosting other off-season events. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Process

Government resources are allocated to and accounted for in separate sub-entities called funds, based upon the purposes for which the resources are to be spent and the means by which spending activities are controlled. A fund is a fiscal and accounting tool with a self-balancing set of accounts that comprise its assets, liabilities, net position, revenues, and expenditures.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2023 and 2022

The financial operations of the Authority are controlled by an annual appropriation made by the Colorado General Assembly and signed into law by the Governor as part of the annual Long Appropriations Act or other special bill.

For Fiscal Year 2023, the Authority's original and final budget as approved by the General Assembly was \$10,853,035, of which \$1,000,000 was General Fund appropriations and \$9,853,035 was cash funded. For Fiscal Year 2022, the Authority's original and final operating budget as approved by the General Assembly was \$10,171,747, of which \$1,000,000 was General Fund appropriations and \$9,171,747 was cash funded. The Authority allocated the final budget to help cover operations and maintenance costs including program costs and facility maintenance.

The Authority also adopts an internal budget for its enterprise fund for management purposes. For Fiscal Year Ended June 30, 2023, the internal budget showed total budgeted revenues of \$10,445,000. Total actual operating revenues were \$8,348,674 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were \$11,994,704. Budgeted expenses were \$10,853,035 while total actual expenses were \$10,119,029 on a budgetary basis.

For Fiscal Year Ended June 30, 2022, the internal budget showed total budgeted revenues of \$9,465,000. Total actual operating revenues were \$8,027,660 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were \$15,850,236. Budgeted expenses were \$10,171,747 while total actual expenses were \$8,740,038 on a budgetary basis.

	2023	2022
Total operating expenses (GAAP basis)	\$ 12,171,655	\$ 10,349,048
(Less) depreciation	(993,810)	(1,030,027)
(Less) in-kind match	(757,258)	(750,587)
Plus GASB 68/71 pension expense	(326,891)	148,919
Plus GASB 75 OPEB expense	25,333	22,685
Total expenses (budgetary basis)	\$ 10,119,029	\$ 8,740,038

Accounts Receivable

Accounts receivable is comprised principally of amounts due for use of the Authority's facilities from organizations and individuals and is stated net of any allowance for amounts estimated to be uncollectible.

Lease Receivable

Lease receivables are recorded by the Authority at the present value of lease payments expected to be received from lessees. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period.

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Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the Authority as equipment with an initial, individual cost of more than \$5,000 and an estimated useful life more than one year as well as computer equipment, buildings, and land improvements with an initial cost of more than \$50,000. Such assets are recorded at historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized when projects are materially complete. Streets, sidewalks, and water and drainage systems located on the fairgrounds are recorded as land improvements.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Lives</u>
Buildings (transferred from state)	20 Years
Buildings (constructed)	40 Years
Land Improvements (streets, sidewalks, and water drainage systems)	50 Years
Land Improvements (other)	16-20 Years
Furniture and equipment	3-10 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that period.

Certain amounts related to pensions must be deferred. Deferred inflows also include leases where the Authority is the lessor.

Unearned Revenue

Unearned revenue represents cash received by the Authority in advance of the related revenue being earned by the Authority. Unearned revenue is comprised principally of cash received for events and activities at the fair that is held after the Authority's fiscal year end.

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Accrued Compensated Absences Liability

Effective July 1, 1988, all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988, plus 360 additional hours. All unused sick leave is forfeited upon separation unless the employee is eligible for an immediate full or reduced retirement. If an employee is eligible for immediate retirement at separation, such employee is paid $\frac{1}{4}$ of unused accrued sick leave, subject to the maximum accrual rate. Annual leave is earned on an annual basis, with the amount varying between 10 and 21 days per year depending on the level of, and number of years of continuous service provided by the employee. Annual leave rights are vested after one year of continuous service and the accumulation of annual leave is limited to 42 days at the end of the fiscal year. These compensated absences are recorded as a liability.

Pensions

The Authority participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions.

Other Postemployment Benefits

The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit Other Postemployment Benefit (OPEB) fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

In-kind Revenues and Expenses

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind revenues and expenses as of June 30, 2023 and 2022, of \$757,258 and \$750,587, respectively, are included in the operating revenues and expenses of the Authority and are made up of advertising and other costs to operate the annual state fair in August and September.

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Statement of Cash Flows

For the purpose of the statement of cash flows, the Authority considers unrestricted, highly liquid temporary investments maturing within three months of the acquisition to be cash equivalents.

Net Position

The Authority has classified its net position according to the following criteria:

- Net investment in capital assets - consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted - consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net position or change in net position.

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Notes to Financial Statements
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NOTE 2 – CASH DEPOSITS

Cash and Cash Equivalents

Cash and cash equivalents consist of imprest, savings, and operating accounts with maturities of three months or less from the date of acquisition.

The Authority deposits its cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2023, the Authority had cash on deposit with the State Treasurer of \$8,606,949, which represented approximately .0422 percent of the total \$18,810.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2023, the Pool's resources included \$35.0 million of cash on hand and \$18,775.8 million of investments.

As of June 30, 2022, the Authority had cash on deposit with the State Treasurer of \$12,844,122, which represented approximately .0576 percent of the total \$21,060.9 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2022, the Pool's resources included \$47.2 million of cash on hand and \$21,013.7 million of investments.

On the basis of the Authority's participation in the Pool, the Authority reports as an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the State's Annual Comprehensive Financial Report for the year ended June 30, 2023.

Deposits

The Authority is authorized to deposit funds in bank accounts outside the custody of the Treasury. Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act (PDPA) in Section 11-10.5-107(5), C.R.S., requires all eligible depositories holding public deposits to pledge designated eligible collateral having market values at least 102 percent of the deposits exceeding those amounts insured by the federal insurance.

As of June 30, 2023 and 2022, the Authority had a balance of \$8,606,949 and \$12,844,122, respectively on deposit with the State Treasurer. As of June 30, 2023 and 2022, the Authority's deposits are as follows:

	Fiscal Year 2023		Fiscal Year 2022	
	Bank Balance	Carrying Balance	Bank Balance	Carrying Balance
Cash on hand	\$ -	\$ 2,200	\$ -	\$ 2,200
Cash in bank	332,113	41,284	210,900	76,273
	<u>\$ 332,113</u>	<u>\$ 43,484</u>	<u>\$ 210,900</u>	<u>\$ 78,473</u>

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
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NOTE 3 –CAPITAL ASSETS

As of June 30, 2023, capital assets consisted of the following:

	Balance 6/30/2022	Additions	Deductions	Transfers	Balance 6/30/2023
Capital assets not being depreciated					
Land	\$ 594,458	\$ -	\$ -	\$ -	\$ 594,458
Construction in Progress	3,421,060	9,464,119	-	(3,102,132)	9,783,047
Total capital assets not being depreciated	<u>4,015,518</u>	<u>9,464,119</u>	<u>-</u>	<u>(3,102,132)</u>	<u>10,377,505</u>
Capital assets being depreciated					
Buildings	14,505,419	574,465	-	-	15,079,884
Land Improvements	16,454,542	-	-	-	16,454,542
Vehicles and Equipment	4,212,965	528,499	-	3,102,132	7,843,596
Total capital assets being depreciated	<u>35,172,926</u>	<u>1,102,964</u>	<u>-</u>	<u>3,102,132</u>	<u>39,378,022</u>
Less accumulated depreciation					
Buildings	(10,775,510)	(811,251)	-	-	(11,586,761)
Land Improvements	(7,934,160)	(571,123)	-	-	(8,505,283)
Vehicles and Equipment	(3,587,483)	(185,901)	-	-	(3,773,384)
Total accumulated depreciation	<u>(22,297,153)</u>	<u>(1,568,275)</u>	<u>-</u>	<u>-</u>	<u>(23,865,428)</u>
Total capital assets being depreciated, net	<u>12,875,773</u>	<u>(465,311)</u>	<u>-</u>	<u>3,102,132</u>	<u>15,512,594</u>
Capital assets, net	<u>\$ 16,891,291</u>	<u>\$ 8,998,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,890,099</u>

As of June 30, 2022, capital assets consisted of the following:

	(restated) Balance 6/30/2021	Additions	Deductions	Transfers	Balance 6/30/2022
Capital assets not being depreciated					
Land	\$ 594,458	\$ -	\$ -	\$ -	\$ 594,458
Construction in Progress	2,677,070	3,725,971	-	(2,981,981)	3,421,060
Total capital assets not being depreciated	<u>3,271,528</u>	<u>3,725,971</u>	<u>-</u>	<u>(2,981,981)</u>	<u>4,015,518</u>
Capital assets being depreciated					
Buildings	13,716,787	-	-	788,632	14,505,419
Land Improvements	14,171,047	90,146	-	2,193,349	16,454,542
Vehicles and Equipment	3,701,507	511,458	-	-	4,212,965
Total capital assets being depreciated	<u>31,589,341</u>	<u>601,604</u>	<u>-</u>	<u>2,981,981</u>	<u>35,172,926</u>
Less accumulated depreciation					
Buildings	(10,540,807)	(234,703)	-	-	(10,775,510)
Land Improvements	(7,372,422)	(561,738)	-	-	(7,934,160)
Vehicles and Equipment	(3,353,897)	(233,586)	-	-	(3,587,483)
Total accumulated depreciation	<u>(21,267,126)</u>	<u>(1,030,027)</u>	<u>-</u>	<u>-</u>	<u>(22,297,153)</u>
Total capital assets being depreciated, net	<u>10,322,215</u>	<u>(428,423)</u>	<u>-</u>	<u>2,981,981</u>	<u>12,875,773</u>
Capital assets, net	<u>\$ 13,593,743</u>	<u>\$ 3,297,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,891,291</u>

Depreciation expense for the years ended June 30, 2023 and 2022 were \$1,568,275 and \$1,030,027, respectively.

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NOTE 4 – LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability balances for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Balance 6/30/2023	Within One Year
Business-type Activities					
Compensated Absences	\$ 139,027	\$ -	\$ (9,123)	\$ 129,904	\$ 16,624
Total Business-type Activities	<u>\$ 139,027</u>	<u>\$ -</u>	<u>\$ (9,123)</u>	<u>\$ 129,904</u>	<u>\$ 16,624</u>

Long-term liability balances for the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Balance 6/30/2022	Within One Year
Business-type Activities					
Compensated Absences	\$ 127,732	\$ 11,295	\$ -	\$ 139,027	\$ 6,150
Total Business-type Activities	<u>\$ 127,732</u>	<u>\$ 11,295</u>	<u>\$ -</u>	<u>\$ 139,027</u>	<u>\$ 6,150</u>

NOTE 5 – DEFINED BENEFIT PENSION PLAN

PERA Pension Plan

Summary of Significant Accounting Policies

Pension. The Authority participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of the employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Authority are provided with pensions through the SDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2022, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase (AI) or AI cap of 1.00 percent unless adjusted by AAP. Eligible benefit recipients under the PERA benefit structure who began eligible membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
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Contributions provisions as of June 30, 2023. Eligible employees of the Authority and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period July 1, 2022 through June 30, 2023 are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee contribution (all employees other than State Troopers)**	11.00%	11.00%

**Contributions rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101 (42).

The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(l)(t)	-1.02%	-1.02%
Amount Apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF**	20.48%	20.55%

**Contributions rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101 (42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the \$225 million (actual dollars) direct distribution, House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023 payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024 payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056 enacted June 2, 2023 requires the state to make an additional direct distribution of approximately \$14.5 million (actual dollars) for a total of approximately \$49.5 million (actual dollars) to be contributed on July 1, 2023.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the Authority were \$635,961 and \$451,865 for the years ended June 30, 2023 and 2022, respectively.

COLORADO STATE FAIR AUTHORITY
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PERA Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Authority's proportion of the net pension liability was based on the Authority contributions to the SDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2023, the Authority reported a liability of \$7,162,228 for its proportionate share of the net pension liability.

At December 31, 2022, the Authority's proportion was 0.0658742498 percent which was an increase of 0.004468 from its proportion measured as of December 31, 2021.

At June 30, 2022, the Authority reported a liability of \$4,528,762 for its proportionate share of the net pension liability.

At December 31, 2021, the Authority's proportion was 0.0614066236 percent which was an increase of 0.021159 from its proportion measured as of December 31, 2020.

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of \$326,891, and (\$148,919), respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 96,027	\$ 30,815	\$ 6,300
Changes of assumptions or other inputs		-	161,467	-
Net difference between projected and actual earnings on pension plan investments	910,559	-	-	1,558,468
Changes in proportion and differences between contributions recognized and proportionate share of contributions	826,986	7,823	1,389,599	672,774
Contributions subsequent to the measurement date	184,323	-	167,104	-
Total	<u>\$ 1,921,868</u>	<u>\$ 103,850</u>	<u>\$ 1,748,985</u>	<u>\$ 2,237,542</u>

The Authority will recognize \$184,323 and \$167,104 for Fiscal Years 2023 and 2022, respectively, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ended June 30,</u>	
2024	\$ 553,669
2025	205,999
2026	335,860
2027	538,167

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
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Actuarial assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30% - 10.90%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the Annual Increase Reserve (AIR)

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA’s negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 10,102,066	\$ 7,162,228	\$ 4,690,775

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Pension plan fiduciary net position. Detailed information about the SDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 6 – OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's ACFR as referred to above.

Funding Policy - All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are summarized in the tables below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:		
Employee contribution (all employees other than State Troopers)	11.00%	11.00%
State Troopers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees (other than State Troopers)	10.15%	10.15%
State Troopers	12.85%	12.85%

**Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 ¹	1.00%	1.00%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505 ¹	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	11.35%	11.42%

**Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense.

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the Authority that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

PERAPlus 457 Plan

Plan Description – Employees of the Authority may voluntarily contribute to the Deferred compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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Funding Policy – Thee PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions, employer contributions and investment earnings.

NOTE 7 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member’s years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient’s eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority were \$22,802 and \$19,191 as of June 30, 2023 and 2022, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 the Authority reported a liability of \$165,789 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Authority's proportion of the net OPEB liability was based on the Authority contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Authority's proportion was 0.020305344 percent, which was an increase of 0.000658245 from its proportion measured as of December 31, 2021.

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For the year ended June 30, 2023, the Authority recognized OPEB expense of (\$25,333). At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2023		Fiscal Year 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21	\$ 40,093	\$ 258	\$ 40,171
Changes of assumptions or other inputs	2,665	18,298	3,508	9,190
Net difference between projected and actual earnings on OPEB plan investments	10,126	-	-	10,487
Changes in proportion and differences between contributions recognized and proportionate share of contributions	60,000	44,348	65,709	60,706
Contributions subsequent to the measurement date	8,664	-	8,113	-
Total	<u>\$ 81,476</u>	<u>\$ 102,739</u>	<u>\$ 77,588</u>	<u>\$ 120,554</u>

\$8,664 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year ended June 30,</u>	
2024	\$ (16,964)
2025	(15,434)
2026	(7,581)
2027	11,416
2028	(723)
2029	(641)

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
	6.50% in 2022, gradually
	2022 gradually decreasing
	to 4.50% in 2030
	3.75% in 2022, gradually
	increasing to 4.50% in
	2029
PERACare Medicare plans	
Medicare Part A premiums	0.00%
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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The TOL for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self -Insured Rx	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	\$ 596	\$ 199	\$ 562

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.
All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of the date, PERACare health benefits administration is performed by UnitedHealthcare. IN that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	<u>100.00%</u>	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 161,096</u>	<u>\$ 165,789</u>	<u>\$ 170,895</u>

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Discount rate. The discount rate used to measure the TOL was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25 percent) or one-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 192,200	\$ 165,789	\$ 143,202

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

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NOTE 8 – RISK MANAGEMENT

The State currently self-insures its agencies, including the Authority, officials, and employees for the risk of losses to which they are exposed (general liability, motor vehicle liability, worker's compensation, and medical claims). Additional information regarding the State's risk management programs is included in the State's annual comprehensive financial report. There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

NOTE 9 – TABOR (TAXPAYERS BILL OF RIGHTS)

The Authority received more than 10% of its total revenue from the State during the Fiscal Years ending June 30, 2023 and 2022. As a result, in Fiscal Years ended 2023 and 2022 the Authority was included in the State TABOR District.

NOTE 10 – RELATED PARTY

The Colorado State Fair Foundation, a 501(c)(3), was created to support, benefit, and raise funds or monies for capital and equipment expenditures for the Colorado State Fair. Additionally, the Foundation may also provide financial support to Colorado State Fair programs and initiatives that further the purposes of the Colorado State Fair upon reasonable request. As of June 30, 2020, one board member of the Colorado State Fair Authority as well as the General Manager of the Authority are also board members of the Colorado State Fair Foundation. No contributions were given to the Authority during Fiscal Year 2023 and 2022. The Authority did not provide any funding to the Foundation during Fiscal Year 2023 and 2022.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Claims and Litigation

In the normal course of its operations, the Authority is involved in various litigation matters. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements; accordingly, no provision for losses has been recorded.

NOTE 12 – LEASES

For the years ended June 30, 2023 and 2022, the Authority earned a total of \$10,814 and \$4,681 in lease interest revenue respectively.

The Authority had a total of nine leases of which call for payments that are partially or completely variable and were not included in lease receivables or deferred inflows of resources. These variable payments were a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales. A total of \$95,220 and \$100,518 was recognized as revenue from these variable payments for the years ended June 30, 2023 and 2022, respectively.



COLORADO STATE FAIR AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO STATE FAIR AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SDTF PENSION PLAN
For the Years ended June 30,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.0658742498%	0.0614066236%	0.0402475835%	0.0595661804%	0.0575046861%	0.0575744841%	0.0599229532%	0.0658210097%	0.0726617608%
Authority's proportionate share of the net pension liability (asset)	\$ 7,162,228	\$ 4,528,762	\$ 3,817,400	\$ 5,780,185	\$ 6,543,270	\$ 11,525,250	\$ 11,006,726	\$ 6,931,632	\$ 6,834,939
Authority's covered payroll	\$ 3,041,618	\$ 2,119,831	\$ 1,318,483	\$ 2,113,435	\$ 1,978,303	\$ 1,685,672	\$ 1,685,481	\$ 1,836,017	\$ 1,949,794
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	235%	214%	290%	273%	331%	684%	653%	378%	351%
Plan fiduciary net position as a percentage of the total pension liability	60.83%	73.05%	65.3%	62.2%	55.1%	43.2%	42.6%	56.1%	62.8%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 years are compiled the Authority presents information of those years for which information is available.

Notes to the Required Supplementary Information
See Notes on pages 55 - 57

**COLORADO STATE FAIR AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS
PERA SDTF PENSION PLAN
For the Years ended June 30,**

	<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>	<u>2014</u>
Contractually required contribution	\$ 635,961	\$ 451,865	\$ 276,172	\$ 408,739	\$ 377,198	\$ 329,218	\$ 311,651	\$ 312,373	\$ 323,839	\$ 331,261
Contributions in relation to the contractually required contribution	<u>(635,961)</u>	<u>(451,865)</u>	<u>(276,172)</u>	<u>(408,739)</u>	<u>(377,198)</u>	<u>(329,218)</u>	<u>(311,651)</u>	<u>(312,373)</u>	<u>(323,839)</u>	<u>(331,261)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,535,422	\$ 2,151,846	\$ 1,488,456	1,971,761	1,720,951	1,688,744	1,668,178	1,763,258	1,933,170	1,948,594
Contributions as a percentage of covered payroll	25.12%	21.00%	18.55%	20.73%	21.92%	19.49%	18.68%	17.72%	16.75%	17.00%

Notes to the Required Supplementary Information

See Notes on pages 55 - 57

**COLORADO STATE FAIR AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO HEALTH CARE TRUST FUND
For the Years ended June 30,**

	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.020305344%	0.0196470997%	0.0135589958%	0.0199755569%	0.0198110127%	0.0200401142%	0.0208432025%
Authority's proportionate share of the net OPEB liability (asset)	\$ 165,789	\$ 169,418	\$ 128,841	\$ 224,525	\$ 269,537	\$ 260,441	\$ 270,239
Authority's covered payroll	\$ 2,181,425	\$ 1,759,122	\$ 1,295,558	\$ 1,881,638	\$ 1,745,115	\$ 1,685,672	\$ 1,685,481
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8%	10%	10%	12%	15%	15%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	17.00%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 years are compiled the Authority presents information of those years for which information is available.

Notes to the Required Supplementary Information

See Notes on pages 55 - 57

**COLORADO STATE FAIR AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS
COLORADO HEALTH CARE TRUST FUND
For the Years ended June 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 22,802	\$ 19,191	\$ 13,701	\$ 19,148	\$ 17,733	\$ 17,554	\$ 17,135
Contributions in relation to the contractually required contribution	<u>\$ (22,802)</u>	<u>(19,191)</u>	<u>(13,701)</u>	<u>(19,148)</u>	<u>(17,733)</u>	<u>(17,554)</u>	<u>(17,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,235,485	\$ 1,881,448	\$ 1,343,251	1,877,282	1,738,573	1,720,951	1,679,887
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes to the Required Supplementary Information
See Notes on pages 55 - 57

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2023 and 2022

NOTE 1 – NET PENSION LIABILITY

There were no changes in terms or assumptions for the December 31, 2022 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2021 measurement period are as follows:

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Changes in assumptions or other input effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2023 and 2022

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%
- The price inflation assumption was lowered from 3.50% to 2.80%
- The wage inflation assumption was lowered from 4.25% to 3.90%

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period for OPEB are as follows:

- The timing of retirement decrement was adjusted to middle-of-year.

There were no changes in assumptions or other inputs effective for the December 31, 2021 measurement period for OPEB.

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2023 and 2022

Changes in assumptions or other input effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Legislative Audit Committee and Board of Commissioners of State Fair Authority
State of Colorado, State Fair Authority
Denver, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Colorado State Fair Authority (the Authority), a division of the Department of Agriculture of the State of Colorado, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Auditor’s Findings and Recommendations as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Auditor's Findings and Recommendations section of this report. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Denver, Colorado
December 20, 2023



December 20, 2023

To the Members of the Legislative Audit Committee and Board of Commissioners of State Fair Authority
State of Colorado, State Fair Authority
Denver, Colorado

We have audited the financial statements of Colorado State Fair Authority (the Authority), a division of the Department of Agriculture of the State of Colorado, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated May 4, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 20, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks”. We have identified the following as significant risks.

- Management override of controls - Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Authority may have the ability to override controls that the Authority has implemented. Management may override the Authority’s controls to modify the financial records with the intent of manipulating the financial statements to overstate the Authority’s financial performance or with the intent of concealing fraudulent transactions.
- Improper revenue recognition – Professional standards require auditors to presume that improper revenue recognition is a fraud risk. Accordingly, we identified this as a fraud risk in which management may use various techniques to overstate revenue or conceal fraudulent recognition of revenue.
- Cutoff of construction in progress and accounts payable – We identified this as a significant risk due to the finding noted in prior year affecting this area and the continuation of significant capital asset projects spanning multiple fiscal years while the Authority continues towards progress on their master plan.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimates of the net pension liability and net other postemployment benefits liability and related deferrals are based on the actuarial valuations as of December 31, 2022 and December 30, 2021, respectively. We evaluated the key factors and assumptions used to develop the net pension and other postemployment benefits liabilities and related deferrals and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to:

The disclosure of Pension Plans in Note 5, which presents the Authority's deferred inflows and outflows of resources related to the defined benefit pension plan, as well as summarizes actuarial assumptions used in determining the Authority's estimated total pension liability.

The disclosure of Other Postemployment Benefits and Life Insurance in Note 7, which presents the Authority's deferred inflows and outflows of resources related to other postemployment benefits, as well as summarizes actuarial assumptions used in determining the Authority's estimated total other postemployment benefits liability.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The following significant unusual transactions identified as a result of our audit procedures were brought to the attention of management:

During Fiscal Year 2023, the Authority entered into an interagency purchase agreement with History Colorado, an agency within the State's Department of Higher Education, for the purchase of a building. Both entities are state entities that are reported within the State of Colorado's reporting entity's financial statements. This was considered a significant unusual transaction due to the complexities surrounding the treatment of such a significant interagency sale with payment terms that spanned multiple fiscal years, and that the transaction falls outside the normal course of business for the Authority.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements as a result of our audit procedures.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

To properly record the remaining amount due on the interagency lease agreement with History Colorado:

	<u>Debit</u>	<u>Credit</u>
Transfers out	\$370,000	
Due to other state agencies		\$370,000

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report.

We have made the following modifications to our auditor’s report:

Relationship with the State of Colorado

As discussed in Note 1 – Nature of Operations and Summary of Significant Accounting Policies, the financial statements of the Colorado State Fair Authority are intended to present the financial position and cash flows for only that portion of the financial reporting entity, the State of Colorado, which is attributable to the transactions of the Colorado State Fair Authority. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2023 and 2022, and the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 20, 2023.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority’s auditors.

This report is intended solely for the information and use of the State of Colorado Legislative Audit Committee, the Office of the State Auditor, the Board of the Authority and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado