

COLORADO STATE FAIR AUTHORITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2025 and 2024

Report Number 2515F

eidebailly.com



Legislative Audit Committee

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Eide Bailly LLP



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, 2025. 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. We were also engaged to conduct an audit of the State Fair Foundation pursuant to Section 24-1-107.5, C.R.S., which authorizes the State Auditor to conduct audits of any nonprofit created by or on behalf of a state agency. The reports we have issued as a result of this engagement are set forth in the table of contents which follows.

Eide Bailly LLP

Denver, Colorado
November 21, 2025

COLORADO STATE FAIR AUTHORITY
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June 30, 2025 and 2024

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**COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
Years Ended June 30, 2025 and 2024**

Authority, Purpose and Scope

The audit of the Colorado State Fair Authority (“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 2025 and 2024 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 October 2025.

The purposes and scope of this audit were to:

- Audit the basic financial statements of the Authority for the years ended June 30, 2025 and 2024, including the financial activity of the Colorado State Fair Foundation (“Foundation”) for the years ended December 31, 2024 and 2023, 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, 2025 and 2024**

Summary of Findings and Recommendations

There was one finding and recommendation for the State Fair Authority and a related finding for the State Fair Foundation that related to internal control over the Foundation's cash and investment reconciliation process for the year ended June 30, 2025.

Summary of Progress in Implementing Prior Year Audit Recommendations

There were no recommendations as a result of the prior year audit.

**COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
RECOMMENDATION LOCATOR
Years Ended June 30, 2025 and 2024**

Recommendation Locator

All recommendations are addressed to the Colorado State Fair Foundation and the State Fair Authority for Fiscal Year 2025

| Recommendation Number | Page Number | Recommendation Summary | Agency Response | Implementation Date |
|------------------------------|--------------------|---|------------------------|----------------------------|
| 2025-1 | 11 | The State Fair Foundation should ensure that its financial activities are accurate and that information provided to the State Fair Authority for inclusion in its financial statements is appropriate. This should include establishing or adopting a framework for internal controls, such as the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book) and documenting its policies and procedures over financial reporting and adopting a review process over bank and investment reconciliations to ensure these balances and reconciliations are accurate, and specifying a timeframe to do these reconciliations to ensure they are performed in a timely manner. | Agree | December 2025 |
| 2025-2 | 12 | The State Fair Authority (Authority) should strengthen its financial reporting processes to ensure that financial information provided by identified component units, including the State Fair Foundation, that the Authority includes in its financial statements is accurate and complete. This should include utilizing the State Fair manager's and Commission member's representation on the State Fair Foundation's (Foundation's) Board to encourage the Foundation's establishment of an internal control framework and written policies and procedures over financial reporting. | Agree | December 2025 |

COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2025 and 2024

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 thirteen members. Of the thirteen 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 2025, the Authority was appropriated 26.9 full-time staff to run its year-round operations. In the summer, the Authority adds about 475 temporary staff to run the annual State Fair.

The Colorado State Fair Foundation is a 501(c)(3) tax exempt organization that was established in 2012 with a purpose of enhancing youth programming, education, and experiences at the Colorado State Fair. The Foundation is governed by a ten-member Board of Directors, of which the State Fair General Manager and a representative from the Authority's Board of Commissioners resides on the Foundation's Board. In Fiscal Year 2024, the Authority's management determined the Foundation met the requirements of a discretely presented component unit of the Authority; as a result, the Foundation's activities are included in the Authority's financial statements. The Foundation operates on a December 31st fiscal year end, so the financial statements include the Foundation's activity for the fiscal years ended December 31, 2024 and 2023.

COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2025 and 2024

Fiscal Year 2025 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.

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

| | 2025 | 2024 (restated) | 2023 |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total operating revenues | \$ 8,603,311 | \$ 9,079,840 | \$ 8,348,674 |
| Total operating expenses | <u>14,025,180</u> | <u>13,108,407</u> | <u>12,171,655</u> |
| Operating loss | (5,421,869) | (4,028,567) | (3,822,981) |
| Net non-operating revenue | <u>4,230,276</u> | <u>3,997,523</u> | <u>3,684,579</u> |
| Gain before capital contributions | (1,191,593) | (31,044) | (138,402) |
| Capital contributions | 3,350,935 | 3,120,056 | 2,518,558 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(1,140,000)</u> |
| Change in net position | 2,159,342 | 3,089,012 | 1,240,156 |
| Net position, beginning of year | <u>26,340,159</u> | <u>23,251,147</u> | <u>22,010,991</u> |
| Net Position, end of year | <u><u>\$ 28,499,501</u></u> | <u><u>\$ 26,340,159</u></u> | <u><u>\$ 23,251,147</u></u> |

COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2025 and 2024

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 ten 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 |
|--|--|--|---|---|--|-----------------------------|
| 2025 | \$ (4,555,053) | \$ 4,144,936 | \$ 14,021 | \$ (396,096) | \$ 5,339,454 | \$ - |
| 2024 | (6,204,184) | 3,709,900 | (420,600) | (2,914,884) | 5,735,550 | - |
| 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 | (73,716) | 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) |

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

The significant outflows of operating cash activities in fiscal year 2025 was caused by the fiscal year operating losses of approximately \$5.4 million plus net change in operating activities, of which the most significant change included an approximately \$1.7 million increase of accounts receivable.

COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024

Finding 2025-1

State Fair Foundation's Timely Bank Account Reconciliations

The State Fair Authority (Authority) must present its financial statements in accordance with the Governmental Accounting Standards Board (GASB). GASB Codification Section 2100.103 states the following:

“The organizational structure of many governments has become increasingly complex. The demands placed on governments to provide services may outpace their legal, financial, or administrative ability to provide those services within the traditional framework of a general purpose government. For this reason and others, many governments have created separate organizations. Whatever the reason for creation of those “separate” organizations, comprehensive financial reporting from a public accountability perspective requires determining which of these organizations should be included as part of a financial reporting entity.”

If it is determined that it is appropriate to include a separate organization's financial activities as part of an entity's financial reporting, the separate organization is referred to as a component unit. GASB Codification Section 2100.110 states “The financial statements of the reporting entity should allow users to distinguish between the primary government and its component units by communicating information about the component units and their relationships with the primary government rather than creating the perception that the primary government and all of its component units are one legal entity.” GASB Codification Section 2100.111 further states “the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such circumstances, that organization should be included as a component unit.”

The Colorado State Fair Foundation (Foundation) is a 501(c)(3) tax exempt organization that was established in 2012 with the purpose of enhancing youth programming, education, and experiences at the Colorado State Fair. The Foundation is governed by a ten-member Board of Directors, which includes the Authority's General Manager and a representative from the Authority's Board of Commissioners. In Fiscal Year 2024, the Authority's management determined the Foundation met the requirements of a component unit of the Authority. The Authority determined that the Foundation was a component unit after determining that it would be otherwise misleading to exclude the Foundation from its financial statements, as the Foundation's main purpose is to support the Authority's operations and mission.

The Authority is responsible for the Authority's financial accounting and reporting, including the financial reporting of its component unit – the Foundation. The Foundation's general ledger balances are presented in the Authority's financial statements as of the previous calendar year-end; in this case – December 31, 2024. The Foundation is responsible for establishing its own policies and procedures surrounding its accounting function. This includes the accurate and timely reconciliation of the Foundation's bank accounts, investment accounts and statements. The Authority should exercise its representation on the Foundation's Board to ensure that the Foundation has properly implemented adequate internal controls to ensure accurate financial reporting within the Authority's financial statements when it is reported as a component unit.

COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024

The Foundation has a total of five cash and investment accounts for separate purposes: one for operating purposes (donation receipts and operating expenditures), one for restricted contributions received, one for its restricted capital campaign contributions to support the Authority's capital construction, one Ameriprise investment portfolio, and one Morgan Stanley investment portfolio. The Foundation's bank balances as of December 31, 2024 in the operating, restricted, capital campaign, Ameriprise and Morgan Stanley cash and investment accounts were \$74,463, \$118,576, \$273,724, \$1,162,484 and \$203,584, respectively – \$1,832,831 in total. The Foundation's contract accountant is responsible for the reconciliation of cash and investment account balances within its general ledger software system, Quickbooks, to the monthly bank and investment statements for all accounts.

The Foundation utilizes Quickbooks for various financial processes including, but not limited to, financial reporting, payroll processing, and bank account reconciliations.

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 Foundation's internal controls relevant to the audit in order to design audit procedures to issue an opinion on the financial statements. This included assessing the adequacy of the Foundation's internal controls over accounting and financial reporting activities, including its bank and investment account reconciliation process and to determine whether the Foundation's cash and investment account balances were accurately reflected in the Authority's financial statements for Fiscal Year 2025.

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

- Obtained the Foundation's Ameriprise investment account statements and the Foundation's other bank statements for the Foundation's accounts as of December 31, 2024, and related reconciliations and general ledger details.
- Tested to determine whether the Foundation's contract accountant reconciled cash and investment account balances and whether the reconciliations agreed to the balances reported within the Foundation's general ledger.

How were the results of the audit work measured?

The Office of the State Controller (OSC) has adopted the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book) as the State's standard for internal controls, which all state agencies, including the Authority, must follow. Although the OSC does not govern the Foundation, it is a best practice for the Foundation to establish internal controls over accounting and financial reporting activities, which could include adopting an internal control framework such as Green Book.

COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024

Under the Green Book internal control framework, specifically as indicated in Paragraph 3.09, “Management develops and maintains documentation of its internal control system.” Green Book, Paragraph 16.05, also states that “Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.” Specifically, the Foundation should ensure that it has appropriate internal controls over operations, including documentation of these internal controls. In addition, the Foundation should ensure it performs ongoing monitoring of its bank account reconciliations since these are a key component of internal controls over cash. The bank account reconciliation preparation and review should occur shortly after each month end to identify errors or potential fraud in a timely manner.

In accordance with a strong internal control structure, the Foundation’s reconciliations should be reviewed by Foundation management, such as the Foundation’s Director, before the Foundation provides its financial information to the Authority for inclusion in the Authority’s year-end financial statements. This reconciliation review should be done in a timely manner to ensure that:

- All contributions are recorded.
- All changes in fair value of investments are reflected in the general ledger.
- Disbursements are clearing the bank in a reasonable time frame.
- Bank account and investment account statements are reviewed timely and reconciled to the general ledger.
- Reconciling items are appropriate and consideration is being given to proper cutoff at year-end.
- The reconciled bank and investment balance agree to the general ledger.

The Green Book also outlines in Paragraph OV2.14 that “The oversight body is responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing management’s design, implementation, and operation of an internal control system.” The Authority’s General Manager and a representative from the Authority’s Board of Commissioners are members of the Foundation’s Board and therefore, play a role in the oversight of internal controls at the Foundation.

What problem did the audit work identify?

Based on our audit work over the Foundation’s bank and investment account balances, we determined that the Foundation did not adjust its general ledger balances for \$36,706 related to reconciling items, including investment fair value adjustments, we identified in its bank and investment accounts for Calendar Year 2024. This resulted in the Foundation carrying forward an incorrect cash and investment balance from January 2025 until we identified the discrepancy in September 2025. We further determined that the Foundation did not reconcile its investment accounts during Calendar Year 2024, and while the Foundation prepared bank reconciliations during the year, the bank reconciliations contained errors and there was no evidence of management review, such as a review by the Foundation’s Director.

COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024

Why did this problem occur?

The Foundation has not established an internal control framework, such as the Green Book, and has not documented its policies and procedures over financial reporting. Specifically, the Foundation did not have sufficient internal controls in place to ensure it properly reconciled its cash and investment accounts as of year-end or recorded the fair value adjustment of its investments to the year-end balance per the investment statement. Further, the Foundation did not have a process in place during the year requiring management review, such as reviews by the Foundation's Director. The Foundation also did not have a process to determine the timing of when these reconciliations should be performed and reviewed.

The Authority's board member presence in the governance of the Foundation did not ensure that there were proper internal controls implemented and documented at the Foundation over financial reporting, including written policies and procedures for the reconciliation of the cash and investment accounts.

Why does this problem matter?

Because the Foundation did not properly reconcile its cash accounts and did not perform a reconciliation over its investment accounts, the Foundation's Fiscal Year 2025 investment account asset and related increase in fair value revenue were understated by \$36,706. The \$36,706 increase to assets and revenue represents 2 percent of total assets and 7 percent of total revenue for the Foundation. After we notified the Authority and the Foundation of the errors, the Authority made adjustments to its financial statements to correct the error.

Without adequate internal controls in place over financial reporting to ensure that all accounts are properly reconciled and year-end adjustments are recorded, the Foundation cannot ensure the accuracy and completeness of its reported financial information.

Classification of Finding: **Material Weakness**

This finding does not apply to a prior audit recommendation.

Recommendation 2025-1

The State Fair Foundation should ensure that its financial activities are accurate and that information provided to the State Fair Authority for inclusion in its financial statements is appropriate. This should include:

- a. Establishing or adopting a framework for internal controls, such as the U.S. Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book), and documenting its policies and procedures over financial reporting. These policies and procedures should include requirements for the reconciliation of all bank and investment account balances, and processes for making adjustments to the general ledger to ensure these account balances are accurate.
- b. Adopting a review process over bank and investment reconciliations to ensure these balances and reconciliations are accurate, and specifying a timeframe to do these reconciliations to ensure they are performed in a timely manner.

COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024

Recommendation 2025-2

The State Fair Authority (Authority) should strengthen its financial reporting processes to ensure that financial information provided by identified component units, including the State Fair Foundation, that the Authority includes in its financial statements is accurate and complete. This should include utilizing the State Fair manager's and Commission member's representation on the State Fair Foundation's (Foundation's) Board to encourage the Foundation's establishment of an internal control framework and written policies and procedures over financial reporting.

Response

State Fair Foundation

A. Agree

Implementation Date: December 2025

The Colorado State Fair Foundation (Foundation) agree with the finding and recommendations. We acknowledge the importance of accurate financial reporting and the necessity of strong internal controls over accounts. The Foundation has contracted with an independent accounting firm for the accounting tasks and will work with the firm to establish and document policies and procedures for internal controls.

B. Agree

Implementation Date: December 2025

To address the issues identified regarding the reconciliation of the Foundation's accounts, the Foundation has implemented the following corrective action plan:

- **Monthly Reconciliations:** The Foundation will mandate the monthly reconciliation of all accounts to ensure general ledger accuracy with a monthly review by the Foundation. The Foundation has contracted with an independent accounting firm to have all accounting tasks performed including monthly review and reconciliation of Foundation's financials. The Foundation's Financial Oversight Committee, chaired by Foundation Treasurer, will meet on a monthly basis to review and confirm financial reconciliations.

**COLORADO STATE FAIR AUTHORITY
AUDITOR FINDINGS AND RECOMMENDATIONS
Years Ended June 30, 2025 and 2024**

Response

State Fair Authority

Agree

Implementation Date: December 2025

The State Fair Authority (Authority) agrees with the finding and recommendations. We acknowledge the importance of accurate financial reporting and the necessity of strong internal controls over accounts.

To address the issues identified for Board Authority oversight, the Board of the Authority and Foundation Board will implement the following corrective action plan:

- **Enhanced Board Reporting:** Foundation financial reporting will be expanded to include reconciled QuickBooks reports including a quarterly check-in with the State Fair Authority to review financial statements. This ensures the Board has visibility into the reconciled accounts during their oversight activities.

Implementation Date: December 1, 2025

Responsible Person(s): State Fair Foundation President



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit 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, 2025 and 2024, 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 and the discretely presented component unit information of the Authority, as of June 30, 2025 and 2024, 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, 2025 and 2024, 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.

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 opinions. 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 16 through 24 and 61 through 64 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 GAAS, 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 basic 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 November 21, 2025 in 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
November 21, 2025

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

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 is prepared by the Colorado State Fair Authority Management. It provides an overview of financial activities for the years ended June 30, 2025, and 2024 (with comparative information for 2023) and should be read in conjunction with the Authority's financial statements, which begin on page 25. These financial statements reflect the activities of the Colorado State Fair Authority, a division of the Department of Agriculture of the State of Colorado. The financial statements also include a discretely presented component unit for the Colorado State Fair Foundation; however, unless otherwise noted, the information and the financial data included in management's discussion and analysis relate solely to the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 states 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 25 through 28 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 29 through 60 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 \$28,499,501 at the close of the most recent fiscal year.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

The following schedule provides a condensed statement of net position as of June 30, 2025, 2024 and 2023.

Condensed Schedules of Net Position
June 30,

| | 2025 | 2024 (restated) | 2023 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Current Assets | \$ 5,719,010 | \$ 5,908,742 | \$ 8,839,681 |
| Noncurrent Assets | 30,818,067 | 29,104,531 | 26,480,841 |
| Total Assets | <u>36,537,077</u> | <u>35,013,273</u> | <u>35,320,522</u> |
| Deferred Outflows of Resources | <u>812,313</u> | <u>965,693</u> | <u>2,003,344</u> |
| Current Liabilities | <u>1,482,967</u> | <u>2,062,258</u> | <u>5,679,009</u> |
| Noncurrent Liabilities | <u>6,727,531</u> | <u>6,823,509</u> | <u>7,526,297</u> |
| Total Liabilities | <u>8,210,498</u> | <u>8,885,767</u> | <u>13,205,306</u> |
| Deferred Inflows of Resources | <u>639,392</u> | <u>753,040</u> | <u>867,413</u> |
| Net Investment in Capital Assets | <u>30,311,372</u> | <u>28,578,600</u> | <u>25,890,099</u> |
| Unrestricted (Deficit) Net Position | <u>(1,811,871)</u> | <u>(2,238,441)</u> | <u>(2,638,952)</u> |
| Total Net Position | <u>\$ 28,499,501</u> | <u>\$ 26,340,159</u> | <u>\$ 23,251,147</u> |

2025

The largest portion of the Authority's net position of \$28,499,501 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of \$30,311,372. 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 \$1,811,871.

During Fiscal Year 2025 total assets increased by \$1,523,804. Current assets decreased by \$189,732. The decrease was attributed to the decrease in cash of \$396,096, offset by an increase in accounts receivable of \$229,394. Accounts receivable increased due to delays in collection of local government grants from the City and County of Pueblo.

Capital assets increased \$1,732,772 during 2025. The Authority had additions of \$61,099 and transferred \$5,883,989 of completed construction in progress to their asset classifications. Construction in progress was funded by the State Controlled Maintenance and Senate Bill 25-312 (SB 25-312) State and Local Fiscal Recovery Funds (SLFRF) Refinance in the amounts of \$3,050,088 and \$311,066 for the fiscal years ended June 30, 2025 and 2024, respectively. Depreciation expense increased \$549,703 during 2025.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

The projects funded by the State Controlled Maintenance fund were the Event Center code and life safety updates for \$43,817 which were completed and transferred to capital assets in fiscal year 2025, the fire suppression system, HVAC, and code updates for the Colorado Building for \$189,189 will start construction in fiscal year 2026, and the Creative Arts fire suppression, HVAC and code upgrades for \$78,060 which is in the design phase. The two projects funded by SB25-312 SLFRF refinance funds are the Palace of Agriculture roof, HVAC and windows for \$2,104,625 and the 4H complex code upgrades and sprinkler installs for \$945,463 which are in the construction phase. Construction in progress projects completed and transferred to capital assets were \$5,883,989 which were the Event Center code and life safety project for \$1,012,027, the Event Center HVAC project for \$1,504,066 and the 2021 repair/replace water and sanitary sewer project for \$3,367,896. Equipment increased \$61,099 which was for weapon detectors for \$41,196 and \$19,903 for a pressure washer.

Current liabilities decreased by \$579,291. The majority of the decrease related to warrants payable and accrued expenses totaling \$576,828, which was a result of construction accruals in Fiscal Year 2024 and the payment of those costs in Fiscal Year 2025.

Noncurrent liabilities decreased by \$95,978. This decrease was due to a decrease in the pension liability and OPEB liability of \$53,831 and \$46,493 respectively offset by an increase in accrued compensated absences of \$4,346.

The Authority's net position increased by \$2,159,342 during the current fiscal year.

2024

The largest portion of the Authority's net position of \$26,340,159 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of \$28,578,600. 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 \$2,238,441.

During Fiscal Year 2024 total assets decreased by \$307,249. Current assets decreased by \$2,930,939. The decrease was attributed to the decrease in cash for expenditures as a result of the continued progress of Phase 1 improvements of the 2021 Colorado State Fair Master Plan. This phase is expected to continue through 2030.

Capital assets increased \$2,688,501 of which \$1,142,368 was depreciation expense offset by additions in capital assets of \$319,824 and construction in progress of \$3,508,545. Construction in progress was funded by the State Controlled Maintenance, the State Capital Construction, the State and Local Fiscal Recovery Funds (SLFRF), and funding from the maintenance appropriation and operating funds in the amounts of \$502,744, \$1,965,627, \$624,749, \$17,594 and \$397,831 respectively.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

The projects funded by the State Controlled Maintenance were the Event Center HVAC system in the amount of \$172,312 which is 95 percent complete with expected completion by December 31, 2024, the installation of the fire suppression system in the Palace of Agriculture building for \$1,252 and an additional \$17,594 from the maintenance appropriation which is 100 percent complete and transferred to capital assets, Event Center code and life safety updates for \$304,940 expected completion date of December 31, 2024, the fire suppression system, HVAC, and code updates for the Colorado Building for \$24,239 which is in the design phase. The State Capital Construction funded the 2021 repair to replace the water, sanitary and sewer for \$1,965,627 which is in the construction phase and expected to be completed by September 30, 2024. The Plaza project in the amount of \$397,831 was funded with operating funds and was completed June 30, 2024, and transferred to capital assets. The two projects funded by the SLFRF funds are the Palace of Agriculture roof, HVAC and windows for \$340,427 and the 4H complex code upgrades and sprinkler installs for \$284,322. These two projects are set to begin construction in the fall of 2024.

Other capital assets increased by \$319,824 which were funded through general fund maintenance appropriation and operating funds. Buildings increased by \$268,648 which was Grandstand Roof replacement for \$266,058 and \$2,590 for History Colorado Building which was fully depreciated. Equipment increased \$51,176 which was for Event Center curtain motors for \$31,231 and \$19,945 for gate 5 canopy lighting.

Current liabilities decreased by \$3,616,751. The decrease was a combination of warrants payable, accrued expenses, due to other state departments, unearned revenue, and other current liabilities decreasing by \$2,795,191, \$324,882, \$285,000, \$212,181 and \$950 respectively and accrued absences increasing by \$1,453. These decreases were due to liabilities related to ongoing construction in progress, retainage for construction in progress, and acquisition of a building from another state department were all paid. Unearned revenue decreases were due to concert and sponsorship sales in advance of the 2024 fair were down.

Noncurrent liabilities decreased by \$702,788. This decrease was due to a decrease in the pension liability, due to other state department, and OPEB liability of \$648,351, \$85,000, and \$13,861 respectively offset by an increase in accrued compensated absences of \$44,424.

The Authority's net position increased by \$3,089,012 during the current fiscal year.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

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

| | 2025 | 2024 (restated) | 2023 |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total operating revenues | \$ 8,603,311 | \$ 9,079,840 | \$ 8,348,674 |
| Total operating expenses | <u>14,025,180</u> | <u>13,108,407</u> | <u>12,171,655</u> |
| Operating loss | (5,421,869) | (4,028,567) | (3,822,981) |
| Net non-operating revenue | <u>4,230,276</u> | <u>3,997,523</u> | <u>3,684,579</u> |
| Gain before capital contributions | (1,191,593) | (31,044) | (138,402) |
| Capital contributions | 3,350,935 | 3,120,056 | 2,518,558 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(1,140,000)</u> |
| Change in net position | 2,159,342 | 3,089,012 | 1,240,156 |
| Net position, beginning of year | <u>26,340,159</u> | <u>23,251,147</u> | <u>22,010,991</u> |
| Net Position, end of year | <u><u>\$ 28,499,501</u></u> | <u><u>\$ 26,340,159</u></u> | <u><u>\$ 23,251,147</u></u> |

For the Year Ended June 30, 2025, net position increased by \$2,159,342. 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 2025 | Fiscal Year 2024 (restated) |
|---|-----------------------------|--------------------------------|
| Total Net Position (GAAP Basis) | \$ 28,499,501 | \$ 26,340,159 |
| Effect of GASB 68 – Pension | 5,783,578 | 5,738,897 |
| Effect of GASB 75 – OPEB | 122,029 | 158,452 |
| Net Investment in capital assets | 30,311,372 | 28,578,600 |
| Net Position excluding Pension and OPEB | <u>4,093,736</u> | <u>3,658,908</u> |
| Total Net Position | <u><u>\$ 34,405,108</u></u> | <u><u>\$ 32,237,508</u></u> |
| | Fiscal Year 2025 | Fiscal Year 2024 (restated) |
| Change in Net Position (GAAP Basis) | \$ 2,159,342 | \$ 3,089,012 |
| GASB 68 – Pension | 44,681 | 394,687 |
| GASB 75 – OPEB | <u>(36,423)</u> | <u>(28,600)</u> |
| Change in Net Position excluding Pension and OPEB | <u><u>\$ 2,167,600</u></u> | <u><u>\$ 3,455,099</u></u> |

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

The change in Fiscal Year 2025 net position excluding pension and OPEB expenses was an increase of \$2,167,600. Key elements of this increase are as follows:

- Operating revenue decreased by \$476,529. The 2024 State Fair resulted in a decrease in operating revenue of \$491,725 and a decrease in rental revenue of \$2,148.
- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2025 increased by \$1,274,602. The increases were due to personnel services and benefits, repairs and maintenance and depreciation. The increases in personnel services were due to salary increases of \$46,947. Maintenance and repairs expenses increased due to three major sewer repairs and for seal coat and crack repair that resulted in an increase of \$295,199. These and other increases in operating expenses along with a decrease in operating revenue contributed to \$5 million operating loss.
- Non-operating revenue increased by \$232,753. Unclaimed property interest income increased by \$435,036. The increases were offset by decreases in current year's insurance recoveries of \$67,813 and unrealized gain of \$134,516.
- Other revenues increased by \$230,879. Increases were from State Controlled Maintenance funds of \$853,728, which was offset by a decrease in contributions from federal grants of \$619,749 and transfer in of \$3,100.

For the Year Ended June 30, 2024, net position increased by \$3,089,012. 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 2024 (restated) | Fiscal Year 2023 |
|---|--------------------------------|----------------------|
| Total Net Position (GAAP Basis) | \$ 26,340,159 | \$ 23,251,147 |
| Effect of GASB 68 – Pension | 5,738,897 | 5,344,210 |
| Effect of GASB 75 – OPEB | 158,452 | 187,052 |
| Net Investment in capital assets | 28,578,600 | 25,890,099 |
| Net Position excluding Pension and OPEB | <u>3,658,908</u> | <u>2,892,310</u> |
| Total Net Position | <u>\$ 32,237,508</u> | <u>\$ 28,782,409</u> |
| | Fiscal Year 2024 (restated) | Fiscal Year 2023 |
| Change in Net Position (GAAP Basis) | \$ 3,089,012 | \$ 1,240,156 |
| GASB 68 – Pension | 394,687 | 326,891 |
| GASB 75 – OPEB | <u>(28,600)</u> | <u>(25,333)</u> |
| Change in Net Position excluding Pension and OPEB | <u>\$ 3,455,099</u> | <u>\$ 1,541,714</u> |

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

The change in Fiscal Year 2024 net position excluding pension and OPEB expenses was an increase of \$3,455,099. Key elements of this increase are as follows:

- Operating revenue increased by \$731,166. The 2023 State Fair resulted in an increase in operating revenue of \$709,203 and an increase in rental revenue of \$21,963.
- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2024 increased by \$936,752. Prizes and awards, utilities, other operating costs, supplies and materials, building, vehicle and equipment rentals, and travel had decreases of \$42,313, \$77,895, \$10,562, \$49,287, \$11,653 and \$16,325 respectively. These decreases were offset by increases in entertainment and attractions, advertising and promotions, personnel services and benefits, depreciation, repairs and maintenance, other purchased services and contractual services of \$414,853, \$80,508, \$429,476, \$145,968, \$39,057, \$20,532, and \$14,393. The increases were primarily due to increases in salaries and wages, and overall increases in costs related to most purchased services.
- The \$4 million operating loss was primarily due to increases in entertainment and attractions, advertising and promotions, salaries and benefits, depreciation, repairs and maintenance, purchased services and contractual services.
- Non-operating revenue increased by \$312,944. Unclaimed property interest income, insurance recoveries, unrealized gain increased by \$78,244, \$67,813 and \$181,307 respectively. The increases were offset by decreases in Local Government Grants funding of \$14,374 and a loss for leases of \$46.
- Other revenues increased by \$1,741,498. Increases were from federal grants and transfers out by \$619,749 and \$1,143,100 respectively, which was offset by a decrease in contributions from the State Controlled Maintenance funds of \$21,351.

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, except for 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 are the real challenge since the annual fair event does not bring in enough revenue to support year-round operations. For the annual fair to support year-round operations, the Authority would need to drastically increase admissions, concessions, 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.

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

SUBSEQUENT EVENTS

For the Period July 1, 2025, to September 30, 2025

The fiscal year 2026 fair was held August 22nd through September 1st, 2025. The following is a comparison of the statistics for the past three fairs.

| | <u>Fiscal Year 2026</u> | <u>Fiscal Year 2025</u> | <u>Fiscal Year 2024</u> |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| Colorado State Fair Attendance* | 428,941 | 493,234 | 508,877 |
| Paid events offered during the | | | |
| Colorado State Fair | 12 | 10 | 9 |
| Colorado State Fair Events* | 1 | 1 | 1 |
| Non-fair Events** | 41 | 291 | 297 |

*The event for Fiscal Years 2024 through 2026 was the Colorado State Fair.

**Fiscal Year 2026 is not complete; this reflects a total of events as of September 30, 2025.

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 2025, the approved expense budget for the Authority's activities was \$11,307,415 of which \$1,000,000 was General Fund and \$10,307,415 was cash funded. The budgetary amount includes the Colorado State Fair Program line item in the Long Bill. Total actual operating revenues were \$8,603,311 and total revenue including Department of Agriculture, local government grants, unclaimed property fund interest income, and general fund appropriations were \$12,748,247 and total expenses on a budgetary basis were \$11,598,017.

| | |
|---------------------------------------|-----------------------------|
| Total operating expenses (GAAP basis) | \$ 14,025,180 |
| (Less) depreciation | (1,689,481) |
| (Less) in-kind match | (729,424) |
| (Less) GASB 68/71 pension expense | (44,681) |
| Plus GASB 75 OPEB expense | <u>36,423</u> |
| Total expenses (budgetary basis) | <u><u>\$ 11,598,017</u></u> |

COLORADO STATE FAIR AUTHORITY
Management's Discussion and Analysis
June 30, 2025 and 2024

ECONOMIC OUTLOOK

Based on the 2025 (Fiscal Year 2026) Colorado State Fair financial results and feedback, the results reflected both the challenges and opportunities of the current economic climate. Rising costs across the board such as fuel, groceries, and everyday expenses—continue to weigh on families. Feedback from fairgoers indicated that while ticket prices were able to be purchased prior to fair at what was still considered reasonable for the value, food prices were a frequent concern, with some guests noting they had to limit purchases. Additionally, the carnival saw lower utilization than in past years, suggesting that discretionary spending is more carefully managed when families are already feeling stretched.

Despite these pressures, the fair remains a strong option for affordable family entertainment compared to the cost of extended travel or large-scale vacations. With many families opting for “staycations” rather than out-of-state trips as economic uncertainty continues, the fair has an opportunity to position itself as the centerpiece of a local summer experience. Strategic marketing can emphasize bundled value—highlighting family passes, special promotions, and hands-on programming like AgVenture Land or cultural showcases. On the programming side, expanding low-cost or inclusive activities, such as free stage performances, interactive exhibits, and family discount days, can increase the sense of value and encourage return visits. By leaning into its role as both a tradition and a practical, budget-friendly choice, the fair can continue to attract families seeking meaningful and memorable experiences close to home.

In fiscal year 2021, the Authority adopted the Colorado State Fair Master Plan. Phase one, completed in fiscal years 2022 and 2023, included the renovation of the Prairie Avenue main entrance and a landscape redesign from the Prairie gate to the west side of the Palace of Agriculture. In fiscal year 2024, a capital campaign for phase two commenced, focusing on a new livestock building, community building, and relocating the carnival/midway, along with remaining phase one items. To date, \$3,136,900 in private donations have been secured. The goal is to begin construction within five years, relying on a funding mix of approximately 40% privately raised funds and 60% public funds, with a total goal of \$40 million. The Foundation continues its vital role in fundraising and raising awareness for the Authority's Master Plan.

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 Years 2025 and 2024 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, 2025 and 2024

| | Primary Government Authority | | Component Unit Foundation | Component Unit Foundation |
|---|---------------------------------|----------------------|------------------------------|------------------------------|
| | 2025 | 2024 (restated) | at 12/31/2024 | at 12/31/2023 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 5,339,454 | \$ 5,735,550 | \$ 1,833,323 | \$ 1,486,810 |
| Accounts receivable, net of allowance for doubtful accounts | 318,909 | 89,515 | 8,206 | 7,230 |
| Lease receivable - current | 21,847 | 58,687 | - | - |
| Prepaid expenses | 38,800 | 24,990 | - | 1,200 |
| Total current assets | <u>5,719,010</u> | <u>5,908,742</u> | <u>1,841,529</u> | <u>1,495,240</u> |
| Noncurrent assets | | | | |
| Lease receivable - long term | 506,695 | 525,931 | - | - |
| Capital assets, net of accumulated depreciation | 25,748,088 | 21,492,482 | - | - |
| Capital assets not being depreciated | 4,563,284 | 7,086,118 | - | - |
| Total noncurrent assets | <u>30,818,067</u> | <u>29,104,531</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>36,537,077</u> | <u>35,013,273</u> | <u>1,841,529</u> | <u>1,495,240</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | 755,965 | 895,087 | - | - |
| OPEB | 56,348 | 70,606 | - | - |
| Total deferred outflows of resources | <u>812,313</u> | <u>965,693</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Warrants Payable | 52,788 | 262,498 | - | - |
| Accrued expenses | 382,082 | 749,200 | 1,053 | 465 |
| Unearned revenue | 1,020,186 | 1,022,433 | - | - |
| Other current liabilities | 15,450 | 10,050 | - | - |
| Current portion of accrued compensated absences | 12,461 | 18,077 | - | - |
| Total current liabilities | <u>1,482,967</u> | <u>2,062,258</u> | <u>1,053</u> | <u>465</u> |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 162,050 | 157,704 | - | - |
| Pension liability | 6,460,046 | 6,513,877 | - | - |
| OPEB liability | 105,435 | 151,928 | - | - |
| Total noncurrent liabilities | <u>6,727,531</u> | <u>6,823,509</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>8,210,498</u> | <u>8,885,767</u> | <u>1,053</u> | <u>465</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Lease | 486,952 | 555,802 | - | - |
| Pension | 79,497 | 120,108 | - | - |
| OPEB | 72,943 | 77,130 | - | - |
| Total deferred inflows of resources | <u>639,392</u> | <u>753,040</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 30,311,372 | 28,578,600 | - | - |
| Restricted | - | - | 1,334,969 | 1,351,414 |
| Unrestricted (deficit) | <u>(1,811,871)</u> | <u>(2,238,441)</u> | <u>510,646</u> | <u>143,361</u> |
| TOTAL NET POSITION | <u>\$ 28,499,501</u> | <u>\$ 26,340,159</u> | <u>\$ 1,845,615</u> | <u>\$ 1,494,775</u> |

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, 2025 and 2024

| | Primary Government Authority | | Component Unit Foundation | Component Unit Foundation |
|--|---------------------------------|----------------------|------------------------------|------------------------------|
| | 2025 | 2024 (restated) | 2024 | 2023 |
| OPERATING REVENUES | | | | |
| Gate admissions | \$ 2,735,437 | \$ 2,837,877 | \$ - | \$ - |
| Private sponsorships | 1,456,916 | 1,479,332 | - | - |
| Commercial space/concessions | 1,489,459 | 1,489,819 | - | - |
| Exhibitors | 777,750 | 780,997 | - | - |
| Concerts | 1,456,882 | 1,760,274 | - | - |
| Rentals | 630,667 | 632,815 | - | - |
| Foundation contributions | - | - | 449,342 | 207,790 |
| Miscellaneous sales | 56,200 | 98,726 | - | - |
| Total Operating Revenue | 8,603,311 | 9,079,840 | 449,342 | 207,790 |
| OPERATING EXPENSES | | | | |
| Entertainment and attractions | 2,628,491 | 2,656,434 | - | - |
| Advertising and promotions | 1,204,264 | 1,267,637 | - | - |
| Personnel services and benefits | 4,060,177 | 4,013,230 | 48,489 | 16,970 |
| Prizes and awards | 856,610 | 849,961 | - | - |
| Depreciation | 1,689,481 | 1,139,778 | - | - |
| Utilities | 916,385 | 925,141 | 3,170 | 2,926 |
| Other operating | 569,342 | 542,183 | 30,793 | 22,397 |
| Repairs and maintenance | 932,082 | 636,883 | - | - |
| Other purchased services | 309,013 | 260,133 | - | - |
| Supplies and materials | 486,585 | 463,424 | - | - |
| Building, vehicle and equipment rental | 222,429 | 199,368 | - | - |
| Contractual services | 119,112 | 128,610 | - | - |
| Travel | 31,209 | 25,625 | - | - |
| Foundation program expenditures | - | - | 79,865 | 11,570 |
| Total Operating Expenses | 14,025,180 | 13,108,407 | 162,317 | 53,863 |
| Operating Loss | (5,421,869) | (4,028,567) | 287,025 | 153,927 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Unclaimed property | 2,419,936 | 1,984,900 | - | - |
| General fund appropriations | 1,000,000 | 1,000,000 | - | - |
| Local government grants | 425,000 | 425,000 | - | - |
| Marijuana tax cash fund appropriations | 300,000 | 300,000 | - | - |
| Insurance recoveries - current year | - | 67,813 | - | - |
| Unrealized gain (loss) | 85,340 | 219,856 | 63,815 | 85,206 |
| Lease gain/ (loss) | - | (46) | - | - |
| Total Nonoperating Revenues (Expenses) | 4,230,276 | 3,997,523 | 63,815 | 85,206 |
| Gain (loss) before State Controlled Maintenance | (1,191,593) | (31,044) | 350,840 | 239,133 |
| OTHER REVENUES, (EXPENSES), OR TRANSFERS | | | | |
| State controlled maintenance | 3,350,935 | 2,497,207 | - | - |
| Federal grants | - | 619,749 | - | - |
| Transfers in/out | - | 3,100 | - | - |
| Total Other Revenues, (Expenses), or Transfers | 3,350,935 | 3,120,056 | - | - |
| Change in net position | 2,159,342 | 3,089,012 | 350,840 | 239,133 |
| Net position, beginning of year | 26,340,159 | 23,251,147 | 1,494,775 | 1,255,642 |
| Net position, end of year | \$ 28,499,501 | \$ 26,340,159 | \$ 1,845,615 | \$ 1,494,775 |

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

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

| | 2025 | 2024 (restated) |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from fees for services | \$ 7,740,879 | \$ 6,475,783 |
| Cash received from rental of property | 630,667 | 632,815 |
| Cash received from other sources | 56,200 | 98,726 |
| Cash paid to employees | (4,047,789) | (2,330,419) |
| Cash paid to suppliers | (8,921,200) | (11,079,360) |
| Cash paid to others | (13,810) | (1,729) |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(4,555,053)</u> | <u>(6,204,184)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Unclaimed property fund interest | 2,419,936 | 1,984,900 |
| State of Colorado appropriation | 1,300,000 | 1,300,000 |
| Local government grants | 425,000 | 425,000 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>4,144,936</u> | <u>3,709,900</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Insurance Proceeds | - | 67,813 |
| NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>-</u> | <u>67,813</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cumulative gain (loss) on treasury pooled cash | 85,340 | 219,856 |
| Purchases of property and equipment | (71,319) | (708,269) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>14,021</u> | <u>(488,413)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (396,096) | (2,914,884) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>5,735,550</u> | <u>8,650,434</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 5,339,454</u></u> | <u><u>\$ 5,735,550</u></u> |

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

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

| | 2025 | 2024 (restated) |
|--|-----------------------|-----------------------|
| OPERATING LOSS | <u>\$ (5,421,869)</u> | <u>\$ (4,028,567)</u> |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Depreciation | 1,689,481 | 1,139,778 |
| (Increase) decrease in accounts receivable | (229,394) | (12,915) |
| (Increase) decrease in prepaid expenses and other assets | (13,810) | (1,729) |
| (Increase) decrease in lease receivable | 56,076 | 95,510 |
| Increase (decrease) in accounts payable | (435,968) | (429,904) |
| Increase (decrease) in warrants payable | (209,710) | (2,795,191) |
| Increase (decrease) in compensated absences | (1,270) | 45,877 |
| Increase (decrease) in other payables | 5,400 | (370,949) |
| Increase (decrease) in unearned revenue | (2,247) | (212,181) |
| Increase (decrease) in pension liability | 44,680 | 394,687 |
| Increase (decrease) in OPEB liability | (36,422) | (28,600) |
| Total adjustments | <u>866,816</u> | <u>(2,175,617)</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (4,555,053)</u> | <u>\$ (6,204,184)</u> |
| NONCASH OPERATING AND FINANCING ACTIVITIES | | |
| Property and equipment contributions | \$ 3,350,935 | \$ 3,116,956 |
| Advertising and promotions provided through private sponsorships | \$ 729,424 | \$ 805,560 |

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

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, 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.

Discretely Presented Component Unit. In fiscal year 2024, the Colorado State Fair Foundation (the Foundation) was added to the financial reporting entity as a discretely presented component unit as it was determined to be misleading to be excluded due to the Foundation's 2023 and 2024 fundraising efforts and expected future contributions to support the completion of the Authority's master plan. The Foundation is a legally separate, tax-exempt nonprofit organization that was created in 2012, whose sole purpose is to support the Authority by fundraising to support the Authority's master plan project. The Foundation's President leads the ten-member Board of Directors. Separately issued internal financial statements for the Foundation may be obtained by contacting the Foundation's office at 1001 Beulah Avenue, Pueblo, CO 81004.

The Authority's fiscal year-end is June 30 of each year. The financial statements for the Authority are for the fiscal year ended June 30, 2025. The Colorado State Fair Foundation follows a calendar year that begins on January 1 and ends on December 31 of each year. Therefore, the Foundation's financial statements for the years ended December 31, 2024 and 2023 have been included in this report.

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.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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 non-operating 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.

As a nonprofit organization operating under the Financial Accounting Standards Board (FASB), the Foundation reports net position with restricted or unrestricted funds, in accordance with donor requests.

Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62. GASB Statement No. 100 was effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The requirements of this Statement do not apply to the initial application of U.S. generally accepted accounting principles (GAAP) established by the GASB as a financial reporting framework in circumstances in which a government is asserting for the first time that its financial statements are prepared in accordance with U.S. GAAP established by the GASB. The requirements of this Statement apply to the financial statements of all state and local governments.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, Compensated Absences. GASB Statement No. 101 was effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This standard provides updated guidance on the recognition and measurement of compensated absences for government entities. It aims to enhance the clarity and consistency of financial reporting for compensated absences, ensuring that financial statement users receive accurate and comparable information. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Historically the Authority has calculated compensated absences in a manner that meets the requirements of this Statement.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

In December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Authority has determined that no concentration or constraint events are determined to be reportable under this GASB standard for fiscal years 2025 and 2024.

Budgetary Process

Government resources are allocated to and accounted for in separate funds, based upon the purposes for which the resources are to be spent and how 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.

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 2025, the Authority's original and final budget as approved by the General Assembly was \$11,307,415, of which \$1,000,000 was General Fund appropriations and \$10,307,415 was cash funded. For Fiscal Year 2024, the Authority's original and final budget as approved by the General Assembly was \$10,885,247, of which \$1,000,000 was General Fund appropriations and \$9,885,247 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, 2025, the internal budget showed total budgeted revenues of \$11,800,000. Total actual operating revenues were \$8,603,311 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were \$12,748,247. Budgeted expenses were \$11,752,631 while total actual expenses were \$11,521,881 on a budgetary basis.

For Fiscal Year Ended June 30, 2024, the internal budget showed total budgeted revenues of \$11,235,000. Total actual operating revenues were \$9,079,840 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were \$12,857,507. Budgeted expenses were \$11,149,892 while total actual expenses were \$10,796,982 on a budgetary basis.

| | 2025 | 2024 |
|---------------------------------------|----------------------|----------------------|
| Total operating expenses (GAAP basis) | \$ 14,025,180 | \$ 13,108,407 |
| (Less) depreciation | (1,689,481) | (1,139,778) |
| (Less) in-kind match | (805,560) | (805,560) |
| (Less) GASB 68/71 pension expense | (44,681) | (394,687) |
| Plus GASB 75 OPEB expense | 36,423 | 28,600 |
| Total expenses (budgetary basis) | <u>\$ 11,521,881</u> | <u>\$ 10,796,982</u> |

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

Accounts Receivable

Accounts receivable is comprised principally of amounts due for use of the Authority's facilities from organizations and individuals and it 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.

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 \$10,000 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.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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.

Grants and Contributions

The Foundation may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

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 12 and 24 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 up to 48 days at the end of the fiscal year depending on the years of service. 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 they are 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.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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, which 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, 2025, and 2024, of \$729,424 and \$805,560, 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.

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.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025, the Authority had cash on deposit with the State Treasurer of \$5,305,867, which represented approximately 0.0310 percent of the total \$15,918.2 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2025, the Pool's resources included \$39.1 million of cash on hand and \$15,879.1 million of investments.

As of June 30, 2024, the Authority had cash on deposit with the State Treasurer of \$5,707,855, which represented approximately .0291 percent of the total \$18,095.0 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2024, the Pool's resources included \$38.5 million of cash on hand and \$18,056.6 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, 2025.

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, 2025, and 2024, the Authority had a balance of \$5,305,867 and \$5,707,855, respectively on deposit with the State Treasurer. As of June 30, 2025, and 2024, the Authority's deposits are as follows:

| | Fiscal Year 2025 | | Fiscal Year 2024 | |
|--------------|-------------------|---------------------|-------------------|---------------------|
| | Bank Balance | Carrying Balance | Bank Balance | Carrying Balance |
| Cash on hand | \$ - | \$ 2,200 | \$ - | \$ 2,200 |
| Cash in bank | 280,582 | 31,388 | 801,681 | 25,496 |
| | <u>\$ 280,582</u> | <u>\$ 33,588</u> | <u>\$ 801,681</u> | <u>\$ 27,696</u> |

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

As of December 31, 2024 the State Fair Foundation had deposits as follows:

| | December 31, 2024 | |
|--------------|-------------------|---------------------|
| | Bank Balance | Carrying Balance |
| Cash on hand | \$ - | \$ 446 |
| Cash in bank | 1,832,831 | 1,832,877 |
| | \$ 1,832,831 | \$ 1,833,323 |

As of December 31, 2023 the State Fair Foundation had deposits as follows:

| | December 31, 2024 | |
|--------------|-------------------|---------------------|
| | Bank Balance | Carrying Balance |
| Cash on hand | \$ - | \$ 446 |
| Cash in bank | 1,832,831 | 1,832,877 |
| | \$ 1,832,831 | \$ 1,833,323 |

Included in the bank balance for the State Fair Foundation are investments of \$1,366,068 and \$1,276,354 for the years ended December 31, 2024 and 2023, respectively.

These investments are reported at estimated fair value based on quoted market prices, which are considered level 1 inputs in generally accepted accounting principles (GAAP). The GAAP fair value hierarchy is based on the inputs used to measure the fair value of an asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3 –CAPITAL ASSETS

As of June 30, 2025, capital assets consisted of the following:

| | Balance 6/30/2024 | Additions | Deductions | Transfers | Balance 6/30/2025 |
|---|----------------------|---------------------|------------------|--------------------|----------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 596,958 | \$ - | \$ - | \$ - | \$ 596,958 |
| Construction in Progress | 6,489,160 | 3,361,155 | - | (5,883,989) | 3,966,326 |
| Total capital assets not being depreciated | <u>7,086,118</u> | <u>3,361,155</u> | <u>-</u> | <u>(5,883,989)</u> | <u>4,563,284</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 16,199,196 | - | - | 1,012,027 | 17,211,223 |
| Land Improvements | 22,394,598 | - | - | 3,367,896 | 25,762,494 |
| Vehicles and Equipment | 7,727,094 | 61,099 | (204,185) | 1,504,066 | 9,088,074 |
| Total capital assets being depreciated | <u>46,320,888</u> | <u>61,099</u> | <u>(204,185)</u> | <u>5,883,989</u> | <u>52,061,791</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (11,819,741) | (314,174) | - | - | (12,133,915) |
| Land Improvements | (9,065,017) | (839,268) | - | - | (9,904,285) |
| Vehicles and Equipment | (3,943,648) | (536,040) | 204,185 | - | (4,275,503) |
| Total accumulated depreciation | <u>(24,828,406)</u> | <u>(1,689,482)</u> | <u>204,185</u> | <u>-</u> | <u>(26,313,703)</u> |
| Total capital assets being depreciated, net | <u>21,492,482</u> | <u>(1,628,383)</u> | <u>-</u> | <u>5,883,989</u> | <u>25,748,088</u> |
| Capital assets, net | <u>\$ 28,578,600</u> | <u>\$ 1,732,772</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,311,372</u> |

As of June 30, 2024, capital assets consisted of the following:

| | Balance 6/30/2023 | Additions | Deductions | Transfers | Balance 6/30/2024 |
|---|----------------------|---------------------|-------------------|--------------------|----------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 594,458 | \$ 2,500 | \$ - | \$ - | \$ 596,958 |
| Construction in Progress | 9,783,047 | 3,508,545 | - | (6,802,432) | 6,489,160 |
| Total capital assets not being depreciated | <u>10,377,505</u> | <u>3,511,045</u> | <u>-</u> | <u>(6,802,432)</u> | <u>7,086,118</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 15,079,884 | 268,648 | (11,712) | 862,376 | 16,199,196 |
| Land Improvements | 16,454,542 | - | - | 5,940,056 | 22,394,598 |
| Vehicles and Equipment | 7,843,596 | 51,176 | (167,678) | - | 7,727,094 |
| Total capital assets being depreciated | <u>39,378,022</u> | <u>319,824</u> | <u>(179,390)</u> | <u>6,802,432</u> | <u>46,320,888</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (11,586,761) | (242,102) | 9,122 | - | (11,819,741) |
| Land Improvements | (8,505,283) | (559,734) | - | - | (9,065,017) |
| Vehicles and Equipment | (3,773,384) | (337,942) | 167,678 | - | (3,943,648) |
| Total accumulated depreciation | <u>(23,865,428)</u> | <u>(1,139,778)</u> | <u>176,800</u> | <u>-</u> | <u>(24,828,406)</u> |
| Total capital assets being depreciated, net | <u>15,512,594</u> | <u>(819,954)</u> | <u>(2,590)</u> | <u>6,802,432</u> | <u>21,492,482</u> |
| Capital assets, net | <u>\$ 25,890,099</u> | <u>\$ 2,691,091</u> | <u>\$ (2,590)</u> | <u>\$ -</u> | <u>\$ 28,578,600</u> |

Depreciation expense for the years ended June 30, 2025, and 2024 were \$1,689,482 and \$1,139,778, 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, 2025, were as follows:

| | Beginning Balance | Additions | Reductions | Balance 6/30/2025 | Within One Year |
|--------------------------------|----------------------|-------------|-------------------|----------------------|--------------------|
| Business-type Activities | | | | | |
| Compensated Absences | \$ 175,781 | \$ - | \$ (1,270) | \$ 174,511 | \$ 12,461 |
| Total Business-type Activities | <u>\$ 175,781</u> | <u>\$ -</u> | <u>\$ (1,270)</u> | <u>\$ 174,511</u> | <u>\$ 12,461</u> |

Long-term liability balances for the year ended June 30, 2024, were as follows:

| | Beginning Balance | Additions | Reductions | Balance 6/30/2024 | Within One Year |
|--------------------------------|----------------------|------------------|-------------|----------------------|--------------------|
| Business-type Activities | | | | | |
| Compensated Absences | \$ 129,904 | \$ 45,877 | \$ - | \$ 175,781 | \$ 18,077 |
| Total Business-type Activities | <u>\$ 129,904</u> | <u>\$ 45,877</u> | <u>\$ -</u> | <u>\$ 175,781</u> | <u>\$ 18,077</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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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Benefits provided as of December 31, 2024. 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.

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. For Safety Officer whose disability is caused by an on-the-job injury, the five-year requirement is waived, and they are immediately eligible to apply for disability benefits. 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.

Contributions provisions as of June 30, 2025. 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, 2024 through June 30, 2025 are summarized in the table below:

| | July 1, 2024 Through December 31, 2024 | January 1, 2025 Through June 30, 2025 |
|--|--|---|
| 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).

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The employer contribution requirements for all employees except Safety Officers are summarized in the table below:

| | July 1, 2024 Through December 31, 2024 | January 1, 2025 Through June 30, 2025 |
|--|--|---|
| 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)(f) | -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 | 0.21% | 0.23% |
| Total employer contribution rate to the SDTF** | 20.59% | 20.61% |

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

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 \$650,605 and \$540,542 for the years ended June 30, 2024 and 2023, respectively,

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. For 2024, 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.

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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The Authority's proportion of the net pension liability was based on the Authority contributions to the SDTF for the calendar year 2024 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, 2025, the Authority reported a liability of \$6,460,046 for its proportionate share of the net pension liability.

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At December 31, 2024, the Authority's proportion was 0.0679332706 percent which was a increase of 0.003523 from its proportion measured as of December 31, 2023.

At June 30, 2024, the Authority reported a liability of \$6,513,877 for its proportionate share of the net pension liability.

At December 31, 2023, the Authority's proportion was 0.0644103294 percent which was a decrease of 0.001464 from its proportion measured as of December 31, 2022.

For the years ended June 30, 2025, and 2024, the Authority recognized pension expense of \$44,681, and \$394,687, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Fiscal Year 2025 | | Fiscal Year 2024 | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 189,602 | \$ - | \$ 106,476 | \$ 34,588 |
| Changes of assumptions or other inputs | - | 50,092 | - | - |
| Net difference between projected and actual earnings on pension plan investments | 142,294 | - | 473,102 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 196,919 | 29,405 | 105,923 | 85,519 |
| Contributions subsequent to the measurement date | 227,150 | - | 209,586 | - |
| Total | <u>\$ 755,965</u> | <u>\$ 79,497</u> | <u>\$ 895,087</u> | <u>\$ 120,107</u> |

The Authority will recognize \$227,150 and \$209,586 for Fiscal Years 2025 and 2024, 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, 2025 and 2024, 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:

| Fiscal Year ended June 30, | |
|----------------------------|-----------|
| 2026 | 327,462 |
| 2027 | 433,626 |
| 2028 | (223,642) |
| 2029 | (88,127) |

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Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|--|---------------------------|---|
| Members other than Safety Officers | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| | | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older |
| Members other than Safety Officers | PubG-2010 Healthy Retiree | Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |
| | PubS-2010 Healthy Retiree | |
| Safety Officers | | N/A |

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Notes to Financial Statements
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**Post-Retirement (Beneficiary),
Non-Disabled**

| | Mortality Table | Adjustments, as Applicable |
|-------------------|---------------------------------|---|
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages Females: 105% of the rates for all ages |

Disabled

| | Mortality Table | Adjustments, as Applicable |
|------------------------------------|--------------------------------|-----------------------------------|
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

The actuarial assumptions used in the December 31, 2023, valuation was based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:

| | |
|------------------------------------|--------------|
| Members other than Safety Officers | 2.70%-13.30% |
| Safety Officers | 3.20%-16.30% |

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

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| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|--|------------------------------|---|
| Members other than Safety Officers | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages Females: 100% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study dated January 3, 2025.

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.

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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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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 | 51.00% | 5.00% |
| Fixed Income | 23.00% | 2.60% |
| Private Equity | 10.00% | 7.60% |
| Real Estate | 10.00% | 4.10% |
| Alternatives | 6.00% | 5.20% |
| Total | <u>100.00%</u> | |

Note: 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 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- 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 and 2020 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, 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.

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- 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% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. 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 | \$ 8,607,550 | \$ 6,460,046 | \$ 4,651,072 |

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/forms-resources/financial-reports-and-studies.

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. PERA issues a publicly available ACFR which includes additional information on the PERAPlus DC Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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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, 2024 through June 30, 2025 are summarized in the tables below:

| | July 1, 2024 Through December 31, 2024 | January 1, 2025 Through June 30, 2025 |
|---|--|---|
| Employee Contribution Rates: | | |
| Employee contribution (all employees other than Safety Officers) | 11.00% | 11.00% |
| Safety Officers | 13.00% | 13.00% |
| Employer Contribution Rates: | | |
| On behalf of all employees (other than Safety Officers) | 10.15% | 10.15% |
| Safety Officers | 12.85% | 12.85% |

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

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

| | July 1, 2024 Through December 31, 2024 | January 1, 2025 Through June 30, 2025 |
|---|--|---|
| 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% |
| Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413 | 1.00% | 1.00% |
| Additional statutory contribution as specified in in C.R.S. § 24-51-401 and § 24-51-1505 | 0.25% | 0.25% |
| Defined Contribution Supplement as specified in C.R.S. § 24-51-415 | 0.21% | 0.23% |
| Total employer contribution rate to the SDTF | 11.46% | 11.48% |

** 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.

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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/forms-resources/financial-reports-and-studies.

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/forms-resources/financial-reports-and-studies.

Funding Policy – The 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 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.

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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/forms-resources/financial-reports-and-studies.

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.

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.

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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 \$27,462 and \$24,811 as of June 30, 2025, and 2024, respectively.

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

At June 30, 2025 the Authority reported a liability of \$105,435 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Authority's proportion was 0.022049830 percent, which was an increase of 0.00076317 from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Authority recognized OPEB expense of (\$36,423). At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Fiscal Year 2025 | | Fiscal Year 2024 | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ - | \$ 23,257 | \$ - | \$ 31,139 |
| Changes of assumptions or other inputs | 1,209 | 33,702 | 1,787 | 16,110 |
| Net difference between projected and actual earnings on OPEB plan investments | 357 | - | 4,699 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 44,331 | 15,984 | 54,287 | 29,881 |
| Contributions subsequent to the measurement date | 10,451 | - | 9,833 | - |
| Total | <u>\$ 56,348</u> | <u>\$ 72,943</u> | <u>\$ 70,606</u> | <u>\$ 77,130</u> |

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\$10,451 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, 2026. 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> | |
|-----------------------------------|----------|
| 2026 | (14,076) |
| 2027 | 5,447 |
| 2028 | (6,969) |
| 2029 | (5,217) |
| 2030 | (3,812) |
| 2031 | (2,419) |

Actuarial assumptions. The TOL in the December 31, 2023, 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 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% |
| PERACare Medicare plans | 16.00% in 2024, then decreasing to 4.50% in |
| MAPD PPO #2 | 105.00% in 2024, then |
| Medicare Part A premiums | 3.50% in 2024, gradually increasing to 4.50% in 2033 |
| DPS benefit structure: | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | N/A |
| Medicare Part A premiums | N/A |

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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Notes to Financial Statements
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Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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.

Age-Related Morbidity Assumptions

| Participant Age | Annual Increase (Male) | Annual Increase (Female) |
|-----------------|------------------------|--------------------------|
| 65-68 | 2.2% | 2.3% |
| 69 | 2.8% | 2.2% |
| 70 | 2.7% | 1.6% |
| 71 | 3.1% | 0.5% |
| 72 | 2.3% | 0.7% |
| 73 | 1.2% | 0.8% |
| 74 | 0.9% | 1.5% |
| 75-85 | 0.9% | 1.3% |
| 86 and older | 0.0% | 0.0% |

| Sample Age | MAPD PPO #1 with Medicare Part A | | MAPD PPO #2 with Medicare Part A | | MAPD HMO (Kaiser) with Medicare Part A | |
|------------|----------------------------------|---------|----------------------------------|--------|--|---------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$1,710 | \$1,420 | \$585 | \$486 | \$1,897 | \$1,575 |
| 70 | \$1,921 | \$1,589 | \$657 | \$544 | \$2,130 | \$1,763 |
| 75 | \$2,122 | \$1,670 | \$726 | \$571 | \$2,353 | \$1,853 |

| Sample Age | MAPD PPO #1 without Medicare Part A | | MAPD PPO #2 without Medicare Part A | | MAPD HMO (Kaiser) without Medicare Part A | |
|------------|-------------------------------------|---------|-------------------------------------|---------|---|---------|
| | Retiree/Spouse | | Retiree/Spouse | | Retiree/Spouse | |
| | Male | Female | Male | Female | Male | Female |
| 65 | \$6,536 | \$5,429 | \$4,241 | \$3,523 | \$7,063 | \$5,866 |
| 70 | \$7,341 | \$6,073 | \$4,764 | \$3,941 | \$7,933 | \$6,563 |
| 75 | \$8,110 | \$6,385 | \$5,262 | \$4,143 | \$8,763 | \$6,900 |

The 2024 Medicare Part A premium is \$505 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.

COLORADO STATE FAIR AUTHORITY

Notes to Financial Statements

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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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

| Year | PERACare Medicare Plans* | MAPD PPO #21 | Medicare Part A Premiums |
|-------|--------------------------|--------------|--------------------------|
| 2024 | 16.00% | 105.00% | 3.50% |
| 2025 | 6.75% | 8.55% | 3.75% |
| 2026 | 6.50% | 8.10% | 3.75% |
| 2027 | 6.25% | 7.65% | 4.00% |
| 2028 | 6.00% | 7.20% | 4.00% |
| 2029 | 5.75% | 6.75% | 4.25% |
| 2030 | 5.50% | 6.30% | 4.25% |
| 2031 | 5.25% | 5.85% | 4.25% |
| 2032 | 5.00% | 5.40% | 4.25% |
| 2033 | 4.75% | 4.95% | 4.50% |
| 2034+ | 4.50% | 4.50% | 4.50% |

*Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|--|------------------------------------|----------------------------|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |

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Notes to Financial Statements
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| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
|--|---|--|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| School Division | PubT-2010 Healthy Retiree | Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older |
| Judicial Division | PubG-2010(A) Above-Median Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 97% of the rates for all ages Females: 105% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 99% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

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, 2023, 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 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

| | State Division | School Division | Local Government Division | Judicial Division |
|---|----------------|-----------------|---------------------------|-------------------|
| Salary increases, including wage inflation: | | | | |
| Members other than Safety Officers | 2.70%-13.30% | 4.00%-13.40% | 3.40%-13.00% | 2.30%-4.70% |
| Safety Officers | 3.20%-16.30% | N/A | 3.20%-16.30% | N/A |

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

| Plan | With Medicare Part A | | Without Medicare Part A |
|-------------------|----------------------|--|-------------------------|
| MAPD PPO #1 | \$1,824 | | \$6,972 |
| MAPD PPO #2 | 624 | | 4,524 |
| MAPD HMO (Kaiser) | 2,040 | | 7,596 |

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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| Pre-Retirement | Mortality Table | Adjustments, as Applicable |
|--|---|---|
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Employee | N/A |
| Safety Officers | PubS-2010 Employee | N/A |
| School Division | PubT-2010 Employee | N/A |
| Judicial Division | PubG-2010(A) Above-Median Employee | N/A |
| Post-Retirement (Retiree), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| State and Local Government Divisions (members other than Safety Officers) | PubG-2010 Healthy Retiree | Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older |
| Safety Officers | PubS-2010 Healthy Retiree | N/A |
| School Division | PubT-2010 Healthy Retiree | Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older |
| Judicial Division | PubG-2010(A) Above-Median Healthy Retiree | N/A |
| Post-Retirement (Beneficiary), Non-Disabled | Mortality Table | Adjustments, as Applicable |
| All Beneficiaries | Pub-2010 Contingent Survivor | Males: 92% of the rates for all ages Females: 100% of the rates for all ages |
| Disabled | Mortality Table | Adjustments, as Applicable |
| Members other than Safety Officers | PubNS-2010 Disabled Retiree | 95% of the rates for all ages |
| Safety Officers | PubS-2010 Disabled Retiree | N/A |

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

COLORADO STATE FAIR AUTHORITY

Notes to Financial Statements

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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% 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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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 | 51.00% | 5.00% |
| Fixed Income | 23.00% | 2.60% |
| Private Equity | 10.00% | 7.60% |
| Real Estate | 10.00% | 4.10% |
| Alternatives | 6.00% | 5.20% |
| Total | 100.00% | |

Note: 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%.

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 | 1% Increase in Trend Rates |
|---|-------------------------------|---------------|-------------------------------|
| Initial PERACare Medicare trend rate ⁺ | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial MAPD PPO #2 trend rate ⁺ | 7.55% | 8.55% | 9.55% |
| Ultimate MAPD PPO #2 trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate ⁺ | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$ 102,594 | \$ 105,435 | \$ 108,650 |

¹For the January 1, 2025, plan year.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
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Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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%.
- 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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 | \$ 129,212 | \$ 105,435 | \$ 84,936 |

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/forms-resources/financial-reports-and-studies.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

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 number 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, 2025, and 2024. As a result, in Fiscal Years ended 2025 and 2024 the Authority was included in the State TABOR District.

NOTE 10 – 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 11 – LEASES

For the years ended June 30, 2025, and 2024, the Authority earned a total of \$11,445 and \$9,442 in lease interest revenue respectively.

The Authority had a total of nine leases, 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 \$68,850 and \$93,176 was recognized as revenue from these variable payments for the years ended June 30, 2025 and 2024, respectively.

COLORADO STATE FAIR AUTHORITY
Notes to Financial Statements
June 30, 2025 and 2024

Note 12 - RESTATEMENT

During fiscal year 2025, the Authority identified a misstatement within the fiscal year 2024 financial statements related to accrued liabilities and commercial space/concessions revenues balances that did not properly reflect a period 15, post-closing adjustment made by the Authority.

The Authority restated its previously issued financial statements to appropriately reflect the June 30, 2024 accrued liabilities, commercial space/concession revenue and net position in the June 30, 2025 financial statements.

The following is a summary of the effects of the restatement on the Authority's June 30, 2025 Statement of Net Position:

| | <u>As Previously Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
|---------------------------------------|-----------------------------------|-------------------|--------------------|
| As of June 30, 2024 | | | |
| Accrued expenses | \$ 731,856 | \$ 17,344 | \$ 749,200 |
| Total current liabilities | 2,044,914 | 17,344 | 2,062,258 |
| Total liabilities | 8,868,423 | 17,344 | 8,885,767 |
| Net position - unrestricted (deficit) | (2,221,097) | (17,344) | (2,238,441) |

The following is a summary of the effects of the restatement on the Authority's June 30, 2025 Statement of Revenues, Expenses and Changes in Net Position:

| | <u>As Previously Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
|---|-----------------------------------|-------------------|--------------------|
| As of June 30, 2024 | | | |
| Commercial space/concessions | \$ 1,507,163 | \$ (17,344) | \$ 1,489,819 |
| Total operating revenue | 9,097,184 | (17,344) | 9,079,840 |
| Operating loss | (4,011,223) | (17,344) | (4,028,567) |
| Gain (loss) before state controlled maintenance | (13,700) | (17,344) | (31,044) |
| Change in net position | 3,106,356 | (17,344) | 3,089,012 |
| Net position, end of year | 26,357,503 | (17,344) | 26,340,159 |

The following is a summary of the effects of the restatement on the Authority's June 30, 2025 Statement of Cash Flows:

| | <u>As Previously Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
|---|-----------------------------------|-------------------|--------------------|
| As of June 30, 2024 | | | |
| Operating loss | \$ (4,011,223) | \$ (17,344) | \$ (4,028,567) |
| Increase (decrease) in accounts payable | (447,248) | 17,344 | (429,904) |
| Total adjustments | (2,192,961) | 17,344 | (2,175,617) |

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,**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Authority's proportion of the net pension liability | 0.0679332706% | 0.0644103294% | 0.0658742498% | 0.0614066236% | 0.0402475835% | 0.0595661804% | 0.0575046861% | 0.0575744841% | 0.0599229532% | 0.0658210097% |
| Authority's proportionate share of the net pension liability (asset) | \$ 6,460,046 | \$ 6,513,877 | \$ 7,162,228 | \$ 4,528,762 | \$ 3,817,400 | \$ 5,780,185 | \$ 6,543,270 | \$ 11,525,250 | \$ 11,006,726 | \$ 6,931,632 |
| Authority's covered payroll | \$ 3,074,506 | \$ 2,507,440 | \$ 3,041,618 | \$ 2,119,831 | \$ 1,318,483 | \$ 2,113,435 | \$ 1,978,303 | \$ 1,685,672 | \$ 1,685,481 | \$ 1,836,017 |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 210% | 260% | 235% | 214% | 290% | 273% | 331% | 684% | 653% | 378% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.44% | 64.37% | 60.83% | 73.05% | 65.3% | 62.2% | 55.1% | 43.2% | 42.6% | 56.1% |

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

Notes to the Required Supplementary Information

See Notes on pages 65-68

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 650,605 | \$ 540,542 | \$ 635,961 | \$ 451,865 | \$ 276,172 | \$ 408,739 | \$ 377,198 | \$ 329,218 | \$ 311,651 | \$ 312,373 |
| Contributions in relation to the contractually required contribution | <u>\$ (650,605)</u> | <u>(540,542)</u> | <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> |
| 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 | \$ 3,106,156 | \$ 2,767,938 | \$ 2,535,422 | \$ 2,151,846 | \$ 1,488,456 | 1,971,761 | 1,720,951 | 1,688,744 | 1,668,178 | 1,763,258 |
| Contributions as a percentage of covered payroll | 20.95% | 19.53% | 25.08% | 21.00% | 18.55% | 20.73% | 21.92% | 19.49% | 18.68% | 17.72% |

Notes to the Required Supplementary Information

See Notes on pages 65-68

**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,**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Authority's proportion of the net OPEB liability | 0.022049830% | 0.021286661% | 0.020305344% | 0.0196470997% | 0.0135589958% | 0.0199755569% | 0.0198110127% | 0.0200401142% | 0.0208432025% |
| Authority's proportionate share of the net OPEB liability (asset) | \$ 105,435 | \$ 151,928 | \$ 165,789 | \$ 169,418 | \$ 128,841 | \$ 224,525 | \$ 269,537 | \$ 260,441 | \$ 270,239 |
| Authority's covered payroll | \$ 2,631,789 | \$ 2,317,821 | \$ 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 | 4% | 7% | 8% | 10% | 10% | 12% | 15% | 15% | 16% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 59.83% | 46.16% | 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 65-68

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 27,462 | \$ 24,811 | \$ 22,802 | \$ 19,191 | \$ 13,701 | \$ 19,148 | \$ 17,733 | \$ 17,554 | \$ 17,135 |
| Contributions in relation to the contractually required contribution | \$ (27,462) | \$ (24,811) | \$ (22,802) | (19,191) | (13,701) | (19,148) | (17,733) | (17,554) | (17,135) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll | \$ 2,692,315 | \$ 2,432,464 | \$ 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% | 1.02% | 1.02% |

Notes to the Required Supplementary Information
See Notes on pages 65-68

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 and 2024

NOTE 1 – NET PENSION LIABILITY

Changes in plan provisions for December 31, 2024:

- There were no changes made to the plan provisions.

Change in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.
- Senate Bill (SB) 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

There were no changes in terms or assumptions for the December 31, 2023, measurement period for pension compared to the prior year.

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.

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 and 2024

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 Safety Officers) 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 Safety Officers) 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 Safety Officers 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 Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers 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%.

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%.

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 and 2024

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%.

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Changes in plan provisions for December 31, 2024:

- As of the December 31, 2024 measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Changes in assumptions or other input effective for the December 31, 2024 measurement period are as follows:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

There were no changes in assumptions or other inputs effective for the December 31, 2023, measurement period for OPEB.

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.

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2025 and 2024

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

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 Safety Officers) 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 Safety Officers) 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 Safety Officers 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 Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers 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, and its discretely presented component unit as of and for the year ended June 30, 2025, the related notes to the financial statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 21, 2025.

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 a deficiency in internal control, described in the accompanying Auditor's Findings and Recommendations as item 2025-1 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*.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
November 21, 2025



November 21, 2025

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, 2025, and have issued our report thereon dated November 21, 2025. 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 19, 2025, 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 November 21, 2025.

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.
- Pension/OPEB Liabilities – Professional standards require auditors to presume that significant estimates constitute significant risk through complexity of inputs for valuation and complexity of required disclosures in the financial statements.

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, 2025. 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, 2023 and December 30, 2022, 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 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 identified 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:

State Fair Foundation

| | <u>Debit</u> | <u>Credit</u> |
|--|--------------|---------------|
| Foundation’s cash and cash equivalents | \$34,884 | |
| Foundation’s unrealized gain (loss) | | \$34,884 |
| <i>To increase the Ameriprise investment account and related revenue for change in fair value.</i> | | |

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, 2025 and 2024, 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 November 21, 2025.

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.

The consolidated financial statements include the financial statements of Colorado State Fair Foundation (the Foundation) for the years ended December 31, 2024 and 2023, which we considered to be a significant component of the consolidated financial statements of Fiscal Year 2025. Consistent with the audit of the consolidated financial statements as a whole, our audit included obtaining an understanding of the Foundation and its environment, including internal control, sufficient to assess the risks of material misstatement of the consolidated financial statements of the Foundation and completion of further audit procedures.

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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado