COLORADO STATE FAIR AUTHORITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2021 and 2020

LEGISLATIVE AUDIT COMMITTEE

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CPAs & BUSINESS ADVISORS

Members of the Legislative Audit Committee:

We have completed the financial statement audit of the Colorado State Fair Authority as of and for the year ended June 30, 2021. 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.

The financial statements of Colorado State Fair Authority as of June 30, 2020 were audited by other auditors, whose report dated January 19, 2021, expressed an unmodified opinion on those statements.

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

Eide Bailly LLP

Denver, Colorado
December 23, 2021

COLORADO STATE FAIR AUTHORITY
Table of Contents
June 30, 2021 and 2020

COLORADO STATE FAIR AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY
Years Ended June 30, 2021 and 2020

Authority, Purpose and Scope

The audit of the Colorado State Fair Authority was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all State agencies. The Fiscal Year 2021 audit was conducted under contract with Eide Bailly LLP. The 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. Audit work was performed during the time period of June through October 2021.

The purposes and scope of this audit were to:

- Audit the basic financial statements of the Authority for the year ended June 30, 2021, including a review of the related internal control structure as required by generally accepted auditing standards and *Government Auditing Standards*. (Note: The financial statements of Colorado State Fair Authority as of June 30, 2020 were audited by other auditors, whose report dated January 19, 2021, expressed an unmodified opinion on those statements.)
- 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 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 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, 2021 and 2020

Summary of Findings and Recommendations

There were no reported findings or recommendations resulting from the audit work completed for Fiscal Year 2021.

Summary of Progress in Implementing Prior Audit Findings

The audit report for the year ended June 30, 2017 included one finding and recommendation related to long-term financial stability. The implementation date for this finding is June 30, 2021. Based on the audit procedures performed, the Authority continued to implement their Strategic Business Plan during Fiscal Year 2021 and has continued to improve its cash flows. A more detailed description of the progress on the audit comments and recommendations is contained in the findings and recommendations section of the report.

COLORADO STATE FAIR AUTHORITY
BACKGROUND
Years Ended June 30, 2021 and 2020

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

The Authority operates on the State Fairgrounds in Pueblo on approximately 100 acres of land. The grounds and facilities are owned by the State and include exhibition halls, four permanent restaurants, permanent stalls for horse shows, three 4-H buildings, an amphitheater, six pavilions, and a covered grandstand. The facilities also include an indoor arena (the Events Center) which was constructed at a cost of approximately $7.5 million. The Events Center began operating in 1995. Most of the Authority's revenue is generated during the annual State Fair from admissions, parking, commission on food and beverage sales, commercial space rental, sponsorships, concert ticket sales, and commission on carnival ticket sales. Additional revenue is generated from events that are held on a year-round basis at the Events Center and other facilities on the State Fairgrounds. For Fiscal Year 2021, the Authority was appropriated 26.9 full-time staff to run its year-round operations. In the summer, the Authority adds about 500 temporary staff to run the annual State Fair.

Fiscal Year 2021 Financial Highlights

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

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

	2021	2020	2019
Total operating revenues	$ 1,452,497	$ 7,057,486	$ 7,108,450
Total operating expenses	4,219,723	8,988,569	9,328,142
Operating loss	(2,767,226)	(1,931,083)	(2,219,692)
Net non-operating revenue	8,035,687	4,009,569	5,305,750
Gain before capital contributions	5,268,461	2,078,486	3,086,058
Capital contributions	2,040,979	617,676	313,300
Change in net position	7,309,440	2,696,162	3,399,358
Net position, beginning of year	7,945,772	5,249,610	1,850,251
Net Position, end of year	$ 15,255,212	$ 7,945,772	$ 5,249,609

Colorado State Fair Authority had no findings or recommendations for Fiscal Year 2021.

COLORADO STATE FAIR AUTHORITY
DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS
Years Ended June 30, 2021 and 2020

Listed below is the recommendation from the Fiscal Year 2017 Colorado State Fair Authority Financial and Compliance audit.

Recommendation

1. The Colorado State Fair Authority should continue the implementation of the Strategic Business Plan for long-term financial stability. This may also include continuing to work with the Colorado Department of Agriculture and the Joint Budget Committee to obtain additional appropriations in the State Long Bill, seeking new sources and increased contributions to ensure continued operations.

Disposition

Implemented. The Authority has improved its cash flow by approximately $9.5 million since Fiscal Year 2017; see a historical trend of cash flows in the table below:

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
2021	$ (2,536,733)	$ 8,088,059	$ 1,984	$ 5,477,610	$ 9,541,231	$ -
2020	(2,801,412)	3,755,790	90,142	1,044,520	4,063,621	-
2019	(2,507,120)	5,551,191	(1,186,059)	1,858,012	3,019,101	-
2018	(1,837,428)	3,547,873	(604,651) *	1,105,794	1,161,089	-
2017	(2,270,954)	3,313,681	(1,215,721)	(172,994)	55,295	(376,473)
2016	(2,611,888)	2,564,809	67,944	20,865	228,289	(1,391,299)
2015	(2,811,333)	2,379,090	464,914	32,671	207,424	(1,200,813)
2014	(2,363,035)	1,461,243	973,066	71,274	174,753	(760,160)

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

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of 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 year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2021, 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.

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 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, 2021, the changes in its financial position, or, where applicable, its cash flows for the year 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.

Other Matters

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 9 through 15 and 47 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2021 on our consideration of the Colorado State Fair Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Colorado State Fair Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Colorado State Fair Authority's internal control over financial reporting and compliance.

Other Matter
The financial statements of Colorado State Fair Authority as of June 30, 2020 were audited by other auditors, whose report dated January 19, 2021, expressed an unmodified opinion on those statements.

Eide Bailly LLP

Denver, Colorado
December 23, 2021

This discussion and analysis of the Colorado State Fair Authority's financial performance is a required component of financial reporting under governmental accounting standards and prepared by the Colorado State Fair Authority Management. It provides an overview of financial activities for the years ended June 30, 2021 and 2020 (with comparative information for 2019) and should be read in conjunction with the Authority's financial statements, which begin on page 16. These financial statements reflect only activities of the Colorado State Fair Authority, a division of the Department of Agriculture of the State of Colorado.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The basic proprietary fund financial statements can be found on pages 16 through 19 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 20 through 45 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 $15,255,212 at the close of the most recent fiscal year.

The following schedule provides a condensed statement of net position as of June 30, 2021, 2020 and 2019.

Condensed Schedules of Net Position
June 30,

	2021	2020	2019
Current Assets	$ 9,728,004	$ 4,090,069	$ 3,349,667
Capital Assets	13,593,743	12,407,269	12,485,278
Total Assets	23,321,747	16,497,338	15,834,945
Deferred Outflows of Resources	591,521	556,045	994,359
Current Liabilities	2,087,238	647,473	1,182,620
Noncurrent Liabilities	4,072,365	6,124,755	6,918,888
Total Liabilities	6,159,603	6,772,228	8,101,508
Deferred Inflows of Resources	2,498,453	2,335,383	3,478,187
Net Investment in Capital Assets	13,593,743	12,407,269	12,485,278
Unrestricted (Deficit) Net Position	1,661,469	(4,461,497)	(7,235,669)
Total Net Position	$ 15,255,212	$ 7,945,772	$ 5,249,609

2021

The largest portion of the Authority's net position of $15,255,212 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of $13,593,743. The Authority uses these capital assets to operate the State Fair and Non-Fair activities held on the premises; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position is $1,661,469.

During Fiscal Year 2021 total assets increased by $6,824,409. Current assets increased by $5,637,935. Five million of the increase was in cash which was a transfer to the Authority through House Bill 21-1262, which created an agricultural relief program in the Department of Agriculture to provide COVID-19 relief payments to agricultural events organizations. Capital assets increased $1,186,474 of which $875,850 was depreciation expense offset by additions in capital assets of $2,062,324. Through funding from the State Controlled Maintenance, capital assets increased $2,040,979. Projects funded were $1,685,468 for the construction phase for the repair and replacement of the sanitary, drain and storm water infrastructure project, $339,743 for the construction phase of the replacement of the Event Center roof, $1,423 for the engineering of the HVAC system for the Event Center, and $14,345 for project management phase of the Palace of Agriculture fire suppression installation. Equipment, vehicles, and other capital assets increased by $21,344 for a compressor funded through the general fund appropriation for maintenance expenses.

Current liabilities increased by $1,439,765. The increase was in accrued expenses and unearned revenue increasing by $997,345 and $483,538 respectively as the Authority was preparing for the 2021 (Fiscal Year 2022) State Fair and a limited virtual fair was held in 2020 (Fiscal Year 2021). Noncurrent liabilities decreased by $2,052,390. This decrease was due to a decrease in the pension liability of $1,962,785 and the OPEB liability of $95,684.

The Authority's net position increased by $7,309,440 during the current fiscal year.

2020

The largest portion of the Authority's net position of $7,945,772 is reflected in its net investment in capital assets (e.g., land, buildings, and equipment) of $12,407,269. The Authority uses these capital assets to operate the State Fair and Non-Fair activities held on the premises; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position is a deficit of $4,461,497. The majority of this deficit was a result of the restatement of the net position by ($6,206,542) in Fiscal Year 2014-2015 for the implementation of GASB 68, which requires cost-sharing employers participating in the PERA program to record their proportionate share of PERA's unfunded pension liability. For Fiscal Year 2017 and Fiscal Year 2018, the GASB 68 pension expense increased the deficit by $1,566,424 and $1,804,439 respectively. For Fiscal Year 2019 and Fiscal Year 2020, GASB 68 pension expense decreased the deficit by $942,300 and $1,503,770. The Authority has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contributions made by PERA or the General Assembly.

During Fiscal Year 2020, capital assets decreased $78,008 of which $859,321 was depreciation expense offset by additions in capital assets of $781,314. Through funding from the State Controlled Maintenance, capital assets increased $615,484. Projects funded were $163,716 for the design and bidding phase for the repair and replacement of the sanitary, drain and storm water infrastructure project, $386,350 for the construction phase of the replacement of the Event Center roof, and $65,418 for the engineering of the HVAC system for the Event Center. Equipment, vehicles, and other capital assets increased by $165,830. The increase was for the purchase of bleachers for $40,456, $19,000 for an agriculture vacuum, and $106,374 for trains.

The Authority's net position increased by $2,696,162 during Fiscal Year 2020.

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

	2021	2020	2019
Total operating revenues	$ 1,452,497	$ 7,057,486	$ 7,108,450
Total operating expenses	4,219,723	8,988,569	9,328,142
Operating loss	(2,767,226)	(1,931,083)	(2,219,692)
Net non-operating revenue	8,035,687	4,009,569	5,305,750
Gain before capital contributions	5,268,461	2,078,486	3,086,058
Capital contributions	2,040,979	617,676	313,300
Change in net position	7,309,440	2,696,162	3,399,358
Net position, beginning of year	7,945,772	5,249,610	1,850,251
Net Position, end of year	$ 15,255,212	$ 7,945,772	$ 5,249,609

For the Year Ended June 30, 2021, net position increased by $7,309,440. The increase is related to the $5 million State funding received, a significant operating loss due to not holding a normal Fair as a result of COVID-19 pandemic, and changes in inputs and assumptions for the PERA defined benefit and OPEB plans which resulted in a reduction of expenses amounting to $1,930,875 in Fiscal Year 2021. 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 2021	Fiscal Year 2020
Total Net Position (GAAP Basis)	$ 15,255,212	$ 7,945,772
Effect of GASB 68 – Pension	5,618,103	7,522,956
Effect of GASB 75 – OPEB	235,069	261,092
Net Investment in capital assets	13,593,743	12,407,269
Net Position excluding Pension and OPEB	7,514,641	3,322,551
Total Net Position	$ 21,108,384	$ 15,729,820

	Fiscal Year 2021	Fiscal Year 2020
Change in Net Position (GAAP Basis)	$ 7,309,440	$ 2,696,162
GASB 68 – Pension	(1,904,854)	(1,503,770)
GASB 75 – OPEB	(26,021)	(6,626)
Change in Net Position excluding Pension and OPEB	$ 5,378,565	$ 1,185,766

The change in Fiscal Year 2021 net position excluding pension and OPEB expenses increased by $5,378,565. Key elements of this increase are as follows:

- Operating revenue decreased by $5,604,989. Due to COVID-19 pandemic, the 2020 Colorado State Fair was not produced in the same or similar fashion as years past which resulted in a decrease of operation revenue of approximately $6,121,577. Rental income increased $516,588 due to rentals of the fairground as a COVID-19 testing site and a COVID-19 vaccination site.

- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2021 decreased by $2,837,971. The decrease was due to not producing the 2020 Colorado State Fair in the same fashion as previous years.

- Non-operating revenue increased by $4,026,118 of which $5,000,000 was an increase in funding from House Bill 21-1262. This increase was offset by the following decreases. Unclaimed Property Interest decreased $365,489, insurance proceeds decreased by $138,905, Local Government Grants funding decreased by $25,050, funding from the general fund decreased by $275,000 and this year there was an unrealized loss in Treasury Pooled Cash which resulted in a net change of $169,438.

- State Controlled Maintenance increased by $1,425,495. This increase was due to the continuing progress of three projects and the start of a new project.

For the Year Ended June 30, 2020, net position increased by $2,696,162. The increase is related to changes in inputs and assumptions for the PERA defined benefit and OPEB plans which resulted in a reduction of expenses amounting to $1,510,396 in Fiscal Year 2020. 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 2020	Fiscal Year 2019
Total Net Position (GAAP Basis)	$ 7,945,772	$ 5,249,609
Effect of GASB 68 – Pension	7,522,956	9,028,920
Effect of GASB 75 – OPEB	261,092	267,715
Net Investment in capital assets	12,407,269	12,485,278
Net Position excluding Pension and OPEB	3,322,551	2,060,966
Total Net Position	$ 15,729,820	$ 14,546,244

	Fiscal Year 2020	Fiscal Year 2019
Change in Net Position (GAAP Basis)	$ 2,696,162	$ 3,399,358
GASB 68 – Pension	(1,503,770)	(942,300)
GASB 75 – OPEB	(6,626)	2,376
Change in Net Position excluding Pension and OPEB	$ 1,185,766	$ 2,459,434

The change in Fiscal Year 2020 net position excluding pension and OPEB expenses increased by $1,185,766. Key elements of this increase are as follows:

- Operating revenue decreased by $50,964. The decrease was inclusive of increases in gate admissions of $318,456 and decreases in box office sales, commercial space, and rentals of $71,095, $121,907, and $198,898 respectively.

- Operating expenses, excluding the GASB 68 pension and GASB 75 OPEB entries for Fiscal Year 2020 increased by $230,899 with the largest increase of approximately $244,646 in personnel services and benefits. This increase was a result of filling two FTE positions and an increase in temporary staff due to the minimum wage increase.

- Non-operating revenue decreased by $1,296,181 of which $1,445,554 was a decrease in funding from Unclaimed Property Interest and $97,450 decrease in contributions from the Colorado State Fair Foundation. The decreases were offset by increases of $79,834 in unrealized gain in Treasury Pooled Cash, $149,300 insurance recovery from a previous year and a decrease of interest expense of $17,689.

- State Controlled Maintenance increased by $556,773. This increase was due to starting two projects and the continuing construction of one project.

Further Analysis

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

SUBSEQUENT EVENTS

For the Period July 1, 2021 to November 11, 2021

The fiscal year 2022 fair was held August 27th through September 6th, 2021. The following is a comparison of the statistics for the past three fairs. Due to the COVID-19 pandemic, the 2020 Colorado State Fair for fiscal year 2021 was not produced in the same or similar fashion as years past. With public health as a top priority, the Board of Commissioners voted to cancel all in person activities during the 2020 Fair aside from 4-H and FFA competitions. In addition to the onsite competitions as part of the 2020 Fair, the Authority also held several drive-through events and there was a heavy emphasis on virtual content on our website and social media accounts; therefore, Colorado State Fair attendance was not captured for fiscal year 2021.

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Colorado State Fair Attendance*	457,765	-	466,380
Paid events offered during the Colorado State Fair	12	-	13
Colorado State Fair Events*	1	1	2
Non-fair Events**	31	14	258

*The event for Fiscal Year 2022 was the Colorado State Fair.
**Fiscal Year 2022 is not complete; this reflects a total of events as of November 11, 2021.

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 2021, the approved expense budget for the Authority's activities was $9,841,606 of which $875,000 was General Fund and $8,966,606 was cash funded. The budgetary amount includes the Colorado State Fair Program line item in the Long Bill. Total actual operating revenues were $1,452,497 and total revenue including Department of Agriculture, local government grants, unclaimed property fund interest income, and general fund appropriations were $9,540,556 and total expenses on a budgetary basis were $5,220,248.

Total operating expenses (GAAP basis)	$ 4,219,723
(Less) depreciation	(875,850)
(Less) in-kind match	(54,500)
Plus GASB 68/71 pension expense	1,904,854
Plus GASB 75 OPEB expense	26,021
Total expenses (budgetary basis)	$ 5,220,248

ECONOMIC OUTLOOK

Based on the 2021 (Fiscal Year 2022) Colorado State Fair financial results, the next few years have the potential to be better than average. This outlook is based on the better than average results of the 2009 to 2012 Colorado State Fairs. With the economic uncertainty that occurred after the great recession of 2008, people tended to do more "staycations", which benefitted not only the Colorado State Fair, but also the demand for rentals on the property throughout the year.

While there is much upside potential, the Authority still faces many challenges in the upcoming years as a result of the COVID-19 pandemic on the economy. The Authority's largest risk in the near future will be the Authority's potential inability to generate revenue from large public gatherings as it is unknown when a return to pre-COVID-19 conditions will occur. The Authority faces many challenges in the upcoming year and future years as a result of the COVID-19 economic downturn.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This management's discussion and analysis (MD&A) is designed to provide Colorado citizens, Colorado government officials, our sponsors, customers, and other interested parties with a general overview of the Authority's financial activity for Fiscal Year 2021 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, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,541,231	$ 4,063,621
Accounts receivable, net of allowance for doubtful accounts	34,514	8,265
Prepaid expenses	152,259	18,183
Total current assets	9,728,004	4,090,069
Noncurrent assets		
Capital assets, net of accumulated depreciation	13,593,743	12,407,269
Total noncurrent assets	13,593,743	12,407,269
TOTAL ASSETS	23,321,747	16,497,338
DEFERRED OUTFLOWS OF RESOURCES		
Pension	580,501	543,836
OPEB	11,020	12,209
Total deferred outflows of resources	591,521	556,045
LIABILITIES		
Current Liabilities		
Warrants Payable	66,291	102,097
Accrued expenses	1,428,070	430,725
Unearned revenue	587,794	104,256
Other current liabilities	3,475	7,925
Current portion of accrued compensated absences	1,608	2,470
Total current liabilities	2,087,238	647,473
Noncurrent liabilities		
Accrued compensated absences	126,124	120,045
Pension liability	3,817,400	5,780,185
OPEB liability	128,841	224,525
Total noncurrent liabilities	4,072,365	6,124,755
TOTAL LIABILITIES	6,159,603	6,772,228
DEFERRED INFLOWS OF RESOURCES		
Pension	2,381,204	2,286,607
OPEB	117,249	48,776
Total deferred inflows of resources	2,498,453	2,335,383
NET POSITION		
Net investment in capital assets	13,593,743	12,407,269
Unrestricted (deficit)	1,661,469	(4,461,497)
TOTAL NET POSITION	$ 15,255,212	$ 7,945,772

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

COLORADO STATE FAIR AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Gate admissions	$ -	$ 2,207,848
Private sponsorships	161,124	1,737,969
Commercial space/concessions	61,280	1,093,767
Exhibitors	342,035	833,320
Concerts	-	767,859
Rentals	872,185	355,597
Miscellaneous sales	15,873	61,126
Total Operating Revenue	1,452,497	7,057,486
OPERATING EXPENSES		
Entertainment and attractions	269,129	1,701,190
Advertising and promotions	55,024	1,559,375
Personnel services and benefits	145,752	1,261,689
Prizes and awards	321,075	866,212
Depreciation	875,850	859,321
Utilities	592,516	822,058
Other operating	343,405	438,018
Repairs and maintenance	335,735	414,579
Other purchased services	83,831	406,707
Supplies and materials	148,491	374,509
Building, vehicle and equipment rental	18,159	167,577
Contractual services	27,240	86,333
Travel	3,516	31,001
Contribution to State Fair Foundation	1,000,000	-
Total Operating Expenses	4,219,723	8,988,569
Operating Loss	(2,767,226)	(1,931,083)
NONOPERATING REVENUES (EXPENSES)		
Unclaimed Property	1,670,559	2,036,048
General Fund Appropriations	875,000	1,000,000
Local Government Grants	392,500	417,550
Marijuana Tax Cash Fund appropriations	150,000	300,000
Insurance Recoveries - Previous years	-	149,300
Unrealized Gain (Loss)	(62,767)	106,671
State Appropriations for Agriculture Events	5,000,000	-
Insurance Recoveries - Current year	10,395	-
Total Nonoperating Revenues (Expenses)	8,035,687	4,009,569
Gain before State Capital Contributions	5,268,461	2,078,486
OTHER REVENUES, (EXPENSES), OR TRANSFERS		
State Controlled Maintenance	2,040,979	615,484
State Pension Contribution	-	2,192
Total Other Revenues, (Expenses), or Transfers	2,040,979	617,676
Change in net position	7,309,440	2,696,162
Net position, beginning of year	7,945,772	5,249,610
Net position, end of year	$ 15,255,212	$ 7,945,772

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

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from fees for services	$ 1,021,728	$ 6,325,066
Cash received from rental of property	872,185	355,597
Cash received from other sources	15,873	61,126
Cash paid to employees	(2,075,367)	(2,759,907)
Cash paid to suppliers	(2,042,111)	(5,887,081)
Cash paid to others	(329,041)	(896,213)
NET CASH USED IN OPERATING ACTIVITIES	(2,536,733)	(2,801,412)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Unclaimed property fund interest	1,670,559	2,036,048
State Pension Contribution	-	2,192
State of Colorado appropriation	1,025,000	1,300,000
Local government grants	392,500	417,550
State Appropriations for Agriculture Events	5,000,000	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	8,088,059	3,755,790
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Insurance Proceeds	10,395	149,300
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	10,395	149,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Cumulative Gain (Loss) on Treasury Pooled Cash	(62,767)	106,671
Purchases of property and equipment	(21,344)	(165,829)
NET CASH USED IN INVESTING ACTIVITIES	(84,111)	(59,158)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,477,610	1,044,520
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,063,621	3,019,101
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,541,231	$ 4,063,621

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

COLORADO STATE FAIR AUTHORITY
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING LOSS	$ (2,767,226)	$ (1,931,083)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	875,850	859,321
(Increase) decrease in accounts receivable	(26,249)	244,356
(Increase) decrease in prepaid expenses	(134,248)	61,370
(Increase) decrease in employee advances - travel	171	(1,607)
Increase (decrease) in accounts payable	1,001,474	27,126
Increase (decrease) in warrants payable	(35,806)	(5,231)
Increase (decrease) in accrued payroll	(4,130)	4,104
Increase (decrease) in compensated absences	5,217	11,871
Increase (decrease) in other payables	(4,450)	1,000
Increase (decrease) in unearned revenue	483,538	(560,053)
Increase (decrease) in pension liability	(1,904,853)	(1,514,962)
Increase (decrease) in OPEB liability	(26,021)	2,376
Total adjustments	230,493	(870,329)
NET CASH USED IN OPERATING ACTIVITIES	$ (2,536,733)	$ (2,801,412)
NONCASH OPERATING AND FINANCING ACTIVITIES		
Property and equipment contributions	$ 2,040,979	$ 615,484
Advertising and promotions provided through private sponsorships	$ 54,500	$ 1,204,545

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

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, 2021 and 2020, and changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Budgetary Process

Government resources are allocated to and accounted for in separate sub-entities called funds, based upon the purposes for which the resources are to be spent and the means by which spending activities are controlled. A fund is a fiscal and accounting entity 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 2021, the Authority's original and final budget as approved by the General Assembly was $9,841,606, of which $875,000 was General Fund appropriations and $8,966,606 was cash funded. For Fiscal Year 2020, the Authority's original and final operating budget as approved by the General Assembly was $9,975,705, of which $1,000,000 was General Fund appropriations and $8,975,705 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, 2021, the internal budget showed total budgeted revenues of $4,681,000. Total actual operating revenues were $1,452,497 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were $9,488,184. Budgeted expenses were $5,268,883 while total actual expenses were $5,220,248 on a budgetary basis.

For Fiscal Year Ended June 30, 2020, the internal budget showed total budgeted revenues of $9,735,000. Total actual operating revenues were $7,057,486 and total revenue including operating revenues, unclaimed property fund interest income, Department of Agriculture contributions, local government grants, and interest were $10,960,384. Budgeted expenses were $9,698,765 while total actual expenses were $8,435,097 on a budgetary basis.

	2021	2020
Total operating expenses (GAAP basis)	$ 4,219,723	$ 8,988,569
(Less) depreciation	(875,850)	(859,321)
(Less) in-kind match	(54,500)	(1,204,545)
Plus GASB 68/71 pension expense	1,904,854	1,503,770
Plus GASB 75 OPEB expense	26,021	6,624
Total expenses (budgetary basis)	$ 5,220,248	$ 8,435,097

Accounts Receivable

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

Capital Assets

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

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

Assets	Estimated Lives
Buldings (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.

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.

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 ¼ of unused accrued sick leave, subject to the maximum accrual rate. Annual leave is earned on an annual basis, with the amount varying between 10 and 21 days per year depending on the level of, and number of years of continuous service provided by the employee. Annual leave rights are vested after one year of continuous service and the accumulation of annual leave is limited to 42 days at the end of the fiscal year. These compensated absences are recorded as a liability.

Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2021.

Other Postemployment Benefits

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

In-kind Revenues and Expenses

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind revenues and expenses as of June 30, 2021 and 2020, of $54,500 and $1,204,545, 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.

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. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2021, the Authority had cash on deposit with the State Treasurer of $9,484,630, which represented approximately .0535 percent of the total $17,744.6 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2021, the Pool's resources included $36.1 million of cash on hand and $17,708.5 million of investments.

As of June 30, 2020, the Authority had cash on deposit with the State Treasurer of $3,992,958, which represented approximately .0427 percent of the total $9,633.8 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2020, the Pool's resources included $16.0 million of cash on hand and $9,617.8 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, 2021.

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, 2021 and 2020, the Authority had a balance of $9,484,630 and $3,992,958, respectively on deposit with the State Treasurer. As of June 30, 2021 and 2020, the Authority's deposits are as follows:

	Fiscal Year 2021		Fiscal Year 2020	
	Bank Balance	Carrying Balance	Bank Balance	Carrying Balance
Cash on hand	$ -	$ 2,200	$ -	$ 300
Cash in bank	263,433	54,401	94,715	70,363
	$ 263,433	$ 56,601	$ 94,715	$ 70,663

NOTE 3 –CAPITAL ASSETS

As of June 30, 2021, capital assets consisted of the following:

	Balance 6/30/2020	Additions	Deductions	Transfers	Balance 6/30/2021
Capital assets not being depreciated					
Land	$ 594,458	$ -	$ -	$ -	$ 594,458
Construction in Progress	636,090	2,040,980	-	-	2,677,070
Total capital assets not being depreciated	1,230,548	2,040,980	-	-	3,271,528
Capital assets being depreciated					
Buildings	13,752,676	-	(35,889)		13,716,787
Land Improvements	14,171,047	-	-		14,171,047
Vehicles and Equipment	3,871,833	21,344	(191,670)		3,701,507
Total capital assets being depreciated	31,795,556	21,344	(227,559)	-	31,589,341
Less accumulated depreciation					
Buildings	(10,368,363)	(208,333)	35,889	-	(10,540,807)
Land Improvements	(6,916,103)	(456,319)	-	-	(7,372,422)
Vehicles and Equipment	(3,334,369)	(211,198)	191,670	-	(3,353,897)
Total accumulated depreciation	(20,618,835)	(875,850)	227,559	-	(21,267,126)
Total capital assets being depreciated, net	11,176,721	(854,506)	-	-	10,322,215
Capital assets, net	$ 12,407,269	$ 1,186,474	$ -	$ -	$ 13,593,743

As of June 30, 2020, capital assets consisted of the following:

	Balance 6/30/2019	Additions	Deductions	Transfers	Balance 6/30/2020
Capital assets not being depreciated					
Land	$ 594,458	$ -	$ -	$ -	$ 594,458
Construction in Progress	20,607	615,483	-	-	636,090
Total capital assets not being depreciated	615,065	615,483	-	-	1,230,548
Capital assets being depreciated					
Buildings	13,752,676	-	-		13,752,676
Land Improvements	14,171,047	-	-		14,171,047
Vehicles and Equipment	3,706,003	165,830	-		3,871,833
Total capital assets being depreciated	31,629,726	165,830	-	-	31,795,556
Less accumulated depreciation					
Buildings	(10,159,455)	(208,908)	-	-	(10,368,363)
Land Improvements	(6,458,613)	(457,490)	-	-	(6,916,103)
Vehicles and Equipment	(3,141,445)	(192,924)	-	-	(3,334,369)
Total accumulated depreciation	(19,759,513)	(859,322)	-	-	(20,618,835)
Total capital assets being depreciated, net	11,870,213	(693,492)	-	-	11,176,721
Capital assets, net	$ 12,485,278	$ (78,009)	$ -	$ -	$ 12,407,269

Depreciation expense for the years ended June 30, 2021 and 2020 were $875,850 and $859,322, respectively.

NOTE 4 – LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability balances for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Balance 6/30/2021	Within One Year
Business-type Activities					
Compensated Absences	$ 122,515	$ 5,217	$ -	$ 127,732	$ 1,608
Total Business-type Activities	$ 122,515	$ 5,217	$ -	$ 127,732	$ 1,608

Long-term liability balances for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Balance 6/30/2020	Within One Year
Business-type Activities					
Compensated Absences	$ 110,644	$ 11,871	$ -	$ 122,515	$ 2,470
Total Business-type Activities	$ 110,644	$ 11,871	$ -	$ 122,515	$ 2,470

NOTE 5 – DEFINED BENEFIT PENSION PLAN

PERA Pension Plan

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. 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 also 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 I 00 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began eligible membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2021. 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, 2020 through June 30, 2021 are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through June 30, 2021
Employee contribution (all employees other than State Troopers)**	10.00%	10.00%

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

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

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through June 30, 2021
Employer contribution rate	10.90%	10.90%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(l)(t)	-1.02%	-1.02%
Amount Apportioned to the SDTF	9.88%	9.88%
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	N/A	0.05%
Total employer contribution rate to the SDTF**	19.88%	19.93%

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

As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 $276,172 and $408,739 for the years ended June 30, 2021 and 2020, respectively.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Authority's proportion of the net pension liability was based on the Authority contributions to the SDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting July 1, 2021.

At June 30, 2021, the Authority reported a liability of $3,817,400 for its proportionate share of the net pension liability.

At December 31, 2020, the Authority's proportion was 0.0402476 percent which was a decrease of 0.01932 from its proportion measured as of December 31, 2019.

At June 30, 2020, the Authority reported a liability of $5,780,185 for its proportionate share of the net pension liability.

At December 31, 2019, the Authority proportion was 0.059566 percent, which was an increase of 0.0021 from its proportion measured as of December 31, 2018.

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of ($1,904,853), and ($1,503,770), respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2021		Fiscal Year 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 94,339	$ -	$ 215,960	$ -
Changes of assumptions or other inputs	-	1,598,436	-	1,657,882
Net difference between projected and actual earnings on pension plan investments	-	781,320	-	622,747
Changes in proportion and differences between contributions recognized and proportionate share of contributions	347,788	1,448	206,686	5,978
Contributions subsequent to the measurement date	138,374	-	121,190	-
Total	$ 580,501	$ 2,381,204	$ 543,836	$ 2,286,607

The Authority will recognize $138,374 and $121,190 for Fiscal Years 2021 and 2020, 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, 2022 and 2021, 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,	
2022	$ (885,145)
2023	(665,848)
2024	(265,639)
2025	(122,446)

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 9.17%
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)	1.25%
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.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on 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 PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

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)	1.25%
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.

Salary scale assumptions were revised to align with 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.

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

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

- **Males**: 94 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.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019. The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

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

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

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. 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. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. House Bill 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State‘s 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease	Current	1% Increase
Proportionate share of the net pension	$ 5,050,532	$ 3,817,400	$ 2,782,014

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

NOTE 6 – OTHER RETIREMENT PLANS

Defined Contribution Retirement Plan (DC Plan)

Plan Description. Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. §24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401 (a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy - All participating employees in the PERA DC Plan and the Authority are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2020 through June 30, 2021 are summarized in the tables below:

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employee Contribution Rates:		
Employee contribution (all employees other than State Troopers)	10.00%	10.00%
State Troopers	12.00%	12.00%
Employer Contribution Rates:		
On behalf of all employees (other than State Troopers)	10.15%	10.15%
State Troopers	12.85%	12.85%

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

	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413[1]	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505[1]	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	0.05%
Total employer contribution rate to the SDTF[1]	10.75%	10.80%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the Authority that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 40l(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 Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Voluntary Investment Program 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

The PERA Deferred Compensation Plan (457 Plan) was established July 1, 2009 as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 Plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2019, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by the percentage of their PERA contribution) to a maximum of $19,000. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,000 contribution in 2020. Contributions and earnings are tax-deferred. At December 31, 2020, the Plan had 2 participants.

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

Health Care Trust Fund

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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

Enrollment in the PERACare 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 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare 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 $13,701 and $19,148 as of June 30, 2021 and 2020, respectively.

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

At June 30, 2021 the Authority reported a liability of $128,841 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Authority's proportion of the net OPEB liability was based on Authority contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Authority's proportion was 0.0136 percent, which was an increase of .0063 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Authority recognized OPEB expense of ($26,021). At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year 2021		Fiscal Year 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 342	$ 28,325	$ 745	$ 37,728
Changes of assumptions or other inputs	962	7,900	1,863	-
Net difference between projected and actual earnings on OPEB plan investments	-	5,265	-	3,749
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,851	75,759	3,223	7,299
Contributions subsequent to the measurement date	6,865	-	6,378	-
Total	$ 11,020	$ 117,249	$ 12,209	$ 48,776

$6,865 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30,	
2022	$ (24,773)
2023	(24,036)
2024	(23,526)
2025	(22,332)
2026	(17,238)
Thereafter	(1,188)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
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	8.10% in 2020, gradually
Medicare Part A premiums	3.50% in 2020, gradually
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self -Insured Rx	$ 588	$ 227	$ 550
Kaiser Permanente Medicare Advantage HMO	$ 621	$ 232	$ 586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males**: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females**: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%[1]	N/A

[1] C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

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

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

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

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

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

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

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

- **Males**: 94 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.

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

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

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

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

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

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

- **Males**: 97 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.

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

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

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.

The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.
The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 125,511	$ 128,841	$ 132,718

Discount rate. The discount rate used to measure the total OPEB 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current	1% Increase
Proportionate share of the net OPEB liability	$ 147,590	$ 128,841	$ 112,822

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

NOTE 8 – RISK MANAGEMENT

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

NOTE 9 – TABOR (TAXPAYERS BILL OF RIGHTS)

The Authority received more than 10% of its total revenue from the State during the Fiscal Years ending June 30, 2021 and 2020. As a result, in Fiscal Years ended 2021 and 2020 the Authority was included in the State TABOR District.

NOTE 10 – RELATED PARTY

The Colorado State Fair Foundation, a 50l(c)(3), was created to support, benefit, and raise funds or monies for capital and equipment expenditures for the Colorado State Fair. Additionally, the Foundation may also provide financial support to Colorado State Fair programs and initiatives that further the purposes of the Colorado State Fair upon reasonable request. As of June 30, 2020, one board member of the Colorado State Fair Authority as well as the General Manager of the Authority are also board members of the Colorado State Fair Foundation. During Fiscal Year 2021 and 2020, $15,000 and $17,550, respectively, was given to the Authority. During Fiscal Year 2021, the Authority contributed $1,000,000 to the Foundation to stimulate the Foundation's fundraising efforts towards the Authority's Master Plan improvements.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Claims and Litigation

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

NOTE 12 – SUBSEQUENT EVENTS

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impacts could occur though such potential impact is unknown at this time.

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,

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

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

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

Notes to the Required Supplementary Information

See Notes on pages 51 - 54

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 276,172	$ 408,739	$ 377,198	$ 329,218	$ 311,651	$ 312,373	$ 323,839	$ 331,261	$ 268,913	$ 220,111
Contributions in relation to the contractually required contribution	(276,172)	(408,739)	(377,198)	(329,218)	(311,651)	(312,373)	(323,839)	(331,261)	(268,913)	(220,111)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,488,456	1,971,761	1,720,951	1,688,744	1,668,178	1,763,258	1,933,170	1,948,594	1,670,267	1,733,157
Contributions as a percentage of covered payroll	18.55%	20.73%	21.92%	19.49%	18.68%	17.72%	16.75%	17.00%	16.10%	12.70%

Notes to the Required Supplementary Information
See Notes on pages 51 - 54

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,

	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.0135589958%	0.0199755569%	0.0198110127%	0.0200401142%	0.0208432025%
Authority's proportionate share of the net OPEB liability (asset)	$ 128,841	$ 224,525	$ 269,537	$ 260,441	$ 270,239
Authority's covered payroll	$ 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	10%	12%	15%	15%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	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 51 - 54

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

	2021	2020	2019	2018	2017
Contractually required contribution	$ 13,701	$ 19,148	$ 17,733	$ 17,554	$ 17,135
Contributions in relation to the contractually required contribution	(13,701)	(19,148)	(17,733)	(17,554)	(17,135)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 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%

Notes to the Required Supplementary Information
See Notes on pages 51 - 54

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2021 and 2020

NOTE 1 – NET PENSION LIABILITY

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

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

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2021 and 2020

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%.

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

- The investment return assumption was lowered from 7.50% to 7.25%.

- The price inflation assumption was lowered from 2.80% to 2.40%.

- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.

- The wage inflation assumption was lowered from 3.90% to 3.50%.

- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.

- The discount rate was lowered from 7.50% to 5.26%.

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

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

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

- The investment return assumption was lowered from 8.00% to 7.50%

- The price inflation assumption was lowered from 3.50% to 2.80%

- The wage inflation assumption was lowered from 4.25% to 3.90%

COLORADO STATE FAIR AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
June 30, 2021 and 2020

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

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

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

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

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Colorado State Fair Authority (the Authority), a division of the Department of Agriculture of the State of Colorado, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 23, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Eide Bailly LLP

Denver, Colorado
December 23, 2021

CPAs & BUSINESS ADVISORS

December 23, 2021

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, 2021, and have issued our report thereon dated December 23, 2021. 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 June 28, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 23, 2021.

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.

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 Fiscal Year 2021. 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, 2020. 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 6, 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 and each applicable opinion unit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Understatement of Accounts Receivable	$41,550	
Understatement of Warrants Payable		$41,550
Reclassify debit balances found within warrants payable.		

There is no effect from these uncorrected misstatements on the net position or change in net position as of and for the year ended June 30, 2021.

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 financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 23, 2021.

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.

Modification of the Auditor's Report

We have made the following modification 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, 2021, 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.

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.

Eide Bailly LLP

Denver, Colorado