

Col
State Fair &
Exposition

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2002

October 31, 2002

STATE FAIRGROUNDS / PUEBLO, CO 81004-2499
(719) 561-8484 / FAX 561-0283

Bill Owens, Governor
General Assembly
Joint Budget Committee
Legislative Audit Committee

REGARDING: COLORADO STATE FAIR ANNUAL REPORT

The following report is presented to you as required by C.R.S. 35-65-406. The mission of the Colorado State Fair is provided by statute as follows:

MISSION

The mission of the Colorado State Fair and Industrial Exposition has been established by the Colorado Legislature as the annual showcase of the State's livestock and agricultural, horticultural, industrial, mining, water conservation, tourist industry, recreational, educational, and scientific facilities, processes and products of the State.

VISION STATEMENT

Since becoming a division of the Department of Agriculture on July 1, 1997 the Colorado State Fair has focused on improving its image to the public and reasserting its mission of promoting agriculture and providing educational opportunities to young people involved with 4-H and FFA programs as well as other youth educational organizations. The Fair's future will include even stronger support and involvement with agricultural programs, products, and the education of its future leaders, along with the education of the general public about Colorado's agricultural industry and the importance of the production of food and fiber to the State's and the nations economy.

The Fair has worked with numerous State and Federal agencies to provide an educational exhibit highlighting Colorado's natural resources. The Department of Agriculture has provided educational and informative exhibits depicting the State's Agricultural industry and the functions of the Department of Agriculture. The Fair's promotion and involvement with 4H and FFA programs are many and far reaching. Young people exhibit their projects and compete to further their development and strive for excellence in agricultural production. Literally thousands of young people and their family's work together often times for a full year or longer to present their projects at the Colorado State Fair.

To help support the efforts of Colorado's future leaders, the Colorado State Fair annually produces the Junior Livestock Auction. We are proud to report that the 2002 Junior Livestock Auction generated over \$300,000 that was put into the hands of these most deserving young people from all over the State of Colorado. These funds will finance their future education and agricultural projects. This is an excellent example of State government and the private sector working together to benefit our young people and the State in general.

To enhance the education of the general public, the Fair initiated a program in conjunction with a local school district to organize an educational field trip to the Fair. Again, cooperation with other agencies and educational institutions made this event a rousing success. The Fair, School District 60, Colorado State University, the Cooperative Extension Service, the Department of Agriculture, and the numerous agencies involved with our Natural Resources exhibit all played a role in this event. Plans are under way to expand and improve upon this project.

Finance

In an effort to continue to meet its obligations to its mission and future vision, the Fair has been diligent in continually evaluating the efficiency of its operation. The number of, Non-Fair, activities have increased, and the profit generating, Fair-time, activities have been enhanced and improved. Along with increasing revenues the management and board have trimmed expenses and continue to analyze potential efficiencies. These steps are all necessary to continue to develop the most worthy programs of promoting Colorado's Agricultural industry and providing educational opportunities for our youth and population in general.

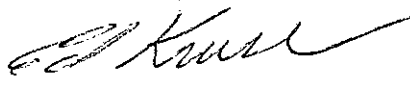
The very objectives and mission of the Fair which generate its value to the State by improving and supporting agriculture and providing educational opportunities to our youth, along with preserving and enhancing the quality of life for our citizens are activities that do not generate profits. It, therefore, is necessary to be as fiscally responsible as possible and to seek the necessary funding to accomplish our mission and vision for the Colorado State Fair.

We encourage your comments, and suggestions in the continuation of our mission to serve the citizens of the state of Colorado.

Thank you for your past and continued support.



Les Mergelman
Chairman



Ed Kruse
Manager

**Colorado State Fair
Annual Report
October 31, 2002**

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Colorado State Fair Authority
STATEMENT OF NET ASSETS
June 30, 2002

	Governmental Activities Capital Construction Fund	Business-type Activities Enterprise Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$1,203,174	\$ 701,612	\$1,904,786
Accounts receivable, net	-	106,730	106,730
Due from local governments	-	27,928	27,928
Interest receivable	-	7,411	7,411
Inventory	-	26,312	26,312
Prepaid expenses	-	138,361	138,361
	<u>1,203,174</u>	<u>1,008,354</u>	<u>2,211,528</u>
Restricted Assets			
Bond sinking fund	-	20,378	20,378
Bond reserve fund	-	252,619	252,619
Total restricted assets	<u>-</u>	<u>272,997</u>	<u>272,997</u>
Total current assets	<u>1,203,174</u>	<u>1,281,351</u>	<u>2,484,525</u>
NONCURRENT ASSETS			
Capital Assets, net of accumulated depreciation	-	11,169,547	11,169,547
Unamortized financing costs	<u>-</u>	<u>53,897</u>	<u>53,897</u>
Total noncurrent assets	<u>-</u>	<u>11,223,444</u>	<u>11,223,444</u>
Total assets	<u>1,203,174</u>	<u>12,504,795</u>	<u>13,707,969</u>
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term obligations	-	188,044	188,044
Accounts payable	1,203,174	218,057	1,421,231
Accrued interest payable	-	10,443	10,443
Accrued compensated absences	-	126,690	126,690
Damage deposits	-	18,054	18,054
Deferred revenue	<u>-</u>	<u>999,668</u>	<u>999,668</u>
Total current liabilities	<u>1,203,174</u>	<u>1,560,956</u>	<u>2,764,130</u>
NONCURRENT LIABILITIES			
Bonds and lease obligations payable	<u>-</u>	<u>1,852,972</u>	<u>1,852,972</u>
Total liabilities	<u>1,203,174</u>	<u>3,413,928</u>	<u>4,617,102</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	9,128,531	9,128,531
Restricted for debt service	-	272,997	272,997
Unrestricted (deficit)	<u>-</u>	<u>(310,661)</u>	<u>(310,661)</u>
Total net assets	<u>\$ -</u>	<u>\$9,090,867</u>	<u>\$9,090,867</u>

The accompanying notes are an integral part of this statement.

Colorado State Fair Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2002

	Total Governmental Funds <u>Capital</u> <u>Construction</u> <u>Fund</u>
REVENUES – Intergovernmental	\$3,324,608
EXPENDITURES	
Current - Public works	91,617
Capital outlay	<u>3,232,991</u>
Total expenditures	<u>3,324,608</u>
Net change in fund balance	-
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Colorado State Fair Authority
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS –
PROPRIETARY FUNDS
Year ended June 30, 2002

	Business-type Activity Enterprise Fund
OPERATING REVENUES	
Commercial space/concessions	\$ 2,089,721
Gate admissions	1,509,655
Box office sales	1,836,443
Private sponsorships	816,434
Exhibitor fees	629,343
Building rentals	517,318
Miscellaneous revenues	<u>171,756</u>
Total operating revenues	<u>7,570,670</u>
OPERATING EXPENSES	
Personal service and benefits	1,761,853
Entertainment and attractions	2,066,110
Advertising and promotions	1,023,800
Prizes and awards	691,896
Repairs and maintenance	346,519
Utilities	483,154
Supplies and materials	309,334
Contractual services	634,117
Other operating	316,727
Building, vehicle and equipment rental	315,241
Travel	<u>16,047</u>
Operating expenses before depreciation and amortization	<u>7,964,798</u>
Operating loss before depreciation and amortization	(394,128)
Depreciation and amortization	<u>706,727</u>
Operating loss	<u>(1,100,855)</u>
NONOPERATING REVENUES (EXPENSES)	
Local government grants	545,147
State appropriations	155,720
Investment income	42,569
Interest expense	<u>(153,011)</u>
Total nonoperating revenue (expenses)	<u>590,425</u>
Loss before capital contributions	(510,430)
Capital contributions	<u>3,232,991</u>
CHANGE IN NET ASSETS	<u>2,722,561</u>
Total net assets, beginning – as previously reported	5,372,181
GASB 34 adjustment	<u>996,125</u>
Total net assets, beginning – as restated	<u>6,368,306</u>
Total net assets, ending	<u>\$ 9,090,867</u>

The accompanying notes are an integral part of this statement.

Colorado State Fair Authority
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year ended June 30, 2002

	Business-type Activity Enterprise Fund
Cash flows from operating activities	
Cash received from:	
Fees for services	\$ 6,094,495
Sale of products	24,993
Rental of property	527,072
Other sources	415,334
Cash payments to:	
Employees	(1,696,821)
Suppliers	(4,823,786)
Other	(769,495)
Net cash used in operating activities	(228,208)
Cash flows from capital and related financing activities	
Decrease in restricted assets	114,863
Local government grants	536,256
State appropriations	155,720
Debt service principal payments	(186,994)
Interest payments	(157,753)
Purchase of property and equipment	(37,855)
Net cash provided by capital and related financing activities	424,237
Cash flows from investing activities	
Interest and dividend income	31,774
Net increase in cash and cash equivalents	227,803
Cash and cash equivalents, beginning of year	473,809
Cash and cash equivalents, end of year	\$ 701,612
Reconciliation of operating loss to net cash used in operating activities:	
Net operating loss	\$(1,100,855)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization of property and equipment	706,727
Net changes in assets and liabilities relating to operating activities	
Decrease in accounts receivable	40,510
Decrease in inventory	11,685
Decrease in prepaid expenses	98,079
Increase in accounts payable	111,903
Increase in accrued compensated absences	51,813
Increase in damage deposits	9,754
Decrease in deferred revenue	(157,824)
Net cash used in operating activities	\$ (228,208)
<u>Noncash investing and financing activities:</u>	
Property and equipment added through contributed capital from capital construction fund	\$ 3,232,991
Unrealized gain on restricted assets	10,795
Property and equipment added through incurrence of capital lease	34,022

The accompanying notes are an integral part of this statement.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Colorado State Fair Authority (Authority) is a component unit of the State of Colorado (State) within the State Department of Agriculture. 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 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 17-day 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.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund and the proprietary fund.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

All revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

The capital construction fund accounts for state appropriations to be expended principally for capital asset additions.

The Authority reports the following major proprietary fund:

The Colorado State Fair Authority fund accounts for the activities of the Authority, a blended component unit of the State of Colorado. The Authority operates the Colorado State Fair and uses the fund to account for its Fair activities and activities conducted on the Fair grounds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Measurement focus, basis of accounting, and financial statement presentation - continued*

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all investment income.

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 enterprise fund are from operating the Colorado State Fair and Exposition. 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.

4. *Budgetary Process*

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 2002, the Authority's original and final operating budget as approved by the General Assembly was \$8,108,433 which the Authority allocated to cover operating expenses, excluding depreciation and change in leave accrual.

The Authority also adopts an internal budget for its enterprise fund for management purposes. For Fiscal Year Ended June 30, 2002, the internal budget showed total budgeted operating revenues of \$7,515,000 while total actual operating revenues were \$7,570,670 and total allocated budgeted operating expenses were \$8,108,433 while total actual operating expenses were \$8,169,096, excluding depreciation expense and change in leave accrual, which are non-budgeted operating expenses. Revenues and appropriations received in excess of budget resulted in additional expenditures. The Authority has total expenditures in excess of budget of \$60,663 with an approved over expenditure of \$29,438 for total appropriated expenses.

5. *Inventory*

Inventory, consisting of facilities maintenance supplies, concession supplies and souvenirs, is stated at the lower of cost (first-in, first-out method) or market.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. *Capital Assets*

Capital assets include property, plant and equipment. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings (transferred from state)	20
Buildings (constructed)	40
Land improvements (streets, sidewalks, and water drainage systems)	50
Land improvements (other)	16
Furniture and equipment	7

7. *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. 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. The compensated absence liability accrual is recorded as an enterprise fund liability.

8. *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.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE B – CASH DEPOSITS

1. *Cash*

Cash includes petty cash, change funds, imprest funds, and cash on deposit with the State Treasurer. Moneys deposited with the Treasury are invested until the cash is needed. The State Treasurer pools these deposits and invests them in securities approved by Section 24-75-601.1, C.R.S. The Authority reports its share of the Treasurer's unrealized gains and losses based on its participation in the State Treasurer's pool only at fiscal year end. Effective July 1, 1997, with the Authority's initial adoption of Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

2. *Categorization of 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 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 federal insurance. The Authority categorizes its cash into three categories as to their credit risk:

- Category 1 is federally insured deposits or deposits fully collateralized with securities held by the Authority or its agent in the Authority's name.
- Category 2 is deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category 3 is uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE B – CASH DEPOSITS - Continued

2. *Categorization of Deposits - continued*

As of June 30, 2002, the Authority's deposits are categorized as follows:

	<u>Bank balance</u>	<u>Carrying balance</u>
Cash on hand	\$ -	\$ 2,400
Categorized deposits		
Deposits covered by Federal insurance – Category 1	100,000	100,000
Deposits required to be collateralized in a single institution pool(s) - Category 2	18,681	40,991
Cash on deposit with State Treasurer		
Enterprise fund	558,221	558,221
Capital construction fund	<u>1,206,529</u>	<u>1,203,174</u>
Total Cash	<u>\$1,883,431</u>	<u>\$1,904,786</u>

For cash on deposit with State Treasurer, the State Treasurer's investments as of June 30, 2002 are Category 1 investments and its cash deposits are principally Category 2 deposits.

NOTE C – RESTRICTED ASSETS

In connection with the refunding revenue bonds issued in 1992, the Authority was required to establish a bond sinking fund. The bond sinking fund is comprised of monthly deposits sufficient to provide for the next maturing installments of bond principal and interest and for bond payments made in June and December of each year. The bond resolution states the sinking fund shall be on a calendar year. The balance in the sinking fund at June 30, 2002, was \$20,378. The balance is collateralized with securities held by the pledging financial institution's trust department.

The Authority was also required to establish a reserve fund to be used in the event of deficiencies in the bond sinking fund. The balance in the reserve fund must be equal to (i) 10% of the outstanding principal amount of the refunding reserve bonds, (ii) the maximum annual debt service requirement, as defined in the bond resolution, or (iii) 125% of the average amount of all required annual principal and interest payments. The Authority has complied with these bond covenants for the year ended June 30, 2002. The Authority is also required to generate sufficient revenue to cover general operating expense plus 125% of the annual requirements of principal and interest on the outstanding bonds. The Authority was not in compliance with this requirement for the year ended June 30, 2002.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE C – RESTRICTED ASSETS - Continued

The Authority had the following investment, recorded at market value, in the restricted bond reserve fund at June 30, 2002:

Federal Farm Credit Medium Term Note (Int. payable 7/20 and 1/20 CPN 6.05% due April 21, 2003, \$241,824 amortized cost)	<u>\$252,619</u>
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The Authority's investment is insured by an agency of the federal government and is an investment allowed under State statute to be held by the Authority. The Authority recognized an unrealized gain \$10,795 on the investment during the year ended June 30, 2002.

NOTE D – CAPITAL ASSETS

At June 30, 2002, capital assets, all of which are used in business-type activities, consisted of the following:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions and reclassifications</u>	<u>Balance June 30, 2002</u>
Capital assets, not being depreciated				
Land	\$ 594,458	\$ -	\$ -	\$ 594,458
Construction in progress	<u>302,289</u>	<u>600,251</u>	<u>(464,291)</u>	<u>438,249</u>
Total capital assets, not being depreciated	896,747	600,251	(464,291)	1,032,707
Capital assets, being depreciated:				
Buildings	11,117,827	-	464,291	11,582,118
Land improvements	3,176,604	2,632,740	-	5,809,344
Furniture and equipment	<u>1,995,377</u>	<u>71,877</u>	<u>-</u>	<u>2,067,254</u>
Total capital assets, being depreciated	16,289,808	2,704,617	464,291	19,458,716
Less accumulated depreciation for:				
Buildings	(5,956,818)	(305,586)	-	(6,262,404)
Land improvements	(1,100,841)	(168,370)	-	(1,269,211)
Furniture and equipment	<u>(1,557,490)</u>	<u>(232,771)</u>	<u>-</u>	<u>(1,790,261)</u>
Total accumulated depreciation	<u>(8,615,149)</u>	<u>(706,727)</u>	<u>-</u>	<u>(9,321,876)</u>
Total capital assets, being depreciated, net	<u>7,674,659</u>	<u>1,997,890</u>	<u>464,291</u>	<u>10,136,840</u>
Capital assets, net	<u>\$ 8,571,406</u>	<u>\$2,598,141</u>	<u>\$ -</u>	<u>\$11,169,547</u>

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE E – LONG-TERM OBLIGATIONS

1. *Refunding Revenue Bonds*

The Refunding Revenue Bonds, Series 1992, mature annually in varying amounts from December 1, 1993 through December 1, 2012. Interest is payable semi-annually at varying interest rates from 3.6% to 7.4%. The bonds are secured by a first lien on the net revenue of the Authority. See Note C for bond reserve and sinking fund requirements. The 1992 Bonds maturing on and after December 1, 2003, are subject to redemption prior to maturity at the option of the Authority on and after December 1, 2002 at the following redemption prices (expressed as a percentage of the principal amount so redeemed) plus interest thereon to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 2002 through November 30, 2003	101.0%
December 1, 2003 through November 30, 2004	100.5%
December 1, 2004 and thereafter	100.0%

Refunding revenue bonds debt service requirements to maturity are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 110,000	\$ 125,720
2004	120,000	117,725
2005	130,000	108,910
2006	135,000	99,435
2007	145,000	89,283
2008-2012	910,000	261,590
2013-2017	<u>225,000</u>	<u>8,325</u>
Subtotals	1,775,000	810,988
Unamortized bond discount	<u>(10,467)</u>	<u>-</u>
Total	<u>\$1,764,533</u>	<u>\$ 810,988</u>

2. *Capital Leases*

The Authority has entered into a capital lease agreement as lessee for financing the acquisition of bleacher equipment with semi-annual payments of \$40,000, including principal and interest (8%) through July 2005, and collateralized by the bleacher equipment. Other capital leases include leases for use of a tractor, concession buildings, and various office equipment.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE E - LONG-TERM OBLIGATIONS - Continued

2. *Capital Leases - continued*

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 66,357
Furniture and equipment	<u>677,640</u>
Subtotal	743,997
Less : Accumulated depreciation	<u>(657,463)</u>
Total	<u>\$ 86,534</u>

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2002 were as follows:

<u>Fiscal year</u>	<u>Amount</u>
2003	\$ 97,127
2004	92,017
2005	89,265
2006	30,371
2007	1,659
2008-2012	<u>6,636</u>
Total minimum lease payments	317,075
Less: amount representing interest	<u>(40,592)</u>
Present value of minimum lease payments	<u>\$ 276,483</u>

3. *Changes in long-term liabilities*

Long-term liability activity for the Fiscal Year Ended June 30, 2002 was as follows:

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Refunding revenue bonds	\$1,880,000	\$ -	\$(105,000)	\$1,775,000	\$ 110,000
Less deferred amounts -					
On refunding	<u>(11,513)</u>	<u>-</u>	<u>1,047</u>	<u>(10,467)</u>	<u>-</u>
Total bonds payable	1,868,487	-	(103,953)	1,764,533	110,000
Capital leases	<u>324,455</u>	<u>34,022</u>	<u>(81,994)</u>	<u>276,483</u>	<u>78,044</u>
Business-type activity					
Long-term liabilities	<u>\$2,192,942</u>	<u>\$ 34,022</u>	<u>\$(185,947)</u>	<u>\$2,041,016</u>	<u>\$ 188,044</u>

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE F – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2002 are as follows:

	<u>Transfer in:</u>
	<u>Proprietary Fund</u>
<u>Transfer out:</u>	
Capital construction fund	<u>\$3,232,991</u>

NOTE G – PENSION PLANS

Plan Description – For eligible Authority employees participating in The Public Employees' Retirement Association plan (PERA), the plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The defined benefit plan is a cost-sharing multiple employer plan administered by PERA. PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan, as well as other divisions' plans, is included in PERA's financial statements, which may be obtained by writing PERA of Colorado at 1300 Logan Street, Denver, Colorado 80203.

House Bill 00-1458, passed in the 2000 legislative session, changed the retirement eligibility of some state workers. Members, who are 55 years of age or older and retiring June 1, 2000 or later, with age plus years of service totaling 80 or more, may retire without a reduction for early retirement. The reduction for early retirement for some members with age plus years of service totaling less than 80 was also lowered. In addition, beginning March 1, 2000, the annual increase for PERA benefits will be 3.5% compounded annually, and it will no longer be tied to the Consumer Price Index. Currently, the increase is the lower of the actual rate of inflation or a cumulative annual rate of 3.5% since retirement.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are at 2.5% of HAS for each year of service credit. The benefit is limited to 100% (40 years) and cannot exceed the maximum amount allowed by federal law.

Reduced service retirement benefits are available at the following age and years of service: 50-25, 55-20, and 60-5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from .25 to .5 percent, depending on the age and years of service, for each month before the eligible date for the full service retirement.

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their spouse or their eligible children under the age of 18 (23 if a fulltime student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE G – PENSION PLANS – Continued

Plan Description – continued

Funding Policy – Most employees contribute 8 percent (10% for state troopers) of their gross covered wages to an individual account in the plan.

During the year ended June 30, 2002, the Authority contributed 9.9 percent (13.1 percent for state troopers and 14.0 percent for the Judicial Branch) of the employee's gross covered wages which was allocated by PERA before January 1, 2002, as follows:

- 1.42 percent was allocated to the Health Care Trust Fund.
- The amount needed to meet the match requirement established by the PERA Board was allocated to the Matchmaker program (see note G below).
- The balance remaining after allocations to the Matchmaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

After January 1, 2002, the state contribution, allocated to the Health Care Trust Fund, increased to 1.64 percent.

The annual gross covered wages subject to PERA is the gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code. The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly.

The Authority's contributions to the three programs described above for the Fiscal Years Ended June 30, 2002, 2001, and 2000 were \$120,237, \$147,110, and \$136,687, respectively. These contributions met the contribution requirement for the year.

NOTE H – VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

Beginning on January 1, 2001, the Matchmaker Program established a state match for PERA member's voluntary contributions to tax-deferred retirement plans. The match was 100 percent of up to 3 percent of the employee's gross covered wages paid during the month (7 percent for judges in the Judicial Branch). The PERA Board sets the level of the match annually – based on the actuarial funding of the defined benefit pension plan. Two percent of the gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match. PERA offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer a 403(b) plan. Members who contribute to any of these plans also receive state match. The Authority's contribution to the Matchmaker Program for the Fiscal Years Ended June 30, 2002 and 2001 were \$20,360 and \$8,655, respectively.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE I – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

The PERA Health Care Program began covering retired benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During the Fiscal Year Ended June 30, 2002, the premium subsidy was \$115 for those with 20 years of service credit (\$230 for members under age 65), and it was reduced by 5 percent for each year of service fewer than 20. Medicare eligibility also affects the premium subsidy.

The Health Care Trust Fund is maintained by an employer's contribution as discussed above in note F. The Authority paid \$51,046, \$43,348, and \$16,343 during the Fiscal Years Ended June 30, 2002, 2001, and 2000, respectively, into this fund.

Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. As of December 31, 2000 there were 33,261 participants, including spouses and dependents, from all contributors to the plan.

Life Insurance Program

PERA provides its members access to two group life insurance plans offered by Prudential and Rocky Mountain Life. Members may join one or both plans and they may continue coverage into retirement. Premiums are collected monthly by payroll deduction or other means.

NOTE J – 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 comprehensive annual 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.

Colorado State Fair Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE K – TABOR

For the Fiscal Year Ended June 30, 2002, the Authority did not qualify for exclusion from the provisions of Article X, Section 20 (TABOR) of the State of Colorado's constitution because it did not qualify as an enterprise as defined by TABOR. The reserve for declared emergencies, required by TABOR, is determined at the State level.

NOTE L – ADOPTION OF ACCOUNTING PRONOUNCEMENTS

Effective July 1, 2001, the Colorado State Fair Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and No. 37, *Basic Financial Statements Discussion and Analysis – for State and Local Governments: Omnibus*. GASB 34 and 37 establish the required basic financial statements and supplementary information for governmental entities. Required supplementary information for the Colorado State Fair Authority includes its Management's Discussion and Analysis. As a result of adopting GASB 34, net assets as of July 1, 2001 were restated to include \$996,125 of land improvements (principally streets and water and drain systems) previously not capitalized.

Events
For FY 2002

Annual Colorado State Fair Events

Colorado State Fair

Christmas Show

Major Events Other Than Colorado State Fair Events

Rocky Mountain National Street Rod Nationals

Professional Bull Riding Association

Super Circuit Horse Show

Quarter Horse Show

Rocky Mountain Thunder Rally

National Dairy Goat Show

Building Rentals

Estimated: 970

(This is an estimate of the number of events that
are held on the Fairgrounds where the grounds
and/or buildings are rented)

2002 COLORADO STATE FAIR

ATTENDANCE

ANALYSIS AND COMPARISON

DAY	2002	2001	VARIANCE
DAY 1: SATURDAY, 8/17/02	57,274	64,926	(7,652)
DAY 2: SUNDAY, 8/18/02	44,362	39,706	4,656
DAY 3: MONDAY, 8/19/02	34,981	32,849	2,132
DAY 4: TUESDAY, 8/20/02	30,848	28,264	2,584
DAY 5: WEDNESDAY, 8/21/02	29,165	25,287	3,878
DAY 6: THURSDAY, 8/22/02	28,417	26,359	2,058
DAY 7: FRIDAY, 8/23/02	36,459	41,252	(4,793)
DAY 8: SATURDAY, 8/24/02	63,690	64,018	(328)
DAY 9: SUNDAY, 8/25/02	43,044	40,394	2,650
DAY 10: MONDAY, 8/26/02	33,602	16,603	16,999
DAY 11: TUESDAY, 8/27/02	39,421	24,950	14,471
DAY 12: WEDNESDAY, 8/28/02	35,701	19,970	15,731
DAY 13: THURSDAY, 8/29/02	24,555	19,899	4,656
DAY 14: FRIDAY, 8/30/02	43,044	30,968	12,076
DAY 15: SATURDAY, 8/31/02	57,227	58,905	(1,678)
DAY 16: SUNDAY, 9/1/02	65,667	72,927	(7,260)
DAY 17: MONDAY, 9/2/02		29,821	(29,821)
GRAND TOTAL	667,457	637,098	30,359
			-11.79%
			11.73%
			6.49%
			9.14%
			15.34%
			7.81%
			-11.62%
			-0.51%
			6.56%
			102.39%
			58.00%
			78.77%
			23.40%
			39.00%
			-2.85%
			-9.96%
			N/A
			4.77%

Colorado State Fair

Balance Sheet

(Unaudited)

For the Three Months Ending September 30, 2002

ASSETS	September 30, 2002
Current Assets:	
Cash	810,844.06
Accounts Receivable	223,018.74
Interest Receivable	11,116.44
Inventory	26,311.90
Prepaid Expenses	24,494.16
Total Current Assets	1,095,785.30
Restricted Assets:	
Bond Reserve Fund	241,824.00
Bond Sinking Fund	113,133.25
Cash Held in Trust	
Total Restricted Assets	354,957.25
Property & Equipment:	
Furniture & Equipment	2,067,253.92
Less: Accumulated Depreciation	(1,819,662.04)
Land Improvements	2,168,278.19
Less: Accumulated Depreciation	(1,240,984.18)
Buildings	11,117,827.20
Less: Accumulated Depreciation	(6,470,945.93)
Land	594,458.00
Construction in Progress	902,539.68
Net Property & Equipment	7,318,764.84
Other Assets:	
Deferred Financing Costs	53,897.03
Total Other Assets	53,897.03
TOTAL ASSETS	8,823,404.42
LIABILITIES & FUND EQUITY	
Current Liabilities:	
Current portion of long-term debt	(276,235.30)
Warrants & Vouchers Payable	(409,039.22)
Accounts Payable	(244,187.52)
Accrued Interest Payable	(37,576.54)
Accrued Employee Benefits	(98,444.28)
Damage Deposits	(30,477.96)
Deferred Revenue	-
Total Current Liabilities	(1,095,960.82)
Long Term Debt:	
Long Term Debt	(1,732,971.92)
Total Long Term Debt	(1,732,971.92)
Equity:	
Transfer from Fund 461	-
Fund Balance	(5,994,471.68)
TOTAL LIABILITIES & FUND EQUITY	(8,823,404.42)

Colorado State Fair
Income Statement
(Unaudited)
For the Three Months Ended September 30, 2002

	Fair	NonFair	Total
REVENUE			
Admission & Parking	1,281,359.04	1,890.00	1,283,249.04
Ticketed Venues	1,131,974.29	54,317.95	1,186,292.24
Exhibitors	737,468.38	-	737,468.38
Commercial Exhibits	552,188.24	-	552,188.24
Concessions	604,637.05	79,312.00	683,949.05
Carnival	711,760.89	-	711,760.89
Commissions	137,467.07	518.89	137,985.96
Sponsorships	869,037.00	-	869,037.00
Rentals	57,115.88	70,107.21	127,223.09
Miscellaneous	4,162.44	1,220.71	5,383.15
Total Operating Revenue	6,087,170.28	207,366.76	6,294,537.04
EXPENSES			
Personnel Costs	324,191.18	11,063.40	335,254.58
Personnel Costs/Temp	490,003.50	14,643.57	504,647.07
Personal Service Cont	539,629.09	16,184.02	555,813.11
Entertainment/Prof Cont	1,490,655.53	38,964.68	1,529,620.21
Advertising & Pub Relations	472,721.92	5,042.14	477,764.06
Sponsorship In-Kind	439,771.65	-	439,771.65
Insurance	3,967.69	16.44	3,984.13
Legal/Professional Fees	18,267.64	275.38	18,543.02
Maintenance & Repair	185,129.60	4,145.75	189,275.35
Postage	21,984.66	123.03	22,107.69
Premiums	646,943.57	-	646,943.57
Printing	61,910.97	699.48	62,610.45
Refunds & Miscellaneous	40,725.57	784.93	41,510.50
Rental Expense	239,890.41	18,554.20	258,444.61
Supplies	257,422.17	4,823.40	262,245.57
Travel	2,788.70	16.62	2,805.32
Utilities	199,187.09	4,851.94	204,039.03
Other Operating Expense	13,936.36	6.76	13,943.12
Business Development	-	-	-
Audit Expense	7,735.98	264.00	7,999.98
Total Operating Expense	5,456,863.29	120,459.73	5,577,323.02
Total Operating Profit/(Loss) Before Depreciation	630,306.99	86,907.03	717,214.02
Depreciation Expense	127,559.65	4,353.12	131,912.77
Total Operating Profit/(Loss)	502,747.34	82,553.91	585,301.25
Interest Income	-	19,491.25	19,491.25
City Lodging Tax	-	57,575.76	57,575.76
Supplemental	-	-	-
County Grant	-	-	-
Total NonOperating Revenue	-	77,067.01	77,067.01
Non Operating Expense			
Interest Expense	-	36,443.45	36,443.45
County Grant Expense	-	4,287.96	4,287.96
Total NonOperating Expense	-	40,731.41	40,731.41
Total Non Operating Profit	-	36,335.60	36,335.60
Total Net Profit	502,747.34	118,889.51	621,636.85