

**THE 18TH DISTRICT AGRICULTURAL ASSOCIATION  
EASTERN SIERRA TRI-COUNTY FAIR  
BISHOP, CALIFORNIA  
REVIEWED FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**BOARD OF DIRECTORS AND ADMINISTRATION  
DECEMBER 31, 2019**

**Members**

Judy Waggoner  
Paul Dostie  
Jaque Hickman  
Corinna Korpi  
Wanda Summers  
Joanne Parsons

**Chief Executive Officer**  
Jennifer McGuire

**THE 18th DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR**

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DECEMBER 31, 2019**

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Draft - For Discussion Purposes Only

**FINANCIAL SECTION**

# ***Donald R. Reynolds***

Certified Public Accountant

## **INDEPENDENT ACCOUNTANT'S REPORT**

Board of Directors  
18th District Agricultural Association,  
Eastern Sierra Tri-County Fair  
Bishop, California

### **Report On the Financial Statements**

I have audited the accompanying consolidated financial statements of 18th District Agricultural Association, Eastern Sierra Tri-County Fair (The Association), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the consolidated 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 Association's internal control. Accordingly, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 18th District Agricultural Association, Eastern Sierra Tri-County Fair as of December 31, 2020 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and the schedule of functional expenses and schedule of revenues, expenditures and changes in net assets - budget versus actual on page 26 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. Management has elected to omit the Management Discussion and Analysis.

#### ***Supplementary and Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The schedules of accounts receivable and payable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Donald K. Reynolds,  
Certified Public Accountant  
July 3, 2022

**BASIC FINANCIAL STATEMENTS**

*Draft - For Discussion Purposes Only*

**18TH DISTRICT AGRICULTURAL ASSOCIATION ,  
 EASTERN SIERRA TRI COUNTY FAIR  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2019**

**ASSETS**

Cash in banks and on hand	\$ 72,195
Accounts receivable, net	94,010
Prepaid Expenses	-
Deferred expenses	6,676
Capital assets	
Assets - not subject to depreciation	7,195
Assets subject to depreciation:	
Buildings and improvements	4,553,382
Equipment	215,504
Total assets subject to depreciation	4,768,886
Less: accumulated depreciation	(2,495,757)
Total assets subject to depreciation, net	2,273,129
<b>Total Assets</b>	<b>\$ 2,453,205</b>
Deferred outflows of resources - Pension	\$ 79,275

**LIABILITIES**

Accounts payable	\$ 312,274
Payroll liabilities	12,607
Guaranteed deposits	2,495
Net pension liability	300,208
Long-term debt - payable within one year	15,000
Long-term debt - payable in more than one year	680,230
Other liabilities	-
<b>Total Liabilities</b>	<b>\$ 1,322,814</b>

**Deferred inflows of resources**

Unearned income	34,551
Pension	12,045
<b>Total Deferred inflows of resources</b>	<b>\$ 46,596</b>

**NET POSITION**

Invested in capital assets	\$ 2,280,324
Restricted for Junior Livestock Auction	-
Unrestricted	(1,117,254)
<b>Total Net Position</b>	<b>\$ 1,163,070</b>

See accompanying notes and independent accountants review report

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI COUNTY FAIR  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATING REVENUE

State Apportionments	44,670
Admissions to Grounds	260,654
Commercial Space	27,306
Concessions	60,405
Exhibits	18,334
Entry Fees	34,206
Horse Show	9,514
Junior Livestock Auction	7,405
Interim Revenue	491,586
Adm Other Revenue	12,069
Donations and Sponsorships	18,500
Total Operating Revenue	<u>984,649</u>

OPERATING EXPENSES

Salaries and Wages	234,976
Benefits	97,419
Supplies & Equipment	63,630
Services	515,491
Maintenance Expense	93,935
Depreciation	170,710
Total Operating Expenses	<u>1,176,161</u>
Operating Income (Loss)	<u>(191,512)</u>

NONOPERATING REVENUES AND (EXPENSES)

Other Revenue	135,867
Interest Revenue	407
Total Nonoperating Revenues and (Expenses)	<u>136,274</u>
Increase (Decrease) in Net Position	(55,238)
Net Position - Beginning of Year	1,246,399
Prior Period Adjustment	(28,091)
Net Position - Beginning of Year as Restated	<u>1,218,308</u>
Net Position - End of Year	<u>1,163,070</u>

See independent accountants' review report and accompanying notes to financial statements.



**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI COUNTY FAIR  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019**

**Cash flows from operating activities**

Cash received from customers	\$ 845,306
Cash received from state and local contributions	63,170
Cash paid to suppliers and vendors	(533,618)
Cash paid to employees	(237,629)
Net cash provided (used) by operating activities	<u>137,229</u>

**Cash flows from capital and related financing activities**

Financing (purchase) of capital assets	(874,534)
Proceeds of long-term debt	651,480
Payments on long-term debt	-
Interest on debt	-
Net cash used by capital and financing activities	<u>(223,054)</u>

**Cash flows from investing activities**

Other Income	135,868
Interest income	407
Net cash provided from investing activities	<u>136,275</u>

**Net Increase (decrease) in cash**

50,450

**Cash beginning of year**

21,745

**Cash end of year**

\$ 72,195

**Cash flows from operating activities**

Excess of revenue over expenses from operations	\$ (191,512)
Prior year excess of expense over revenue	-
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:	
Depreciation	170,710
Pension adjustment	(39,244)
Decrease (Increase) in:	
Accounts receivable	(77,650)
Prepaid Expenses	2,066
Deferred expenses	(4,036)
Increase (Decrease) in:	
Accounts payable	266,928
Compensated absences Liability	11,143
Unearned income	11,812
Guaranteed deposits	(10,335)
Payroll liabilities	(2,653)
Other liabilities	-
Net cash provided (used) by operating activities	<u>\$ 137,229</u>

See accompanying notes and independent accountants review report

**18TH DISTRICT AGRICULTURAL ASSOCIATION  
 EASTERN SIERRA TRI COUNTY FAIR  
 FUNCTIONAL EXPENSE SCHEDULE  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

**For the Year Ended December 31, 2019**

	<b>Salaries and Wages</b>	<b>Benefits</b>	<b>Supplies &amp; Equipment</b>	<b>Services</b>	<b>Maintenance Expense</b>	<b>Depreciation</b>	<b>Total</b>
Administration	\$ 125,291	\$ 71,712	\$ 20,835	\$ 238,366	\$ -	\$ -	\$ 456,204
Maintenance & operations	97,504	23,062	-	40,417	93,935	-	254,918
Publicity	-	-	-	27,949	-	-	27,949
Attendance operations	-	104	6,956	8,575	-	-	15,615
Miscellaneous fair	-	-	-	33,280	-	-	33,280
Junior Livestock	-	-	7,730	19,053	-	-	26,783
Premiums (for Exhibit programs	-	-	-	11,503	-	-	11,503
Exhibits	12,181	2,541	3,445	21,489	-	-	39,656
Horse show	-	-	2,157	2,123	-	-	4,280
Fair entertainment	-	-	8,141	95,998	-	-	104,139
Interim expense	-	-	14,386	270	-	-	14,656
Prior Year Expense	-	-	-	(2,065)	-	-	(2,065)
Junior Rodeo	-	-	-	18,533	-	-	18,533
Other operating	-	-	-	-	-	-	-
LAWPD	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	170,710	170,710
<b>Total operating expenses</b>	<b>\$ 234,976</b>	<b>\$ 97,419</b>	<b>\$ 63,630</b>	<b>\$ 515,491</b>	<b>\$ 93,935</b>	<b>\$ 170,710</b>	<b>\$ 1,176,161</b>

**NOTES TO FINANCIAL STATEMENTS**

*Draft - For Discussion Purposes Only*

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Eastern Sierra Tri-County Fair was established in 1953. The Eastern Sierra Tri-County Fair is also known as the 18th District Agricultural Association ("DAA"). The 18th DAA is a State Agency, part of the California Department of Food and Agriculture and Division of Fairs & Expositions. The 18th DAA is overseen by a volunteer Board of Directors from Inyo, Mono, and Alpine Counties and are appointed by the Governor of California. The existing buildings included a horse and cattle barns, the East Arena, the Main Arena, the Home Economics Building, the Charles Brown Auditorium, Floriculture Building, Patio Building and the Tallman Pavilion. The fairgrounds also host several large annual events such as the Jr. Livestock Show and Auction, Mule Days, CHSRA State Rodeo, and Carnival Midway in addition to numerous other public and private events year around. The fairgrounds have an RV Park and RV Storage facility operated by the DAA.

The State of California allocates funds annually to the Association to support operations and acquire fixed assets. However, the level of State funding varies from year to year based on budgetary constraints. The Division of Fairs and Expositions determines the amount of the allocations.

The Association accounts for its financial transactions in accordance with the policies and procedures of the State of California — Uniform System of Accounts for Special Districts. The accounting policies of the Association conform to generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of significant accounting policies:

**The Reporting Entity**

In evaluating how to define the Association, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Association is able to exercise oversight responsibilities. Based upon the application of these criteria the Association has no potential component units.

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

The Association, for financial purposes, includes all funds relevant to the operations of the Association. The Board of Directors has governance responsibilities over all activities related to the Association. The Association receives funding from state government sources and must comply with the requirements of these funding sources. However, the Association is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since board members are appointed by the governor and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The DAA is associated with California Fairs Service Authority (CFSA) which is a Joint Powers Authority OPA). The JPA does not meet the criteria for inclusion as a component unit of the DAA. Additional information is presented in Note 9.

**Basis of Presentation**

The accounts of the Association are organized on the basis of fund accounting. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Association's funds are accounted for as an enterprise fund type of the proprietary fund group.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Association distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with sponsoring, managing, and conducting the Eastern Sierra Tri-County Fair each year in Bishop, California.

**Basis of Accounting**

The accounting policies applied to and procedures used by the Association conform to accounting principles applicable to District Agricultural Associations as prescribed by the State Administrative Manual and the Accounting Procedures Manual. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Financial Reporting**

The Association's basic financial statements are presented in conformance with the Governmental Accounting Standards Board (GAS) statement regarding basic financial statements for State and Local Governments. This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports. A statement of net position replaces the balance sheet and reports outflow and inflow of resources and the difference between them as net position. A statement of revenues, expenses, and changes in net position replaces both the income statement and the statement of changes in retained earnings and contributed capital. GAS also requires that the statement of cash flows be prepared using the direct method.

Under GAS, enterprise funds, such as the Association, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The Association has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GAS.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into retained earnings. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**Property, Plant and Equipment**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the financial statements. Capital assets are defined by the Association 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

***Property, Plant and Equipment (Continued)***

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Property, Plant and Equipment	30 years
Office Equipment	5 years

***Budgets and Budgetary Accounting***

The Association follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to December 31, the Association Manager submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted for comments.
3. Prior to September 1, the budget is legally enacted.
4. Formal budgetary integration is employed as a management control device during the year for the Proprietary Funds.
5. Budgets for the Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budgeted amounts are as originally adopted, or as amended. Individual amendments were not material in relation to the original appropriations which were amended.

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

**Deposits and Investments**

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value.

**Statement of Cash Flows**

For purposes of reporting cash flows all short-term, highly liquid investments (including restricted assets) that are both: 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. The cost of all cash equivalents of the Association approximates market value. The California State Treasury makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments with up to \$40,000,000 in the fund invested from each governmental entity.

Investments in the LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Therefore, the Association considers all pooled government funds with the LAIF to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

Invested in Capital Assets (net of related debt) - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.



**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

**Net Position (Continued)**

Restricted Net Position — This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position — This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Association considers restricted funds to have been spent first.

**Operating Revenues**

Proprietary fund operating revenues, such as charges for services and goods, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Operating revenues includes state apportionments, fair proceeds (which include admissions, carnivals, concessions, and miscellaneous fair activities), junior livestock auctions proceeds, and operating lease proceeds, which are an integral part of the operations and financing of the activities.

**Deferred Inflows and Deferred Outflows of Resources**

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GAS Statement numbers 63 and 65.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pensions (Continued)**

position of the Calpers Cost-Sharing Multiple-Employer Plan (Calpers Plan) and additions to/deductions from the Calpers Plan's fiduciary net positions have been determined on the same basis as they are reported by the Calpers Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2016 to June 30, 2019

**Income Taxes**

The Association is a state agency and, therefore, is exempt from paying taxes on its income.

**Subsequent Events**

Subsequent events were evaluated through July 9, 2022, which is the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENT**

**General**

Cash and investments as of December 31, 2019, are classified in the accompanying financial statement as follows:

Cash and Cash Equivalents - Unrestricted	\$ 66,695
Cash and Cash Equivalents - Restricted	<u>5,500</u>
	<u>\$ 72,195</u>

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

The restricted and unrestricted cash and investments consisted of the following at December 31, 2019;

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
US Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper —	270 days	40% of the agency's money	Highest letter and
Commercial Paper—	270 days	25 % of the agency's money	Highest letter and
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% (inclusive of placement service CDs)	None
Placement Service Certificates of Deposit	5 years	30% (combine with placement service deposits)	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities	92 days	20% of the base value of the portfolio	None
Lending Agreements			
Medium-Term Notes	5 years	30%	"A" Rating
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass—Through Securities	5 years	20%	"AA" Rating
County Pooled Investment Funds	N/A	None	None
Joint Power Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" Rating

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Association's investment policy. The Association had no debt proceeds investments as of December 31, 2019.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of fiscal year-end, the weighted average maturity of the investments contained in the State of California LAIF Investment Pool is approximately 3 months.

Information about the sensitivity of the fair values of the Association's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

	<u>Maturity Date</u>	<u>Carrying Amount</u>	<u>Fair Value Adjustment *</u>	<u>Fair Value</u>
3 month Local Agency Investment Funds (LAIF)	average	\$ 12,837	\$ -	\$ 12,837

\* Due to the immaterial nature of the fair market value difference, the LAIF balance is reflected at the carrying amount in the financial statements.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF Investment Pool does not have a rating provided by a nationally recognized statistical rating organization and is considered "exempt from disclosure".

Concentration of Credit Risk

The investment policy of the Association contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

Investments in any one issuer that represent 5% or more of total investments by reporting unit as of December 31, 2019, include nonnegotiable undated investment in the LAIF Investment Pool of \$12,837.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Association's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Association deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of December 31, 2019, none of the Association's deposits with financial institutions were in excess of federal depository insurance limits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Association's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

Investment in Local Government Investment Pools

The Association is a voluntary participant in the Pooled Investments — State of California that are regulated by the California Government Code under the oversight of the State of California. The fair value of the Association's investment in this pool is reported in the accompanying financial statements at amounts based upon the Association's pro-rata share of the fair value provided by the State of California for the entire portfolio (in relation to the amortized cost of that portfolio). There are no limitations or restrictions on withdrawals and the fund's Authority does not impose liquidity fees or redemption gates.

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
EASTERN SIERRA TRI-COUNTY FAIR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts Receivable at December 31, 2019, consists of the following:

Accounts Receivable	\$ 4,010
Allowance for Doubtful Accounts	-
Net Accounts Receivable	<u>\$ 4,010</u>

**NOTE 4 - RESTRICTED ASSETS**

The use of funds held in the Local Agency Investment Fund (LAIF) classified as cash and equivalents, restricted on the statement of net assets is restricted by provisions under Senate Bill Number 431, Section 1 of Chapter 174 of the statutes of 1999. Under these provisions, the Association is authorized to use the funds for the acquisition of land or to lease and improve real property for a permanent fairground site. Funds available under cash and cash equivalents, restricted as of December 31, 2019, is \$13,456.

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2019, is shown below:

	Balance July 1, 2018	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	-	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	7,195	-	-	7,195
Total capital assets, not being depreciated	-	7,195	-	-	7,195
Capital assets, being depreciated:					
Vehicles and Equipment	243,550	-	-	(28,046)	215,504
Structures and Improvements	3,718,314	835,068	-	-	4,553,382
Total capital assets, being depreciated	3,961,864	835,068	-	(28,046)	4,768,886
Less accumulated depreciation	(2,329,272)	(170,710)	-	(4,225)	(2,495,757)
Total accumulated depreciation	(2,329,272)	(170,710)	-	(4,225)	(2,495,757)
Total capital assets, being depreciated, net	1,632,592	664,358	-	(23,821)	2,273,129
Total capital assets, net	<u>\$ 1,632,592</u>	<u>\$ 671,553</u>	<u>\$ -</u>	<u>\$ (23,821)</u>	<u>\$ 2,280,324</u>

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 - LONG-TERM DEBT**

A summary of long-term debt liabilities transactions for the year ended June 30, 2019 is as follows:

	<u>Long Term Portion</u>			<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>		
Southern California Edison RV Park Development	\$ <u>53,750</u>	\$ <u>-</u>	\$ <u>15,000</u>	\$ <u>38,750</u>	\$ <u>15,000</u>
Total Long-Term Liabilities	\$ <u>53,750</u>	\$ <u>-</u>	\$ <u>21,509</u>	\$ <u>28,465</u>	\$ <u>15,000</u>
<u>Other Long Term Liabilities</u>					
Compensated absences	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

As of June 30, 2019, annual debt service requirements to maturity are as follows:

<u>Fiscal Year June 30</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 15,000	\$ -
2020	15,000	-
2021	15,000	-
2022	<u>8,750</u>	<u>-</u>
	\$ <u>53,750</u>	\$ <u>-</u>

**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7- EMPLOYEE RETIREMENT SYSTEMS AND OTHER POST EMPLOYMENT BENEFITS**

**General Information about the Pension Plan**

*Plan Description*

Qualified employees were covered under a multiple-employer defined benefit pension plan maintained by the State of California. Classified employees are members of the California Public Employees' Retirement System (Calpers). Benefit provisions under the Plan are established by State statute and Local Government resolution. Calpers issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on its website. As of Fiscal year ended June 30, 2016, the DAA had no employees that qualified for coverage and no residual liability according to CalPER's website. As a result no disclosure under GASB 68 is required.

GASB 75 requires additional disclosure which parallels GASB 68. As the DAA has no qualifying employees, management has determined there are no material amounts to report.

**NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Excess of expenditures over appropriations as of December 31, 2019, were as follows:

Publicity	\$	915
Miscellaneous Fair		7,511
Junior Livestock Auction		12,435
Depreciation Expense		1,580
Bad Debt Expense		8,198

**NOTE 9 - RISK MANAGEMENT**

The Association is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors, and omissions, injuries to employees, and natural disasters. During the year ended December 31, 2019, the Association purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage for any of the past three years.



**18TH DISTRICT AGRICULTURAL ASSOCIATION,  
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**NOTE 10 - ECONOMIC DEPENDENCY**

During the year ended December 31, 2019, approximately 9% of operating revenue is from the State of California apportionments.

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**OTHER SUPPLEMENTARY INFORMATION**

**18TH DISTRICT AGRICULTURAL ASSOCIATION ,  
 EASTERN SIERRA TRI COUNTY FAIR  
 SCHEDULE OF AGED ACCOUNTS RECEIVABLE  
 For the Year Ended December 31, 2019**

**SCHEDULE 1**

<b>Customer</b>	<b>Current</b>	<b>Over 30 Days</b>	<b>Over 60 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
Friends of the fair	\$ 48,921	\$ -	\$ -	\$ -	\$ 48,921
City of Bishop	25,000	-	-	-	25,000
Rebecca Bragdon	-	-	-	7,360	7,360
Inyo County Office of Eucation	5,263	-	-	-	5,263
Sally Symons	2,060	-	-	1,408	3,468
Accounts Less Than \$2,000	2,100	1,893	-	-	3,998
Total Accounts Receivable	<u>\$ 83,344</u>	<u>\$ 1,893</u>	<u>\$ -</u>	<u>\$ 8,768</u>	<u>94,010</u>
Less Allowance for Doubtful Accounts					
Net Accounts Receivable					<u>\$ 94,010</u>

See independent accountant's review report

**18TH DISTRICT AGRICULTURAL ASSOCIATION ,  
 EASTERN SIERRA TRI COUNTY FAIR  
 SCHEDULE OF AGED ACCOUNTS PAYABLE  
 For the Year Ended December 31, 2019**

**SCHEDULE 2**

<b>Vendor</b>	<b>Current</b>	<b>Over 30 Days</b>	<b>Over 60 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
Southern California Edison	\$ 19,890	\$ 34,039	\$ 17,006	\$ 54,982	\$ 125,917
Cal-PERS	55,045	-	-	1,099	56,144
Bishop Volunteer Fire Department	33,280	-	-	-	33,280
LADWP	-	-	-	16,513	16,513
CFSA	6,725	6,725	1,698	-	15,209
Bank of America Visa	-	-	5,952	6,294	12,246
Tim Rudolph	8,884	-	-	-	8,884
K-Mart	7,195	-	-	-	7,195
Department of General Services	5,328	-	-	1,387	6,715
Cromer	-	-	503	3,707	4,210
CFDA	2,500	-	-	-	2,500
Antelope Valley Fair Assn	358	358	-	720	1,436
Bishop Waste Disposal	840	490	-	-	1,330
Internal Revenue Service	1,227	-	-	-	1,227
KBIS/KBOV	600	600	-	-	1,200
Delta Dental	104	104	104	832	1,144
Accounts less than \$1,000	9,093	1,125	-	6,906	17,124
<b>TOTAL</b>	<b>\$ 151,130</b>	<b>\$ 43,441</b>	<b>\$ 25,263</b>	<b>\$ 92,440</b>	<b>\$ 312,274</b>

See independent accountant's review report.