

**THE 18TH DISTRICT AGRICULTURAL ASSOCIATION
EASTERN SIERRA TRI-COUNTY FAIR
BISHOP, CALIFORNIA
REVIEWED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**BOARD OF DIRECTORS AND ADMINISTRATION
DECEMBER 31, 2020**

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, 2020**

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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, 2020, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses 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, 2020**

ASSETS

Cash in banks and on hand	\$ 291,710
Accounts receivable, net	77,490
Prepaid Expenses	-
Deferred expenses	13,750
Capital assets	
Assets - not subject to depreciation	-
Assets subject to depreciation:	
Buildings and improvements	4,563,175
Equipment	215,504
Total assets subject to depreciation	4,778,679
Less: accumulated depreciation	(2,618,767)
Total assets subject to depreciation, net	2,159,912
Total Assets	\$ 2,542,862
Deferred outflows of resources - Pension	\$ 79,275

LIABILITIES

Accounts payable	\$ 275,677
Payroll liabilities	19,017
Guaranteed deposits	2,245
Net pension liability	300,208
Long-term debt - payable within one year	15,000
Long-term debt - payable in more than one year	607,947
Other liabilities	-
Total Liabilities	\$ 1,220,094

Deferred inflows of resources

Unearned income	55,573
Pension	12,045
Total Deferred inflows of resources	\$ 67,618

NET POSITION

Invested in capital assets	\$ 2,159,912
Restricted for Junior Livestock Auction	-
Unrestricted	(825,487)
Total Net Position	\$ 1,334,425

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, 2020**

OPERATING REVENUE

State Apportionments	224,109
Admissions to Grounds	35,076
Commercial Space	30
Concessions	-
Exhibits	-
Entry Fees	4,065
Horse Show	9,230
Junior Livestock Auction	5,440
Interim Revenue	405,801
Other Revenue	2,356
Donations and Sponsorships	60,156
Total Operating Revenue	<u>746,263</u>

OPERATING EXPENSES

Salaries and Wages	135,917
Benefits	50,180
Supplies & Equipment	32,246
Services	200,672
Maintenance Expense	180,671
Depreciation	123,010
Total Operating Expenses	<u>722,696</u>
Operating Income (Loss)	<u>23,567</u>

NONOPERATING REVENUES AND (EXPENSES)

Other Revenue	147,620
Interest Revenue	168
Total Nonoperating Revenues and (Expenses)	<u>147,788</u>
Increase (Decrease) in Net Position	171,355
Net Position - Beginning of Year	1,163,070
Prior Period Adjustment	-
Net Position - Beginning of Year as Restated	<u>1,163,070</u>
Net Position - End of Year	<u>1,334,425</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, 2020**

Cash flows from operating activities

Cash received from customers	\$ 499,290
Cash received from state and local contributions	284,265
Cash paid to suppliers and vendors	(507,440)
Cash paid to employees	(129,507)
Net cash provided (used) by operating activities	<u>146,608</u>

Cash flows from capital and related financing activities

Financing (purchase) of capital assets	(2,598)
Proceeds of long-term debt	(72,283)
Payments on long-term debt	-
Interest on debt	-
Net cash used by capital and financing activities	<u>(74,881)</u>

Cash flows from investing activities

Other Income	147,621
Interest income	168
Net cash provided from investing activities	<u>147,789</u>

Net Increase (decrease) in cash

219,516

Cash beginning of year

72,195

Cash end of year

\$ 291,711

Cash flows from operating activities

Excess of revenue over expenses from operations	\$ 23,567
Prior year excess of expense over revenue	-
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:	
Depreciation	123,010
Pension adjustment	-
Decrease (Increase) in:	
Accounts receivable	16,520
Prepaid Expenses	-
Deferred expenses	(7,074)
Increase (Decrease) in:	
Accounts payable	(36,597)
Compensated absences Liability	-
Unearned income	21,022
Guaranteed deposits	(250)
Payroll liabilities	6,410
Other liabilities	-
Net cash provided (used) by operating activities	<u>\$ 146,608</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, 2020**

For the Year Ended December 31, 2020

	Salaries and Wages		Supplies & Equipment		Services	Maintenance Expense	Depreciation	Total
Administration	\$ 112,588	\$ 44,736	\$ 9,944	\$ 92,845	\$ -	\$ -	\$ 260,113	
Maintenance & operations	17,389	5,444	-	18,067	180,671	-	221,571	
Publicity	-	-	-	28,454	-	-	28,454	
Attendance operations	-	-	-	-	-	-	-	
Miscellaneous fair	-	-	-	-	-	-	-	
Junior Livestock	-	-	8,264	24,364	-	-	32,628	
Premiums (for Exhibit programs)	-	-	-	2,790	-	-	2,790	
Exhibits	5,940	-	832	-	-	-	6,772	
Horse show	-	-	-	-	-	-	-	
Fair entertainment	-	-	345	4,000	-	-	4,345	
Interim expense	-	-	12,861	33,423	-	-	46,284	
Prior Year Expense	-	-	-	(2,871)	-	-	(2,871)	
Junior Rodeo	-	-	-	-	-	-	-	
Other operating	-	-	-	(400)	-	-	(400)	
LAWPD	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	123,010	123,010	
Total operating expenses	\$ 135,917	\$ 50,180	\$ 32,246	\$ 200,672	\$ 180,671	\$ 123,010	\$ 722,696	

See accompanying notes and independent accountants review report

NOTES TO FINANCIAL STATEMENTS

Draft - For Discussion Purposes Only

**18TH DISTRICT AGRICULTURAL ASSOCIATION,
EASTERN SIERRA TRI-COUNTY FAIR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

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, 2020
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2016 to June 30, 2020

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, 2020, are classified in the accompanying financial statement as follows:

Cash and Cash Equivalents - Unrestricted	\$ 263,376
Cash and Cash Equivalents - Restricted	<u>14,655</u>
	<u>\$ 278,031</u>

**18TH DISTRICT AGRICULTURAL ASSOCIATION,
EASTERN SIERRA TRI-COUNTY FAIR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The restricted and unrestricted cash and investments consisted of the following at December 31, 2020;

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, 2020**

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, 2020.

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	\$ 13,680	\$ -	\$ 13,680

* 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, 2020**

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, 2020, include nonnegotiable undated investment in the LAIF Investment Pool of \$13,680.

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, 2020, 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, 2020**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2020, consists of the following:

Accounts Receivable	\$ 77,490
Allowance for Doubtful Accounts	-
Net Accounts Receivable	<u>\$ 77,490</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, 2020, is \$13,680.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020, is shown below:

	Balance July 1, 2018	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	-	\$ -	\$ -	\$ -	\$ -
Construction in Progress	7,195	2,598	-	(9,793)	-
Total capital assets, not being depreciated	<u>7,195</u>	<u>2,598</u>	<u>-</u>	<u>(9,793)</u>	<u>-</u>
Capital assets, being depreciated:					
Vehicles and Equipment	215,504	-	-	-	215,504
Structures and Improvements	4,553,382	-	-	9,793	4,563,175
Total capital assets, being depreciated	<u>4,768,886</u>	<u>-</u>	<u>-</u>	<u>9,793</u>	<u>4,778,679</u>
Less accumulated depreciation	<u>(2,495,757)</u>	<u>(123,010)</u>	<u>-</u>	<u>-</u>	<u>(2,618,767)</u>
Total accumulated depreciation	<u>(2,495,757)</u>	<u>(123,010)</u>	<u>-</u>	<u>-</u>	<u>(2,618,767)</u>
Total capital assets, being depreciated, net	<u>2,273,129</u>	<u>(123,010)</u>	<u>-</u>	<u>9,793</u>	<u>2,159,912</u>
Total capital assets, net	<u>2,280,324</u>	<u>\$ (120,412)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,159,912</u>

**18TH DISTRICT AGRICULTURAL ASSOCIATION,
EASTERN SIERRA TRI-COUNTY FAIR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - LONG-TERM DEBT

A summary of long-term debt liabilities transactions for the year ended June 30, 2020 is as follows:

	<u>Long Term Portion</u>			<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>		
Southern California Edison RV Park Development	\$ <u>38,750</u>	\$ <u>-</u>	\$ <u>15,000</u>	\$ <u>23,750</u>	\$ <u>15,000</u>
Total Long-Term Liabilities	\$ <u>38,750</u>	\$ <u>-</u>	\$ <u>15,000</u>	\$ <u>23,465</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, 2020, 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>
2020	\$ 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,
EASTERN SIERRA TRI-COUNTY FAIR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, 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, 2020, 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,
EASTERN SIERRA TRI-COUNTY FAIR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 - ECONOMIC DEPENDENCY

During the year ended December 31, 2020, 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, 2020**

SCHEDULE 1

Customer	Current	Over 30 Days	Over 60 Days	Over 90 Days	Total
Friends of the fair	\$ -	\$ -	\$ -	\$ 44,921	\$ 44,921
The Rolling Chef	1,200	-	-	900	2,100
California High School Rodeos	6,442	-	-	-	6,442
Rebecca Bragdon	-	-	-	6,110	6,110
Inyo County Office of Eucation	7,500	-	-	-	7,500
Tolyabe Indian Health	650	650	650	1,300	3,250
Accounts Less Than \$2,000	5,605	417	-	1,145	7,167
Total Accounts Receivable	\$ 21,397	\$ 1,067	\$ 650	\$ 54,376	77,490
Less Allowance for Doubtful Accounts					
Net Accounts Receivable					\$ 77,490

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, 2020**

SCHEDULE 2

Vendor	Current	Over 30 Days	Over 60 Days	Over 90 Days	Total
Amerigas	\$ 1,027	\$ -	\$ -	\$ -	\$ 1,027
Bank of America Visa	3,249	7,225	3,346	-	13,820
Cal-PERS	2,534	-	-	44,565	47,099
CFSA	3,915	3,093	-	-	7,008
Internal Revenue Service	1,011	-	-	-	1,011
LADWP	37,024	-	-	-	37,024
Laughing Parrot Productions	2,250	-	-	-	2,250
Southern California Edison	5,714	-	-	146,267	161,981
Accounts less than \$1,000	5,050	(177)	-	(416)	4,457
TOTAL	\$ 71,774	\$ 10,141	\$ 3,346	\$ 190,416	\$ 275,677

See independent accountant's review report.