

Addendum A

**15th DISTRICT AGRICULTURAL ASSOCIATION
KERN COUNTY FAIR**

Financial Statements
with
Independent Auditor's Report

For the Year Ended
December 31, 2017

D.R. Watts Accountancy Corporation
1018 Live Oak Blvd, Suite G
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15th District Agricultural Association
Kern County Fair

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December 31, 2017

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15th District Agricultural Association
Kern County Fair

BOARD OF DIRECTORS

2017 Board of Directors

David A. Torres, Chairman
Blodgie Rodriguez, Vice-Chairman
David Lidgett, Member
Candi Easter, Member
Ned Dunphy, Member
Lucas Espericueta, Member
Cesar Chavez, Member
Jared Britschgi, Member

D.R. Watts Accountancy Corporation
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
15th District Agricultural Association
Bakersfield, CA

I have audited the accompanying financial statements of the governmental activities and each major fund of 15th District Agricultural Association as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 financial statements.

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

Opinion

In my opinion, the financial statements referred to the above present fairly, in all material respects, the financial position of the governmental activities and each major fund of 15th District Agricultural Association as of December 31, 2017, and the changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and the schedules related to the District's defined benefit plan on pages 26 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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.

D.R. Watts Accountancy Corporation

Yuba City, California
July 25, 2019

15th District Agricultural Association
Kern County Fair
Management's Discussion and Analysis
December 31, 2017

As management of the 15th District Agricultural Association (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ended December 31, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

The District's overall revenue increased as a result of stronger pre-sale tickets by adding a grocery store partnership with Vallarta Markets and Sponsorships for the new KC Farm project. The Junior Livestock Auction continues to increase as more youth participate and become involved in the local agriculture programs. Other increases in revenue were the result of year-round event parking, the swap meet and increased year-round events. The District's overall expenses increased due to increased retirement payouts from permanent staff and the cost of deferred maintenance unexpected costs. Increasing labor costs continue to erode the profits at a greater rate than revenues have increased. The GASB 68 reporting on the financials presents a negative image of the financial position although these expenses are not considered a liability that has to be paid at this time.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report, and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Change in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in net position. One can think of the District's net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Net Position

To begin our analysis, a summary of the District's Statements of Net Position is presented in Exhibit 1.

Exhibit 1
Condensed Statements of Net Position
December 31, 2017 and 2016
(000's)

| | <u>2017</u> | <u>2016</u> | <u>Dollar Change</u> | <u>Percentage Change</u> |
|------------------------------------|-----------------|-----------------|--------------------------|------------------------------|
| Current Assets | \$ 1,942 | \$ 852 | \$ 1,090 | \$ 127.9% |
| Noncurrent Capital Assets | <u>2,532</u> | <u>2,746</u> | <u>(214)</u> | <u>(7.8%)</u> |
| Total Assets | <u>4,474</u> | <u>3,598</u> | <u>876</u> | <u>24.4%</u> |
| Deferred Outflows of Resources | <u>816</u> | <u>602</u> | <u>214</u> | <u>91.3%</u> |
| | <u>\$ 5,290</u> | <u>\$ 4,200</u> | <u>\$ 1,090</u> | <u>26.0%</u> |
| Current Liabilities | \$ 1,792 | \$ 937 | \$ 855 | 91.3% |
| Long-term Debt | 17 | 120 | (103) | (85.8%) |
| Net Pension Liability | <u>4,147</u> | <u>3,451</u> | <u>696</u> | <u>20.2%</u> |
| Total Liabilities | <u>5,956</u> | <u>4,508</u> | <u>1,448</u> | <u>32.1%</u> |
| Deferred Inflows of resources | <u>157</u> | <u>243</u> | <u>(86)</u> | <u>(35.4)%</u> |
| Invested in Capital Assets | | | | |
| net of related debt | 2,286 | 2,280 | 6 | .3% |
| Unrestricted | <u>(3,109)</u> | <u>(2,831)</u> | <u>(278)</u> | <u>9.8%</u> |
| Total Net Position | <u>(823)</u> | <u>(551)</u> | <u>(272)</u> | <u>49.4%</u> |
| Total Liabilities and Net Position | <u>\$ 5,290</u> | <u>\$ 4,200</u> | <u>\$ 1,090</u> | <u>26.0%</u> |

As can be seen from above, total assets increased by \$876,000. Cash position decreased due to increased receivables owed to the JLA.

15th District agricultural Association
Kern County Fair
Management's Discussion and Analysis

Total liability increased due to increased JLA payables and increased net pension liability. The District continues to book the GASB 68 unfunded liability even though it's not a liability that the District Agricultural Associations are required to cover with reserve funds.

Exhibit 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016
(000's)

| | <u>2017</u> | <u>2016</u> | <u>Dollar Change</u> | <u>Percentage Change</u> |
|---------------------------------|-----------------|-----------------|--------------------------|------------------------------|
| Operating Revenues | \$ 7,730 | \$ 6,967 | \$ 763 | \$ 10.95% |
| Nonoperating income, Net | <u>117</u> | <u>94</u> | <u>23</u> | 24.47% |
| Total Revenue | <u>7,847</u> | <u>7,061</u> | <u>786</u> | 11.13% |
| Operating Expenses | <u>7,245</u> | <u>7,163</u> | <u>82</u> | 1.14% |
| Change in Net Position | 602 | (102) | 704 | |
| Net Position, Beginning of Year | <u>(551)</u> | <u>(449)</u> | <u>(102)</u> | |
| GASB 68 Adjustment | <u>(874)</u> | <u>-</u> | <u>(874)</u> | |
| Net Position, End of Year | <u>\$ (823)</u> | <u>\$ (551)</u> | <u>\$ (272)</u> | |

While the statements of Net Position show the change in financial position of net assets of the District, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen in Exhibit 2 above, the District's operating revenues increased \$763,000 in 2017 which is due to increased Fair time ticket sales through a grocery market chain. Also, increases in interim revenue and the addition of a second cell tower lease contributed to revenue growth. The increased expenses in large part are due to payroll, employee retirements, increases in the minimum wage and the overall increase in fair time operations.

15th District agricultural Association
Kern County Fair
Management's Discussion and Analysis

Budgetary Highlights

The District adopts an annual budget each year to project the expected coming year's operation. The budget includes proposed expenses and the means of financing them. The District's budget remains in effect the entire year and is not revised. A calendar year December 31, 2017 budget comparison to actual is analyzed by management throughout the year; however, it is not reported on nor shown in the financial statement section of this report.

A fiscal year December 31, 2017 budget comparison to actual is presented below in Exhibit 3.

Exhibit 3
Budget vs. Actual Comparison
Year Ended December 31, 2017
(000's)

| | <u><i>Actual</i></u> | <u><i>Budget</i></u> | <u><i>Dollar Change</i></u> | <u><i>Percentage Change</i></u> |
|----------------------------|----------------------|----------------------|---------------------------------|-------------------------------------|
| Operating Revenues | \$ 7,730 | \$ 7,139 | \$ 591 | \$ 8.3% |
| Nonoperating Revenues, net | <u>117</u> | <u>-</u> | <u>117</u> | 100.00% |
| Total Revenue | <u>7,847</u> | <u>7,139</u> | <u>708</u> | 9.9% |
| Operating Expenses | 7,018 | 7,064 | (46) | .7% |
| Depreciation Expense | <u>227</u> | <u>200</u> | <u>27</u> | 13.5% |
| Total Expenses | <u>7,245</u> | <u>7,264</u> | <u>(19)</u> | .3% |
| Change in Net Position | <u>\$ 602</u> | <u>\$ (125)</u> | <u>\$ 727</u> | 581.6% |

The table above shows that the actual revenues exceeded the budgeted revenue. This was due to an increase in sponsorships for the KC Farm Project, increased JLA revenue from increasing participation in the Junior Livestock Program and the overall increased traffic at the annual Fair. Expenses were right on target with the budgeted amount. Expenses did increase as a result of employee retirements and Fair time expenses. The overall net position was strong for 2017 and the 2018 budget was adjusted to reflect increasing revenue and expense forecasts.

Debt Service Requirements

The District has outstanding debt to the California Fairs Financing Authority of \$108,366 which was issued to finance the Photovoltaic Project. The debt has a required monthly payment of principal and interest of \$8,348.

The District has outstanding debt to U.S. Bank of \$20,121 which was issued to finance the cost of equipment. The debt has a required monthly payment of principle of \$924.

15th District agricultural Association
Kern County Fair
Management's Discussion and Analysis

Capital Assets

As of December 31, 2017, the District had invested over \$9.5 million in capital assets as shown below in Exhibit 4

Exhibit 4
Capital Assets
December 31, 2017 and 2016
(000's)

| | <u>2017</u> | <u>2016</u> | <u>Dollar Change</u> | <u>Percentage Change</u> |
|-------------------------------|------------------------|------------------------|--------------------------|------------------------------|
| Leasehold Improvements | \$ 8,736 | \$ 8,736 | \$ - | \$.0% |
| Equipment | <u>852</u> | <u>838</u> | <u>14</u> | 1.7% |
| Total Property and Equipment | <u>9,588</u> | <u>9,574</u> | <u>14</u> | .2% |
| Less Accumulated Depreciation | <u>7,056</u> | <u>6,828</u> | <u>228</u> | 3.3% |
| Net Property and Equipment | \$ <u><u>2,532</u></u> | \$ <u><u>2,746</u></u> | \$ <u><u>(214)</u></u> | (7.8%) |

Contacting the District Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the 15th District Agricultural Association, 1142 South P Street, Bakersfield, CA 93307.

15th District Agriculture Association
Kern County Fair
Statement of Net Position
December 31, 2017

| | <u>2017</u> |
|---|-----------------------------------|
| Assets | |
| Current Assets | |
| Cash and cash equivalents (Note 2) | \$ 1,797,651 |
| Accounts receivable | <u>144,329</u> |
| Total Current Assets | 1,941,980 |
| Capital Assets (Note 3) | |
| Capital assets, at cost | 9,587,691 |
| Accumulated depreciation | <u>(7,055,524)</u> |
| Net Capital Assets | 2,532,167 |
| Deferred outflows of resources, pension plan (Note 5) | <u>815,581</u> |
| Total Assets | <u><u>\$ 5,289,728</u></u> |
| Liabilities and Net Position | |
| Current Liabilities | |
| Accounts payable | \$ 1,203,778 |
| Accrued expenses | 477,502 |
| Current portion of long-term debt (Note 4) | <u>111,131</u> |
| Total current liabilities | 1,792,411 |
| Long-Term Liabilities | |
| Long-term debt, less current maturities (Note 4) | 17,356 |
| Net pension liability (Note 5) | 4,146,677 |
| Deferred inflows of resources – defeasance of debt | 117,451 |
| Deferred inflows of resources – pension plan (Note 5) | <u>38,699</u> |
| Total Liabilities | 6,112,594 |
| Net position (Note 1(k)) | |
| Invested in capital assets, net of related debt | 2,286,230 |
| Unrestricted | <u>(3,109,096)</u> |
| Total Net Position | <u>(822,866)</u> |
| Total Liabilities and Net Position | <u><u>\$ 5,289,728</u></u> |

See accompanying notes and independent accountant's audit report.

15th District Agricultural Association
Kern County Fair
Statement of Activities and Changes in Net Position
For the Year Ending December 31, 2017

| | <u>2017</u> |
|--|-----------------------------------|
| Operating Revenues | |
| Fair revenues | \$ 5,955,855 |
| Interim Revenue | 1,618,666 |
| Other | <u>155,265</u> |
| Total Operating Revenue | 7,729,786 |
| Operating Expenses | |
| Direct expenses | 7,018,112 |
| Depreciation expenses | <u>227,007</u> |
| Total Operating Expenses | <u>7,245,119</u> |
| Net operating revenue | 484,667 |
| Non-Operating Revenue (Expense) | |
| Interest income | <u>117,415</u> |
| Net Position | |
| Change in net position | 602,082 |
| Net Position, beginning of year | (551,116) |
| GASB 68 adjustment (Note 5) | <u>(873,832)</u> |
| Net Position, end of year | <u><u>\$ (822,866)</u></u> |

See accompanying notes and independent accountant's audit report

15th District Agricultural Association
Kern County Fair
Statement of Cash Flows
For the Year Ending December 31, 2017

| | <u>2017</u> |
|---|----------------------------|
| Cash flows from operating activities | |
| Increase in net position | \$ 602,082 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | |
| Depreciation | 227,007 |
| (Increase) decrease in operating assets | (400,610) |
| Increase (decrease) in operating liabilities | <u>856,072</u> |
| Net cash provided by operating activities | 1,284,551 |
| Cash flows from investing activities | |
| Purchase of capital assets | (13,241) |
| Cash flows from financing activities | |
| Principal repayment on long-term debt | (103,018) |
| Defeasance of debt | <u>(117,414)</u> |
| Net cash provided (used) by financing activities | <u>(220,432)</u> |
| Net increase in cash and cash equivalents | 1,050,878 |
| Cash and cash equivalents, beginning of year | <u>746,773</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,797,651</u> |

See accompanying notes and independent accountant's audit report.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ending December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization:

- (a) The 15th District Agricultural Association (the “District”) was formed for the purpose of sponsoring, managing, and conducting the Kern County Fair each year in Bakersfield, California. The District also manages the fairgrounds for multiple interim events during non-fair time. The District is also responsible for the operation and oversight of the Junior Livestock Auction that takes place during the annual fair.
- (b) The State of California Department of Food and Agriculture, through the Division of Fairs and Expositions, provides oversight responsibilities to the 15th DAA. The 15th DAA is subject to the policies, procedures, and regulations set forth in the California Government Code, Business and Professions Code, Public Contracts Code, Food and Agricultural Code, State Administrative Manual, and the Accounting Procedures Manual established by the Division of Fairs and Expositions.
- (c) The State of California allocates funds annually to the District to support operations and acquire fixed assets. The amount allocated to the District is determined by the Division of Fairs and Expositions. The level of State funding varies from year to year based on budgetary constraints. During the year ended December 31, 2017, there were no funds from the State of California, and going forward, the level of funding is uncertain.

Significant Accounting Policies:

(d) Basis of Presentation and Accounting:

The District’s basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District applies all applicable Government Accounting Standards Board (GASB) pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District’s assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities that are (1) financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of Presentation and Accounting (continued):

regulations so that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included on the statement of financial position. Net position (total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

When both restricted and unrestricted net assets are unavailable, restricted resources are depleted first before the unrestricted assets are used.

(e) 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 revenue and expenses during the reporting period. Actual results could differ from those estimated.

(f) Income Taxes

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

(h) Cash and Cash Equivalents

For purposes of the statements of cash flows, the DAA considers all cash, bank accounts, and temporary cash investments (if any) with a maturity of three months or less to be cash equivalents.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, Equipment, Depreciation and Amortization

Property, plant and equipment with a cost of \$5,000 or more are capitalized at cost. Capital assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives used to depreciate assets, by asset class are as follows:

| | |
|---------------------------|----------|
| Building and improvements | 30 Years |
| Equipment | 5 Years |

Minor equipment costing under \$5,000, and current repairs and maintenance are expensed as incurred.

The District periodically evaluates whether any capitalized assets have become impaired or obsolete. No such impairments occurred in the year ended December 31, 2017.

(i) Compensated Absences

Accumulated compensated absences for permanent employees are included in the statements of net position as of December 31, 2017, and represent amounts to be paid for vacation, personal leave and compensatory time off. Amounts to be paid are based on accumulated hours earned by each employee, multiplied by the pay rates in effect at the statement of financial position date.

(j) Revenue Recognition

Generally, the District recognizes revenue upon completion of services provided primarily under authorized contractual agreements. Advance payments received are deferred in accrued liabilities in the statements of net position until performance is complete. Operating lease revenue is recognized, in part based on the combined financial statements provided by the lessee.

(k) Net Position

Net position comprises net earnings from operating income, non-operating revenues, expenses and capital contributions. Net position is classified into the following three components:

(1) *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt incurred to acquire, construct or improve those assets.

**15th District Agricultural Association
Kern County Fair**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Net Position (continued)

(2) *Restricted net position* consists of amounts constrained by creditors, grantors, contributors, or laws, regulations, other governments or constraints imposed by law through constitutional provisions or enabling legislation.

(3) *Unrestricted net position* consists of net assets that do not meet the definition of restricted net position or invested in capital assets, net of related debt.

NOTE 2: CASH AND CASH EQUIVALENTS

The DAA maintained cash and cash equivalents used in current operations in interest and non-interest-bearing accounts as follows at December 31, 2017:

| | |
|------------------------------|---------------------|
| Cash deposits | \$ 1,776,551 |
| Local Agency Investment Fund | <u>21,100</u> |
| Total operating cash | <u>\$ 1,797,651</u> |

NOTE 3: PROPERTY AND EQUIPMENT

Following is a summary of changes to the District's capital assets at December 31, 2017:

| | Balance 07/01/16 | Additions | Deletions | Balance 06/30/17 |
|------------------------------------|---------------------|---------------------|-------------|---------------------|
| Leasehold improvements | \$ 8,735,856 | \$ - | \$ - | \$ 8,735,856 |
| Equipment | <u>838,594</u> | <u>13,241</u> | <u>-</u> | <u>851,835</u> |
| | 9,574,450 | 13,241 | - | 9,587,691 |
| Depreciation | <u>(6,828,517)</u> | <u>(227,007)</u> | <u>-</u> | <u>(7,055,524)</u> |
| Capital assets net of depreciation | <u>\$ 2,745,933</u> | <u>\$ (213,766)</u> | <u>\$ -</u> | <u>\$ 2,532,167</u> |

Depreciation for the year ended June 30, 2017 was \$227,007 and is included as an operating expense in the Statement of Activities and Changes in Net Position.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 4: LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2017:

| | <u>Current Maturities</u> | <u>2017</u> |
|--|--------------------------------------|-------------------------|
| Note payable, California Fairs Financing Authority (CFFA), .246%, principal and interest payable \$8,348 per month, due January 2019 | \$ 100,040 | \$ 108,366 |
| Note payable, U.S. Bank, 0%, payable in monthly installments of \$924, due October 2019 | <u>11,091</u> | <u>20,121</u> |
| | <u><u>\$ 111,131</u></u> | \$ 128,487 |
| Less current maturities | | <u>(111,131)</u> |
| Long-term debt, less current maturities | | <u><u>\$ 17,356</u></u> |

The following is a summary of the long-term debt transactions for the year ended December 31, 2017:

| | <u>Payable 12/31/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>Payable 12/31/17</u> |
|----------|------------------------------------|-------------------------|----------------------------|------------------------------------|
| CFFA | \$ 199,833 | \$ - | \$ (91,467) | \$ 108,366 |
| U.S Bank | <u>31,425</u> | <u>-</u> | <u>(11,304)</u> | <u>20,121</u> |
| | <u><u>\$ 231,258</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (102,771)</u></u> | <u><u>\$ 128,487</u></u> |

The annual requirements to amortize all debt outstanding as of December 31, 2017 are as follows:

| <u>Years Ending December 31,</u> | <u>Principle</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|---|--------------------------|------------------------|--------------------------------------|
| 2018 | 111,131 | 133 | 111,264 |
| 2019 | <u>17,356</u> | <u>-</u> | <u>17,356</u> |
| Totals | <u><u>\$ 128,487</u></u> | <u><u>\$ 133</u></u> | <u><u>\$ 128,620</u></u> |

15th District Agricultural Association Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: RETIREMENT PLANS

Plan description:

All qualified permanent employees are eligible to participate in the Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefits is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees Retirement Law.

The Plan's provisions and benefits in effect at December 31, 2017, are summarized as follows:

| | Tier 1 | Tier II |
|---|---|--|
| Benefit formula | 2% @55 | 1.25% @65 |
| Benefit vesting schedule | 5 years of service | 10 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 55 |
| Monthly benefits, as of a % of eligible compensation | monthly average of member's highest 12 consecutive months full-time monthly pay | monthly average of member's highest 12 consecutive month's full-time monthly pay |
| Required employee contribution rates | 8%-10% | 1.5%-3.75% |
| Required employer contribution rates | 27.3% | 27.3% |

Contributions:

Section 20814 (c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: RETIREMENT PLANS (continued)

Contributions (continued):

employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the Plan for the year ended December 31, 2017 was \$361,331.

Pension Liabilities, Pension Expense, and Pension Deferred Outflows/Inflows of Resources:

At December 31, 2017 the District reported a liability of \$4,146,677 for its proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was calculated based on the District's percentage of pensionable compensation relative to all pensionable compensation of all participating District's within the Division of Food and Agriculture in the State of California. At June 30, 2017, the District's proportionate share of the net pension liability was .011%, which was a increase of .001% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$175,866 which is included in direct expenses on the Statement of Activities and Changes in Net Position.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Contributions subsequent to measurement date | \$ 197,349 | \$ - |
| Changes in assumptions | 482,439 | - |
| Difference between expected and actual experience | 18,168 | 38,699 |
| Difference between projected and actual earnings | <u>117,625</u> | <u>-</u> |
| | <u>\$ 815,581</u> | <u>\$ 38,699</u> |

The \$197,349 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: DEFINED BENEFIT RETIREMENT PLANS (continued)

Pension Liabilities, Pension Expense, and Pension Deferred Outflows/Inflows of Resources (continued):

| Year ending December 31, | Deferred Outflows (Inflows) of Resources |
|--------------------------|--|
| 2018 | \$ 162,898 |
| 2019 | 278,139 |
| 2020 | 198,452 |
| 2021 | <u>(59,956)</u> |
| | <u>\$ 579,533</u> |

Net deferred inflows and outflows:

| | |
|----------------------------------|-------------------|
| Deferred outflows of resources | \$ 815,582 |
| Less contributions made | (197,350) |
| Deferred inflows of resources | <u>(38,699)</u> |
| Deferred inflows to be amortized | <u>\$ 579,533</u> |

Net Pension Liability Adjustment:

To record the net pension liability as of the June 30, 2017 measurement date, the following adjustment was made to the December 31, 2017 financial statements:

| | Debit | Credit |
|--------------------------------|-------------------|-------------------|
| Deferred outflows of resources | \$ - | \$ 147,702 |
| Deferred inflows of resources | - | 30,774 |
| Net pension liability | - | 695,356 |
| Unrestricted net position | <u>873,832</u> | |
| Total | <u>\$ 873,832</u> | <u>\$ 873,832</u> |

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: RETIREMENT PLANS (continued)

Actuarial assumptions:

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---------------------------|---------------------------------|
| Valuation date | June 30, 2016 |
| Measurement date | June 30, 2017 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Actuarial assumptions: | |
| Discount rate | 7.15% |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Projected salary increase | Varies by Entry Age and Service |
| Investment rate of return | 7.15% |
| Mortality | * |

**Derived using CalPERS membership date for all funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997-2011. Further details on the Experience Study can be found on the CalPERS website.

Discount rate:

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plan, the test revealed the assets would not run out. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees' Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 section.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: RETIREMENT PLANS (continued)

Discount rate (continued):

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal return for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest .25%.

The table below reflects the long-term expected real rate of return by asset class for all the plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| <u>Asset Class</u> | <u>Current Target Allocation</u> | <u>Real Return Years 1-10*</u> | <u>Real Return Years 11+**</u> |
|-------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| Global equity | 47% | 4.90% | 5.38% |
| Global fixed income | 19% | 0.80% | 2.27% |
| Inflation sensitive | 6% | 0.60% | 1.39% |
| Private equity | 12% | 6.60% | 6.63% |
| Real estate | 11% | 2.80% | 5.21% |
| Infrastructure and forestland | 3% | 3.90% | 5.36% |
| Liquidity | 2% | (0.40%) | (0.90%) |

*An expected inflation of 2.5% used for this period

**An expected inflation of 3.0% used for this period

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 5: RETIREMENT PLANS (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

The following presents the net position liability of the District, calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

| | Discount Rate-1% | Discount Rate | Discount Rate +1% |
|----------------|-------------------------|----------------------|--------------------------|
| | <u>6.15%</u> | <u>7.15%</u> | <u>8.15%</u> |
| Employer's NPL | \$ 5,673,227 | \$ 4,146,677 | \$ 2,869,286 |

Pension plan fiduciary net position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Alternate retirement program:

The alternate Retirement Program (ARP) is a retirement savings program that certain employees hired on or after August 11, 2004 are automatically enrolled in for their first two years of employment with the State of California. ARP is administered by the Savings Plus Program with the Department of Personnel Administration and invests funds in a fixed-income fund. ARP provides two years of retirement savings (five percent of paycheck amount each month) in lieu of two years of service credit. At the end of the two-year period, the deductions are placed in CalPERS and the retirement service credit begins.

Part-time, Seasonal, Temporary Retirement Plan

Temporary, 119-day employees of the District participate in the Part-time, Seasonal, Temporary (PST) Retirement Plan. The PST Retirement Plan is a mandatory deferred compensation plan under which 7.5% of the employee's gross salary is deducted before taxes are calculated. These pre-tax dollars are placed in a guaranteed savings program. The employee has the option of leaving the funds on deposit upon separation or requesting a refund.

NOTE 6: SELF INSURANCE

The District is a member of the California Fair Services Authority (the "Authority"), a joint powers agency, and is a Participating Entity in the General Liability Risk Sharing Program, the Workers' Compensation Risk Sharing Program, and Alliant Property Insurance Program as of December 31, 2017. The Authority has pooled funds to provide self-insurance coverage as follows:

**15th District Agricultural Association
Kern County Fair**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6: SELF INSURANCE (Continued)

| | <u>Deductible</u> | <u>Limits per Occurrence</u> | |
|---|---|------------------------------|-------------------------|
| | | <u>Self-Insurance</u> | <u>Excess Insurance</u> |
| General liability, employment practices liability, and public officials' errors and omissions | None, Except \$10,000 for each employment claim | \$ 750,000 | \$ 10,000,000 |
| Workers' compensation and employer's liability | None | \$ 500,000 | Statutory |
| Building, fixed equipment, and personal property | \$ 50,000(buildings) \$ 50,000(personal property) and \$2,500 (boiler and machinery) | \$ 500,000 | \$ 1,000,000,00 |

The Authority pays claims over the Membership Deductible levels up to the above self-insurance limits and purchases excess insurance policies through Alliant Insurance Services for claims that exceed self-insurance limits.

The Authority bills the District a deposit premium at the beginning of each policy year. The premiums received from all members are placed in separate pooled funds for each program to cover the self-insurance portion of any member claim and the cost of excess insurance. Settlements and/or expenses during the year are charged against the pooled fund. If the balance of the pooled fund for a program at the end of the year is not sufficient in relation to the amount of outstanding claims for all members, the Authority can retrospectively bill the District for additional premiums. All unspent amounts remain in the pooled fund to pay current and future claims until the Authority declares a dividend to all members or the program is terminated and remaining funds are distributed to the members.

NOTE 7: COMMITMENTS

The District has entered into various long-term contracts and leases. At December 31, 2017, outstanding commitments consist of the following:

County lease:

The District entered into an agreement with the County of Kern, whereby the District leased the Kern County Fairgrounds through January 31, 2037. No consideration is paid to the County of Kern for the lease of the property.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7: COMMITMENTS (Continued)

Carnival services:

The District entered into an agreement in 2012 with Butler Amusement, Inc. outlining that Butler would be the sole carnival provider for the 2012 Kern County Fair with four option years following. Butler provides all of the carnival amusement rides, shows, food concessions, games and ticket booths that are in operation within the District designated carnival area during the fair. Per the agreement, the District is to receive 45% of all ticket sales. A flat rate is charged for each game and food booth as well as for publicity, promotions, and security.

Further, Butler has guaranteed a minimum amount to be paid to the District for each fair. The District recognized approximately \$1,089,000 in revenue during the year ended December 31, 2017 as part of this agreement. Subsequent to year-end, a new agreement was signed which extends the agreement through December 31, 2021.

Rental of grounds: The District entered into a five-year rental agreement with the Kern County Marketplace, effective through December 31, 2016, to hold weekly swap meets on the fairground premises. Per the rental agreement, the District is to receive a percentage, which increases annually, of the gross admissions, vendor space sales, food concessions, and daily parking passes. A new agreement was signed which extends the agreement through December 31, 2021. For the year ended December 31, 2017, the District received 30.5% of all of the aforementioned revenue activities, totaling \$844,705.

Security services: During the year ended December 31, 2015, the District entered into separate agreements with the Kern County Sheriff's Office and the Kern County Sheriff's Reserve Association to provide law enforcement services during the 2015, 2016 and 2017 Kern County Fairs. The maximum annual amount to be charged by the Kern County Sheriff's Office for providing security services during the fair is \$191,584. The maximum annual amount to be charged by the Kern County Sheriff's Reserve Association for providing security services during the Fair is \$34,425. During the year ended December 31, 2017, the total contracted security services expense was \$191,551.

Sound entertainment services: During the year ended December 31, 2015, the District entered into a five-year agreement with Speeda Sound to provide sound systems, equipment, service personnel and entertainment services during the 2015, 2016 and 2017 Kern County Fairs with two one year options for the 2018 and 2019 Kern County Fairs. The contracted cost for services provided during the 2015-2017 fairs is \$127,500 per year and \$128,500 per year for the 2018 and 2019 fairs. During the year ended December 31, 2017, the District recognized an expense of \$154,160 to Speeda Sound in relation to the sound entertainment contract. An additional \$9,535 was paid during 2017 to other sound vendors.

15th District Agricultural Association
Kern County Fair

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 8: RELATED PARTY TRANSACTIONS

There were no known related party transactions during the year ended December 31, 2017.

NOTE 9: SUBSEQUENT EVENTS

Events subsequent to December 31, 2017 have been evaluated through the date of the audit report. There were no events that required disclosures that occurred through this date.

**15th District Agricultural Association
Kern County Fair**

**Schedule of the District's Proportionate Share of the
Net Pension Liability (CalPERS)
December 31, 2017 and 2016
See Independent Auditor's Report**

| | <u>2017</u> | <u>2016</u> |
|---|--------------|--------------|
| District's proportion of the net pension liability | 0.0113% | 0.0104% |
| District's proportionate of the net pension liability | \$ 4,146,677 | \$ 3,451,321 |
| District's covered-employee payroll | \$ 1,315,644 | \$ 1,257,660 |
| District's proportion of the net pension liability as a percentage of it's covered-employee payroll | 274% | 274% |
| Plan fiduciary net position as a percentage of the total pension liability | 51% | 67% |

Note 1. GASB Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of December 31, 2017, the District had only performed three valuations.

**15th District Agricultural Association
Kern County Fair**

**Schedule of the District Contributions
December 31, 2017 and 2016
See Independent Auditor's Report**

| | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|
| Contractually required contribution | \$ 361,331 | \$ 326,816 |
| Contributions in relation to the contractually required contribution | <u>361,331</u> | <u>326,816</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 1,315,644 | \$ 1,257,660 |
| Contributions as a percentage of covered-employee payroll | 27% | 26% |

Note 1. GASB Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of December 31, 2017, the District had only performed three valuations.



15th DISTRICT AGRICULTURAL ASSOCIATION

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August 12, 2019

Diane R. Watts, CPA
D.R. Watts Accountancy Corp.
1018 Live Oak Boulevard, Suite G
Yuba City, CA 95991

We are providing this letter in connection with your audit of the financial statements of the 15th District Agricultural Association, Kern County Fair, which comprise the respective financial position of the business-type activities as of December 31, 2017, the respective changes in financial position and cash flows for year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm to the best of our knowledge and belief, as of August 12, 2019, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 10, 2018, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements (or in the schedule of findings and questioned costs).
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the 15th DAA is contingently liable, if any, have been properly disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters (and all audit or relevant monitoring reports), if any received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the Board of Directors of the 15th DAA or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
- 15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

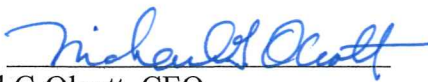
Government-specific

- 19. We have made available to you all financial records and related data (and all audit or relevant monitoring reports, if any, received from funding sources).
- 20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21. We have a process to track the status of audit findings and recommendations.
- 22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24. The 15th DAA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with the preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities.

We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The 15th DAA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The 15th DAA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities.
33. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

34. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
39. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
40. Deposits and investments securities and derivative instruments are properly classified as to risk and are properly disclosed.
41. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
42. We have appropriately disclosed the 15th DAA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed: 
Michael G Olcott, CEO
15th District Agricultural Association
Kern County Fair and Event Center

*Nepotism Policy**Rev. April 2018**Policy*

It is the policy of the California Department of Food and Agriculture (CDFA) to prohibit nepotism and to avoid work situations in which there are personal relationships. Employment decisions shall be based upon merit and fitness and not on the basis of nepotism, favoritism, bias, or other non-job related considerations.

Authority

Government Code Section 18500(c)(2)

Personnel Management Liaison 2015-014 Statewide Guidance on Nepotism Policies

Definitions

| | |
|--|--|
| <i>Direct Supervisor/ Subordinate Relationship</i> | Working relationship between an employee and his/her immediate (first-line) supervisor. |
| <i>Indirect Supervisor/ Subordinate Relationship</i> | Working relationship between an employee and any of his/her second-level and above supervisors. |
| <i>Nepotism</i> | Nepotism is generally defined as the practice of an employee using his/her personal influence or power to aid or hinder another person in securing employment, promotion, or other benefits of employment solely because of a personal relationship. |
| <i>Personal Relationship</i> | Personal relationships include, but are not limited to those by virtue of blood, marriage, adoption, or cohabitation. |

Responsibility

| | |
|---|---|
| <i>Branch Chiefs/Chief Executive Officers (CEO's)</i> | Must ensure employees are aware of this policy. |
| | Must investigate reports or complaints of nepotism. |
| | Must contact the Personnel Officer, Human Resources Branch (PO, HRB), for consultation and resolution concerning personal relationships, or request in writing an exception to this policy on a case-by-case basis. |

Nepotism Policy

Managers and Supervisors

Must notify the Branch Chief/CEO when working arrangements are in conflict with this policy.

Are prohibited from making permanent or temporary appointments of persons with whom they have a personal relationship. Temporary appointments include non-testing classes such as Student Assistant and Agricultural Technician, or non-civil service positions such as 119-day employees.

Are prohibited from having a direct supervisor/subordinate relationship with any employee with whom they have a personal relationship. This includes employees hired through a contractor such as the Cooperative Agricultural Support Services.

Are prohibited from directly or indirectly supervising (through the “chain of command”) an employee with whom they have a personal relationship.

Are prohibited from directly supervising employees who have a personal relationship.

Fair Board Members

Are prohibited from having a personal relationship with employees of the District Agricultural Association, including civil service and contracted employees.

Personnel Officer, HRB

Reviews and responds to requests for policy exception; reviews and responds to formal complaints of nepotism.

Labor Relations Officer

Reviews proposed corrective actions involving rank-and-file employees to ensure conformance with the Bargaining Unit Agreements (MOUs) covering the employees.

Employees

Must notify their supervisors when working arrangements are in conflict with this policy.

Are prohibited from having a personal relationship with another employee while both are working under the same direct supervisor.

Nepotism Policy

Are prohibited from working under the direct or indirect supervision of a person with whom they have a personal relationship.

May request, in writing to their supervisor, an exception to this policy.

May file a formal nepotism complaint using the [Nepotism Complaint Form](#) (SO-202).

Exceptions

CDFA recognizes that there may be situations where two individuals who have a personal relationship may appropriately be allowed to work in the same division and/or branch. Exceptions to this policy may be appropriate based upon merit principles and recruitment difficulty. The primary criterion for an exception is evidence that the proposed assignments and the services provided offer clear benefits to the State, and the existence of external controls ensuring the personal relationship will not result in favoritism or inequity. Where an exception is indicated, it must be fully justified in writing and submitted to the PO, HRB, for approval, when the situation arises or prior to making a hiring commitment.

Corrective Actions

Assignments not in compliance with this policy shall be corrected within 90 days of identification or after a request for exception is denied.

Distribution

Distribution of this policy includes all employees.

If you have any questions or need additional information, please contact the HRB at (916) 654-0790.

ACKNOWLEDGEMENT

I have reviewed and understand this policy and (check one):

- ☐ ***I have a personal relationship that conflicts with this policy. If checked, please explain:***
- ☐ ***I do not have a personal relationship that conflicts with this policy.***

Employee Signature

Date

E-mail and Internet Usage

Revised May 28, 2010

Policy

This document presents the acceptable use of Electronic Mail (E-mail) and the Internet by California Department of Food and Agriculture (CDFA) employees, volunteers, and contractors while utilizing government-owned or leased equipment, facilities, or Internet addresses registered to the CDFA. This policy also includes state-leased Internet and e-mail access through an Internet Service Provider (e.g., EarthLink, JPSnet, AT&T, etc.), even when staff access information from off-site locations, including but not limited to, telecommuting from home or while traveling on State business.

CDFA encourages its employees, volunteers, and contractor personnel (Users) to develop strong Internet skills and knowledge. It is expected that these individuals will use the Internet to improve their job knowledge; to access scientific, technical, and other information on topics that have relevance to the Department; and to communicate with their peers in other government agencies, academia, and industry. Users may access the Internet to stay current on career-related topics, to improve knowledge and skills, and to communicate with experts in scientific and technical fields. The Department encourages Users to access the Internet when direct work-related benefits can accrue and to use E-mail to facilitate prompt and effective communication.

Internet access and E-mail are provided to Users for CDFA business purposes. The CDFA retains the right to monitor, log and/or recover all Internet activity, including E-mail and all Internet website communication, with or without notice to the User. E-mail and Internet usage is not private. Records of E-mail and Internet activity exist in system files and are recovered when necessary.

Users who have been provided E-mail capability shall endeavor to read incoming messages in a timely manner and to respond accordingly. E-mail is not intended to be a permanent storage medium; consequently, proper maintenance protocols should be followed which require Users to regularly archive messages that should be maintained and delete any/all obsolete messages.

Acknowledgement

Each CDFA User must sign an E-mail and Internet Policy Acknowledgement Form before E-mail and/or Internet access is authorized (see Attached Form). A copy of the signed acknowledgement form is forwarded to the Office of Information Technology Services (ITS) by the User's supervisor when requesting E-mail and/or Internet access for the User. The original copy of the form will be retained in the User's personnel file. Users will be prompted for acknowledgement of

E-mail and Internet Usage

understanding of this policy prior to each network log on.

Acceptable Uses of E-mail and the Internet

Acceptable uses of E-mail and the Internet include, but are not limited to, the following:

- Communications and information exchanges related to the mission and work of the CDFA.
- Announcements of state laws, procedures, hearings, policies, services, or activities.
- Use for advisory, standards, research, analysis and professional society or development activities related to the user's governmental duties.
- Services provided to CDFA business partners and the public.
- Use of social networking sites that are related to the users governmental duties (e.g., FaceBook, YouTube, Twitters, MySpace, LinkedIn, Digg, Flickr, etc.).
- Mass E-mails related to business issues that impact CDFA employees, such as training, examination announcements, network maintenance.
- Employee personal use on an "incidental and minimal" basis.
- Union stewards may conduct Union-related business on an "incidental and minimal" basis.

Unacceptable Uses of E-mail and the Internet

It is unacceptable for a User to submit, publish, access, use, display, or transmit on the Internet or through E-mail, information which:

- Violates or infringes on the rights of another person, including the right to privacy.
- Contains defamatory, false, inaccurate, abusive, obscene, pornographic, sexually oriented, threatening, racially offensive, discriminatory or illegal material.
- Violates agency regulations prohibiting sexual harassment or other forms of discrimination.
- Violates agency regulations prohibiting workplace violence.
- Uses the Internet for any illegal purpose.

E-mail and Internet Usage

- Uses the Internet or E-mail for personal gain.
- Solicits the performance of any activity that is prohibited by law.

Other unacceptable uses are:

- Obtaining non-standard software from the Internet through accessing and downloading executable software. Exceptions must be cleared through ITS.
- Unauthorized reading, deleting, copying or modifying E-mail messages of others.
- Sending or requesting junk mail (including inappropriate jokes and humor), for-profit messages, or chain letters.
- Mass E-mail of non-business related items, such as raffles, food sales, fund raisers.
- Use of social networking sites that are not directly related to the User's governmental duties.
- Listening to or watching streaming audio or video that is not directly job-related. (Audio and video streaming from the Internet to the desktop computer uses enormous amounts of the CDFA networking resources and can have a negative impact on the ability of other Users to access the Internet or other network services.)

Procedures for Sending Mass Electronic Mailings

1. Obtain prior approval from an authorized official (i.e., division director, special assistant, or branch chief).
2. Compose the e-mail. Whenever possible, write the text within the body of the e-mail rather than as an attachment – attachments use more space and further congest the network.
3. Be sure E-mail relates to your target audience. Do not send an E-mail to CDFA Everyone when it only applies to staff in the headquarters building.
4. Include a standard statement at the bottom of the E-mail indicating the name, title, and office of the individual who approved the e-mail for mass mailing: for example, "This e-mail was approved for mass mailing by J. Doe, Director, Division of _____."

Monitoring of Internet Access

If a User is suspected of E-mail and/or Internet abuse, monitoring of E-mail and/or

E-mail and Internet Usage

Internet use may be conducted. Based on the findings of the monitoring process, appropriate administrative action will occur.

Future Memorandums of Understanding

If any portion of this Internet policy is inconsistent with any E-mail/Internet provision negotiated in future statewide Memorandums of Understanding (MOU) agreed to by the recognized employee organizations and the State, the specific MOU provision will control. All other provisions of this E-mail and Internet Usage Policy will remain in effect.

Distribution

Distribution of the above policy/procedure includes all CDFA employees.

If you have any questions or need additional information regarding this policy, please contact the Office of Information Technology Services (ITS) by telephone at 916-651-HELP (4357) or by E-mail at servicedesk@cdfa.ca.gov.

California Department of Food and Agriculture
E-mail and Internet Usage Policy Acknowledgement Form

I, _____, have received, read, understand, and agree to abide by this policy.

Employee Signature

Date

Supervisor Signature

Date

Internet/E-mail ID: _____

*Personal IT Equipment Usage Policy**Est. July 2018*

Policy

In order to protect and ensure the confidentiality, integrity, and accessibility of State information assets, it is the policy of the California Department of Food and Agriculture (CDFA) to not permit usage of a “Bring-Your-Own-Device” (BYOD) practice as defined and outlined below. In general, no personal IT hardware is to be used for CDFA or District Agricultural Association (DAA) business nor directly connected to the CDFA or DAA enterprise network, except as identified in the Exceptions below.

Authority

“Protection of Information Assets,” Department of General Services (DGS) Management Memo 06-12

State Administrative Manual (SAM) Section 5300 et seq., and Section 8600 et seq.

Definitions

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| <i>Bring-Your-Own-Device (BYOD)</i> | The practice of allowing employees, Consultants, Contractors, and Cooperators to use their personal computing devices, personal Smartphones, or other personal IT hardware for work purposes. <i>Through this policy, the CDFA does not permit the practice of BYOD.</i> |
| <i>Computing Device</i> | A desktop, notebook, phone, or tablet device using an operating system to perform calculations or run multiple IT software applications. Single or dedicated purpose computing devices using an embedded computer solution, like Global Positioning System (GPS) devices, are not considered computing devices under this policy. |
| <i>Consultants, Contractors, and Cooperators</i> | Persons legally engaged to perform work for CDFA under an executed contract, cooperative agreement, or Memorandum of Understanding. |
| <i>District Agricultural Association (DAA)</i> | Agricultural Associations created pursuant to California Food and Agricultural Code Section 3001 et seq. for the purpose of holding fairs, expositions and exhibitions to highlight various industries, enterprises, resources, and products of the state. Governed by a board appointed by the Governor with oversight by the Secretary of the California Department of Food and Agriculture. |

Personal IT Equipment Usage Policy

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| <i>Employees</i> | For the purposes of this policy, CDFA's personnel, interns, volunteers, and appointees, including DAA personnel and Chief Executive Officers (CEOs). |
| <i>Enterprise Network</i> | For the CDFA and DAAs, the main physical and/or logical computer network that provides access to CDFA's or the DAA's enterprise computer systems, assets, and information. |
| <i>"Guest" Network</i> | For the CDFA, a physical and/or logical computer network, separate from the full enterprise network, which does not have access to the CDFA enterprise computer systems, assets, or information. Guest networks are typically used only to provide limited internet access to computing devices as a convenience, and access can be restricted or removed at any time. |
| <i>Hardware</i> | Information Technology (IT) -related computing devices, including physical assets associated with computing devices or computer networks, individual components that make up a computing device, and peripheral or assistive devices that connect to or comprise a computing device or computer network. |
| <i>Outlook Web App (OWA)</i> | Microsoft's web browser-based email client software. |
| <i>Personal</i> | Anything not owned by, purchased by, or licensed to, the CDFA or DAA. |

Responsibilities

| | |
|---|--|
| <i>Office of Information Technology Services (OITS)</i> | OITS must ensure that its enterprise network, and the associated enterprise computer systems, assets, and information, remain secure and within the boundaries of State and CDFA IT security policies. |
| <i>Departmental Services Branch (DSB)</i> | DSB staff must document, maintain, and manage the appropriate Departmental policies and practices surrounding IT hardware asset tagging, tracking, control, and disposition as described in the CDFA Property Procedure Manual . |
| <i>Supervisors and Managers, including</i> | Supervisors, Managers, and DAA CEOs, or their documented delegated staff, must ensure that their staff, and |

Personal IT Equipment Usage Policy

DAA Chief Executive Officers (CEO)

any Consultants, Contractors, and Cooperators under their responsibility, adhere to this policy.

Supervisors and Managers must also be aware of personal IT equipment usage as it relates to the Telework Policy for the CDFA, and follow those procedures in full.

Employees, and Consultants, Contractors, and Cooperators

All employees must not use personal IT hardware when accessing CDFA or DAA information systems, nor must they connect it to, nor attempt to connect it to, a CDFA or DAA enterprise network, except as identified in the Exceptions below.

Procedures

No BYOD

Only CDFA or DAA-owned hardware is to be used for CDFA or DAA business. No personal IT hardware can be connected to a CDFA or DAA-owned enterprise network, nor can said personal IT hardware be used to run, access, or store any CDFA or DAA-owned or licensed IT software, services, work products, or information.

Examples:

- No personal Smartphones are permitted to use dedicated mobile applications (e.g., Mail, People, Tasks, Calendar) to access CDFA email, contact, task, and calendar information services; the only personal Smartphone access to CDFA mail must be through a browser accessing OWA.
- No personal computing devices are permitted to use CDFA-owned or licensed software or related software services.
- No personal Smartphone or other computing device can be connected to a CDFA-owned enterprise network, enterprise network device, or computing device.
- No personal storage devices can be used to store any CDFA-owned or licensed information or data of any classification or category.

Exceptions

Use of personal IT equipment to access applications and IT resources that are fully intended for non-CDFA or non-DAA (i.e., public and/or specific non-CDFA/non-DAA governmental entity use and consumption) is permitted. The most common examples

Personal IT Equipment Usage Policy

for this exception are the access of CDFA's public website by the general public, and other specific applications where use is fully designed for, intended for, and expected by the general public, or local, federal, or other non-CDFA State staff.

Use of the web browser-based Microsoft OWA client is permitted by personal IT equipment, as no CDFA-owned IT content is automatically downloaded to the device being used. OWA users must not download and save any CDFA-sourced electronic content (e.g., email or calendar attachments) to their personal device.

Connection of a personal computing device to a CDFA "Guest" network is permitted, but users must obtain their supervisor or manager's written approval first, and then contact the CDFA IT Service Desk to obtain IT approval and proper authentication credentials.

Distribution

Distribution of the above policy includes all CDFA and DAA employees, and all Consultants, Contractors, and Cooperators.

If you have any questions or need additional information about this policy, please contact the CDFA Service Desk at 1-916-651-4357, or by email at CDFA.ServiceDesk@cdfa.ca.gov.

Addendum E

15th District Agricultural Association

Kern County Fair and Event Center

Travel and Meal Reimbursement Policy

All travel and meal reimbursement for Board of Directors and Employees of the 15th DAA will follow the current California Department of Food and Agriculture's (CDFA) Travel Guide and the current travel reimbursement amounts from the State of California. Receipts and travel forms to be handed into the Fairs Administration Office within 45 days of the event.

Certified to be a True Copy

Signed _____

Blodgie Rodriguez

Title: Chairman of the Board

Date: September 16, 2019

Signed _____

Michael G Olcott, CEO

Title: Chief Executive Officer

Date: September 16, 2019

*Heat Illness Prevention In Outdoor Places of Employment**Rev. June 2016**Policy*

It is the policy of the California Department of Food and Agriculture (CDFA) that all employees shall be protected from heat illness during the course of their work. It is also the policy that a Heat Illness Prevention Plan (HIPP) must be available at each worksite; and that all employees required to work outdoors and their supervisors, receive training to identify the risk factors, to control the employee's exposure to the environment, and to seek medical assistance in the event of illness.

Authority

California Code of Regulations Title 8, Section 1524, 3395, and 3457

Definitions

| | |
|-----------------------------------|--|
| <i>Acclimatization</i> | Temporary adaptation of the body to work in the heat that occurs gradually when a person is exposed to it. Acclimatization peaks in most people within four to 14 days of regular work for at least two hours per day in the heat. |
| <i>Environmental Risk Factors</i> | Working conditions that create the possibility that heat illness could occur, include air temperature, relative humidity, radiant heat from the sun and other conductive heat sources such as the ground, air movement, workload severity and duration, protective clothing and personal protective equipment worn by employees. |
| <i>Heat Illness</i> | A serious medical condition resulting from the body's inability to cope with a particular heat load, which includes heat cramps, heat exhaustion, heat syncope, and heat stroke. |
| <i>Personal Risk Factors</i> | Factors such as an individual's age, degree of acclimatization, health, water consumption, alcohol consumption, caffeine consumption, and the use of prescription medication which may affect the body's water retention or other physiological responses to heat. |
| <i>Shade</i> | Blockage of direct sunlight. One indicator that blockage is sufficient is when objects do not cast a shadow in the area of blocked sunlight. Shade is not adequate when heat in the area of shade defeats the purpose of shade, which is to allow the body to cool. A car sitting in the sun does not |

Heat Illness Prevention In Outdoor Places of Employment

provide acceptable shade to a person inside it, unless the car is running with air conditioning. Shade may be provided by any natural or artificial means that does not expose employees to unsafe or unhealthy conditions and that does not deter or discourage access or use.

Responsibility

Health and Safety Office (HSO)

The CDFA HSO is responsible for providing information, direction, and training to all affected employees and supervisors on heat illness prevention.

Managers and Supervisors

Managers and supervisors are responsible for ensuring that all elements of this policy are implemented and for developing a HIPP that is relevant to the work performed by their program at each worksite.

Managers and supervisors who supervise employees that work outdoors shall attend the required training annually.

Managers and supervisors are responsible for conducting pre-shift meetings before the commencement of work to inform employees about what the possible conditions of and expectations for the work day.

Managers and supervisors shall be responsible for knowing the symptoms of heat cramps, heat exhaustion, heat syncope, and heat stroke.

In the event of an employee's heat illness, supervisors and managers are required to get medical assistance for the employee and complete the necessary forms to report the incident ([Guide to Accident and Crime Reporting](#)).

Affected Employees

Employees shall follow the established procedures to ensure their safety.

Employees shall attend Heat Illness Prevention training prior to starting an outdoor assignment and annually thereafter.

Employees shall report any incidents of heat illness to their supervisors or managers immediately or as soon as possible.

Employees shall be responsible for knowing the symptoms of heat cramps, heat exhaustion, heat syncope, and heat stroke as covered in the Heat Illness Prevention training.

Heat Illness Prevention In Outdoor Places of Employment

Provision of Water

Employees shall have access to potable drinking water including but not limited to the requirements that it be fresh, pure, suitably cool, and provided to employees free of charge. The water shall be located as close as practicable to the areas where employees are working. Where it is not plumbed or otherwise continuously supplied, water shall be provided in sufficient quantity to provide one quart per employee per hour for the entire shift. Employers may begin the shift with smaller quantities of water if they have effective procedures for replenishment during the shift as needed to allow employees to drink one quart or more per hour. The frequent drinking of water shall be encouraged.

Access to Shade

When the outdoor temperature in the work area exceeds 80 degrees Fahrenheit, shaded areas must be available to assist with the employee's ability to cool down at all times.

The amount of shade present shall be at least enough to accommodate the number of employees on recovery or rest periods, so they can sit in a normal posture fully in the shade without having to be in physical contact with each other. The shade shall be located as close as practicable to the areas where employees are working. Subject to the same specifications, the amount of shade present during meal periods shall be at least enough to accommodate the number of employees during the meal period who remain onsite.

Employees shall be allowed and encouraged to take a preventative cool-down rest in the shade when they feel the need to do so to protect themselves from overheating. Such access to shade shall be permitted at all times.

An individual employee who takes a preventative cool-down rest shall be monitored and asked if he or she is experiencing symptoms of heat illness; shall be encouraged to remain in the shade; and shall not be ordered back to work until any signs or symptoms of heat illness have abated, but in no event less than ten minutes in addition to the time needed to access the shade. If an employee exhibits signs or reports symptoms of heat illness during a preventative cool-down rest period, the supervisor shall provide appropriate first aid or emergency response.

High Heat Procedures

When the outdoor temperature in the work area exceeds 95 degrees Fahrenheit, the following steps must be taken:

Heat Illness Prevention In Outdoor Places of Employment

1. Programs shall ensure that effective communication by voice, observation, or electronic means is maintained, so that employees at the work site can contact a supervisor when necessary. An electronic device, such as a cell phone or text messaging device, may be used for this purpose only if reception in the area is reliable.
2. Program supervisors shall observe employees for alertness and signs or symptoms of heat illness by the appropriate technique, as designated by the program, which may include:
 - a. Direct observation of 20 or fewer employees.
 - b. Mandatory buddy system.
 - c. Regular communication with a sole employee by radio or cellular phone.
 - d. Other effective means of observation as recommended by the HSO or program management.
3. Programs shall designate one or more employees on each worksite as authorized to call for emergency medical services, and allow other employees to call for emergency medical services if the designees are not available.
4. Program worksite supervisors and designees shall remind employees to drink plenty of water.
5. Supervisors or designated employees shall facilitate pre-shift meetings before the commencement of work to review the high heat procedures, encourage employees to drink plenty of water, how to call for help or emergency services if a cellular device is not being used, and remind employees of their right to take a cool-down rest when necessary.
6. Supervisors shall ensure that employees take a minimum ten minutes preventative cool-down rest period every two hours. Time to and from the designated shaded rest location shall not count as part of the rest period.
7. An employee who has been newly assigned to a high heat area shall be closely observed by a supervisor or designee for the first 14 days of employment.

Emergency Response

In the event an employee exhibits the signs and symptoms of heat illness (as covered in the Heat Illness Prevention Training), co-workers and supervisors are to assist the employee and follow the recommended guidelines as follows:

Heat Exhaustion/Heat Stroke

1. Move victim to shade.

Heat Illness Prevention In Outdoor Places of Employment

2. Remove or loosen clothing, shoes/boots, hats, and other items that may exacerbate the employee's condition.
3. Fan victim.
4. Provide cooling towels to victim.
5. Give victim plenty of liquids.
6. If necessary, seek emergency medical assistance or call 911 and move victim to an area where they can be reached by the emergency medical provider. If the employee is suffering from heat stroke, seek emergency medical assistance immediately.

Training

Employees who work outdoors are required to attend CDFA's Heat Illness Prevention Training prior to beginning their outdoor assignment and annually thereafter.

Managers and supervisors that supervise outdoor staff shall complete CDFA's Heat Illness Prevention Training prior to supervising any outdoor staff and annually thereafter.

Managers, supervisors, and/or leads shall conduct short 'tailgate' meetings when the temperature is expected to exceed 80 degrees. A 'tailgate' session includes reviewing the weather report, reinforcing heat illness prevention with all workers, reminding employees to drink water frequently, informing employees that shade can be made available upon request and to remind them to be on the lookout for signs and symptoms of heat illness.

New employees will be assigned a "buddy" or experienced coworker to ensure they understand the training and follow procedures prior to working in each new location.

Heat Illness Prevention Plan

Each program is responsible for developing their own HIPP that adheres to this policy. The HIPP shall include at minimum:

1. Practical procedures for the provision of water and access to shade.
2. High heat procedures as described in this policy.
3. Emergency response procedures that include the name, number, and address of the emergency response provider.
4. Acclimatization methods and procedures.

Heat Illness Prevention In Outdoor Places of Employment

Each program's HIPP shall be routed through their division management and the HSO for approval before implementation. Procedures shall be reviewed annually or upon regulation changes and submitted to the HSO by February 1st each year.

Distribution

Distribution of the above policy/procedure includes all employees.

If you have questions regarding this section, please contact the HSO at (916) 654-1005.

Addendum G

15th District Agricultural Association

Kern County Fair and Event Center

WEAPONS POLICY

It is the policy of the 15th District Agricultural Association (District) aka the "The Kern County Fair and Event Center" that no person who enters District property is allowed to carry or possess a handgun, firearm, knife, or other weapon of any kind regardless of whether the person is licensed to carry the weapon or not.

No firearms allowed on premises except by peace officers. No exceptions. No knives or weapons will be allowed. Failure to comply is subject to your removal from grounds. All persons entering upon the District fairgrounds are subject to search for weapons by law enforcement. Refusal to submit to search will require removal from grounds.

If an off duty peace officer wishes to carry concealed at the fairgrounds, they must arrive with their agency identification. They must be a 24/7 peace officer and must agree to carry that weapon in accordance to their agency policy. Our law enforcement partners will communicate with their staff.

Certified to be a True Copy

Signed _____
Blodgie Rodriguez
Title: Chairman of the Board
Date: September 16, 2019

Signed _____
Michael G Olcott, CEO
Title: Chief Executive Officer
Date: September 16, 2019