



BOARD OF DIRECTORS AGENDA REPORT

MEETING DATE: **SEPT. 24, 2026** ITEM: **11A**

SUBJECT: **Presentation of 2025 Audit by Financial Monitoring & Audit Committee and Vote on Whether or Not to Accept**

DATE: September 18, 2026

FROM: Financial Monitoring & Audit Committee:
Directors Pham and Bilezikjian

PRESENTATION BY: Financial Monitoring & Audit Committee:
Directors Pham and Bilezikjian

Action Item

BACKGROUND

The District contracted with Lance, Soll & Lunghard, LLP, an independent accounting firm, to perform the an audit on the District's financial statements for the period ending December 31, 2025. A draft report has been provided and reviewed with the Financial Monitoring & Audit Committee.

The audit report indicates that the financial statements present fairly, in all material respects, the financial position of the District and respective changes in financial position, and are presented in accordance with generally accepted accounting principles. No deficiencies or significant weaknesses were identified.

The Financial Monitoring and Audit Committee will present the audit document for the Board's approval and filing with the California Department of Food & Agriculture (CDFA).

A copy of the audit is attached.

RECOMMENDATION

The Financial Monitoring & Audit Committee and staff recommend acceptance of the 2025 financial audit report and subsequent filing with CDFA. Additionally, the Committee and staff wish to extend its thanks to Lance, Soll & Lunghard for their work.



32ND DISTRICT AGRICULTURAL ASSOCIATION OC FAIR & EVENT CENTER

DECEMBER 31, 2025 AND 2024

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

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DECEMBER 31, 2025 AND 2024

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FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
32nd District Agricultural Association
OC Fair & Event Center
Costa Mesa, California

Opinions

We have audited the accompanying financial statements of the 32nd District Agricultural Association, OC Fair & Event Center (32nd DAA), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the 32nd DAA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 32nd DAA, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 32nd DAA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 32nd DAA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Directors
32nd District Agricultural Association
OC Fair & Event Center
Costa Mesa, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 32nd DAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 32nd DAA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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



To the Board of Directors
32nd District Agricultural Association
OC Fair & Event Center
Costa Mesa, California

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report date June 22, 2026 on our consideration of the 32nd DAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 32nd DAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 32nd DAA's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
June 22, 2026

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR AND EVENT CENTER

STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Current Assets		
Cash	\$ 1,582,671	\$ 1,016,646
Cash Equivalents	58,463,905	52,984,890
Accounts Receivable	1,667,013	2,195,636
Reserve for Credit Losses	(264,816)	(111,905)
Prepaid Expenses	312,432	255,475
Other Current Assets	58,178	-
Total Current Assets	61,819,383	56,340,742
Capital Assets		
Capital Projects in Process	11,397,943	40,938,455
Land	133,553	133,553
Buildings and Improvements	135,565,900	103,203,427
Equipment	5,821,780	5,380,087
Accumulated Depreciation	(72,020,882)	(68,203,613)
Total Capital Assets	80,898,294	81,451,909
Total Assets	142,717,677	137,792,651
Deferred Outflow of Resources		
Deferred Outflows - Pension	6,055,215	8,120,289
Deferred Outflows - OPEB	927,221	916,499
Total Deferred Outflows of Resources	6,982,436	9,036,788
Total Assets and Deferred Outflow of Resources	\$ 149,700,113	\$ 146,829,439
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,708,667	\$ 3,079,170
Deferred Revenue	1,579,094	1,715,081
Payroll Liabilities	93,596	79,923
Deposits	20,990	14,980
Current Portion of Loan Payable - SB 84	1,739,579	1,739,579
Current Portion of Compensated Absences Liability	717,447	696,734
Total Current Liabilities	5,859,373	7,325,467
Noncurrent Liabilities		
Compensated Absences Liability	1,076,421	1,120,384
Pension Liability	16,229,183	19,102,775
OPEB Liability	5,496,622	5,346,180
Total Noncurrent Liabilities	22,802,226	25,569,339
Total Liabilities	28,661,599	32,894,806
Deferred Inflow of Resources		
Deferred Inflows - Pension	157,821	296,657
Deferred Inflows - OPEB	974,202	1,349,989
Total Deferred Inflows of Resources	1,132,023	1,646,646
Net Position		
Investment in Capital Assets	80,898,294	81,451,909
Net Position - Designated Use	504,460	504,460
Net Position - Donations	537,569	537,569
Net Position - Available for Operations	55,042,250	46,628,299
Unrestricted Net Position - Pension	(17,058,814)	(16,816,982)
Net Position - Auction Fund	(17,268)	(17,268)
Total Net Position	119,906,491	112,287,987
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 149,700,113	\$ 146,829,439

See Independent Auditors' Report and Notes to Financial Statements.

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR AND EVENT CENTER**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
Operating Revenue		
Admissions	\$ 11,041,099	\$ 10,870,122
Commercial Space	1,207,315	1,190,236
Carnival	7,577,695	7,844,454
Concessions	11,880,532	11,919,792
Exhibits	128,418	115,919
Attractions - Fairtime	11,882,534	16,022,181
Grants	115,078	152,886
Personnel	1,915,261	2,104,828
Event Services	1,707,325	1,879,923
Parking	6,735,362	7,249,874
Sponsorship	2,026,693	1,776,065
Equipment Rental	740,252	792,520
Other Operating	1,973,523	3,163,790
Total Revenue	58,931,087	65,082,590
Operating expenses		
Administration	22,665,941	22,869,230
Maintenance and Operations	7,238,208	7,212,052
Publicity	1,772,224	1,701,985
Misc Fair	1,322,719	1,691,456
JLA	300,194	262,320
Premiums	167,212	136,127
Fair Entertainment	5,653,499	7,707,365
Depreciation	3,916,832	2,847,555
Pension and other post-employment benefits	(1,183,421)	241,831
Equipment Rental	3,283,153	3,160,440
Professional Services	6,422,459	7,658,259
Sponsorship	326,098	277,834
Dues & Subscription	103,816	90,664
Total Operating Expenses	53,988,934	55,857,118
Operating Income	4,942,153	9,225,472
Non Operating Revenue and Expenses		
Other Income (Expense)	2,666,616	2,630,711
Cash over (short)	(9,365)	(17,604)
Gain/(Loss) on Sale of Assets	19,100	645
Total non Operating Revenue and Expenses	2,676,351	2,613,752
Net Position		
Change in Net Position	7,618,504	11,839,224
Net Position at January 1	112,287,987	100,448,763
Net Position at December 31	\$ 119,906,491	\$ 112,287,987

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR AND EVENT CENTER**

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	\$ 7,618,504	\$ 11,839,224
Adjustment to Reconcile Excess of Revenue Over Expenses to Net Cash Provided by Operating Activities:		
Non-Cash Charges (Credits) to Net Income		
Depreciation Expense	3,916,832	2,847,555
(Gain)/Loss on Sale of Assets	(19,100)	(645)
(Increase) Decrease in Assets and Deferred Outflows		
(Increase) Decrease in Accounts Receivable	681,534	738,143
(Increase) Decrease in Prepaid Expenses	(56,957)	(20,574)
(Increase) Decrease in Other Current Assets	(58,178)	-
(Increase) Decrease in Deferred Outflows - Pension	2,065,074	(87,310)
(Increase) Decrease in Deferred Outflows - OPEB	(10,722)	(54,505)
Increase (Decrease) in Liabilities and Deferred Inflows		
Increase (Decrease) in Accounts Payable	(1,370,503)	2,120,729
Increase (Decrease) in Deferred Revenue	(135,987)	(460,823)
Increase (Decrease) in Payroll Liabilities	13,673	(623,065)
Increase (Decrease) in Deposits	6,010	(11,777)
Increase (Decrease) in Compensated Absence Liability	(23,250)	62,205
Increase (Decrease) in Deferred Inflows - Pension	(138,836)	(141,415)
Increase (Decrease) in Deferred Inflows - OPEB	(375,787)	(152,894)
Increase (Decrease) in Net Pension Liability	(2,873,592)	(240,829)
Increase (Decrease) in Net OPEB Liability	150,442	918,784
Total Adjustments	1,770,653	4,893,579
Net Cash Provided (Used) by Operating Activities	9,389,157	16,732,803
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of capital assets	(3,363,217)	(17,573,509)
Proceeds from sale of capital assets	19,100	645
Net Cash Provided (Used) by Investing Activities	(3,344,117)	(17,572,864)
NET INCREASE (DECREASE) IN CASH	6,045,040	(840,061)
Cash and Cash Equivalents - Beginning of Period	54,001,536	54,841,597
Cash and Cash Equivalents - End of Period	\$ 60,046,576	\$ 54,001,536
Cash	\$ 1,582,671	\$ 1,016,646
Cash Equivalents	58,463,905	52,984,890
Total Cash and Cash Equivalents	\$ 60,046,576	\$ 54,001,536

See Independent Auditors' Report and Notes to Financial Statements.

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 1: Summary of Significant Accounting Policies

General

The 32nd District Agricultural Association (32nd DAA) was formed for the purpose of sponsoring, managing, and conducting the business of the OC Fair each year in Costa Mesa, California. The State of California, Department of Food and Agriculture, through the Fairs and Expositions Branch provides oversight responsibilities to the 32nd DAA. The 32nd DAA is subject to the policies, procedures, and regulations set forth in the California Government Code, California Business and Professions Code, Public Contracts Code, Food and Agricultural Code, State Administrative manual, and the Accounting Procedures Manual established by the Fairs and Expositions Branch.

Basis of Accounting

The accounting policies applied to and procedures used by the 32nd DAA conform to accounting principles applicable to District Agricultural Associations as prescribed by the State Administrative Manual and the Accounting Procedures Manual. The 32nd DAA's activities are accounted for as an Enterprise fund. The Governmental Accounting Standards Board (GASB) defines an enterprise fund as a fund related to an organization financed and operated in a manner similar to a private business enterprise where the intent is to recover the costs of providing goods or services to the general public primarily through user charges. Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Account, the 32nd DAA has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The 32nd DAA's financial activities are accounted for using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board. Thus, revenues are reported in the year earned rather than collected and expenses are reported in the year incurred rather than paid.

Cash and Cash Equivalents

The 32nd DAA's cash and cash equivalents are separately held in various local banks. The Financial Accounting Standards Board defines cash equivalents as short-term, highly liquid investments that are both: (1) readily convertible to known amounts of cash; and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The cost of all cash equivalents of the 32nd DAA approximates market value.

The California State Treasury makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Each governmental entity may invest up to \$75,000,000 in the fund. Investments in the LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Therefore, the 32nd DAA considers all pooled government funds with the LAIF to be cash equivalents.

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 1: Summary of Significant Accounting Policies (Continued)

In accordance with the Accounting Procedures Manual, the 32nd DAA is authorized to deposit funds in certificates of deposit and interest-bearing accounts. However, Government Code Sections 16521 and 16611 require the bank or savings and loan association to deposit, with the State Treasurer, securities valued at 110 percent of the uninsured portion of the funds deposited with the financial institution. Government Code Sections 16520 and 16610 provide that security need not be required for that portion of any deposit insured under any law of the United States, such as FDIC and FSLIC.

Accounts Receivable

Accounts receivable consists of trade accounts arising in the normal course of business. Uncollectible accounts are written off after all attempts at collection have been pursued and approved by the State of California. As part of the estimate of expected credit losses, the 32nd DAA has performed an evaluation of subsequent collections from customers through the date of the auditors' report. The 32nd DAA also considers any specific customer collection issues.

The 32nd DAA's trade receivables are evaluated individually for expected credit losses as they do not share similar risk characteristics

At origination, the 32nd DAA evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance.

Accounts receivable had a beginning balance of \$2,195,636 and \$2,871,517 and an ending balance of \$1,667,013 and \$2,195,636 as of December 31, 2025 and 2024, respectively.

Capital Assets

Construction-in-progress, land, buildings and improvements, and equipment are acquired with operating funds and funds allocated by the State. Any acquired assets, if greater than \$5,000 and a useful life of one or more years, are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the asset. Buildings and improvements are depreciated over 5 to 30 years and purchases of equipment are depreciated over five years. Capitalized infrastructure assets, such as drainage systems and paving, may be depreciated over 20 to 40 years. Costs of repair and maintenance are expensed as incurred by the 32nd DAA. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets, net of related interest income in the case of tax-exempt debt. Furthermore, donated building improvements, and equipment are recorded at their fair market value at the date of the donation. This recorded basis is depreciated over the useful lives identified above. The costs of projects that have not been placed in service are recorded in Capital Projects in Process and no depreciation is recorded on Capital Projects in Process until the project is completed and the asset is placed in service.

The 32nd DAA periodically evaluates whether events or circumstances have occurred that may have resulted in an impairment of its property and equipment. No such impairment occurred in the years ended December 31, 2025 or 2024.

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Pursuant to Statement No. 16 and No. 101 of the Governmental Accounting Standards Board, state and local governmental entities are required to report the liability for compensated absences. Compensated absences are absences for which permanent employees will be paid, such as vacation, personal leave, sick, and compensatory time off. The compensated absences liability is calculated based on the pay rates in effect at the balance sheet date.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 32nd DAA has deferred outflows relating to the net pension liability and net OPEB liability reported in the statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, the net difference between projected and actual earnings on pension plan investments, differences between expected and actual experience, adjustments due to differences in proportions, and difference in proportionate share.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 32nd DAA has deferred inflows relating to the net pension liability and net OPEB liability are the results of the difference between expected and actual experience, changes in assumptions, adjustments due to differences in proportions, and difference in proportionate share.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the OPEB Plan, the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS), and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Revenue Recognition

Generally, the 32nd DAA recognizes revenues upon completion of services provided primarily under authorized contractual agreements. Advance payments received are deferred in accrued liabilities and other in the Statements of Net Position until performance is complete. Operating lease revenue is recognized, in part, based on the financial statements provided by the lessee.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with the 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New GASB Pronouncements Effective during Fiscal Year: The following Government Accounting Standards Board (GSAB) pronouncement was effective for and implemented for the year ending December 31, 2025:

GASB Statement No. 102 - In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a state or local government's vulnerabilities due to the variety of risks they face. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

The District has determined that GASB Statement No. 102 has no significant impact on its financial statements and no additional disclosures are necessary at this time.

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 1: Summary of Significant Accounting Policies (Continued)

New FASB Standards Effective during Fiscal Year: The following FSAB Accounting Standards Update (ASU) was effective for and implemented for the year ending December 31, 2025:

Early Adoption of ASU 2025-05, Financial Instruments—Credit Losses— In July 2025, the FASB issued ASU 2025-05, amending ASC 326 to provide a practical expedient for estimating expected credit losses on current accounts receivable and contract assets. Entities that elect the practical expedient may assume current conditions as of the balance sheet date do not change for the remaining life of the asset. Entities other than public business entities may also elect an accounting policy to consider subsequent collections after the balance sheet date when estimating expected credit losses. Expected credit losses for remaining uncollected balances are based on delinquency status at reporting.

On January 1, 2025, the 32nd DAA early adopted ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The Company applied the practical expedient for estimating expected credit losses on current accounts receivable and contract assets, and elected the optional accounting policy to consider subsequent collections after the balance sheet date.

The adoption did not have a material impact on the 32nd DAA's financial statements.

Future Implementation of accounting pronouncements: The following Governmental Accounting Standards Board GASB pronouncements are effective in the following fiscal year. Management is currently reviewing their potential impact for proper financial statements implementations.

GASB Statement No. 103— In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements for this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104— In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to require certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements for this Statement are effective for fiscal years beginning after June 15, 2025

Date of Management's Review

The 32nd DAA has evaluated events through June 22, 2026, the date the financial statements were available to be issued.

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Note 2: Cash and Cash Equivalents

The following list of cash and cash equivalents were held by the 32nd DAA as of December 31:

	<u>2025</u>	<u>2024</u>
Cash in Bank - Operating	\$ 1,582,671	\$ 1,016,646
Cash in Bank - LAIF	<u>58,463,905</u>	<u>52,984,890</u>
Total Cash and Cash Equivalents	<u>\$ 60,046,576</u>	<u>\$ 54,001,536</u>

Investment in State Investment Pool

The 32nd DAA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the 32nd DAA's investment in this pool is reported in the accompanying financial statements at amounts based on the 32nd DAA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals and the entire balance of the 32nd DAA's investment on the portfolio is available for withdrawal at any time, LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the 32nd DAA's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2 or 3.

Fair Value Hierarchy

The 32nd DAA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs. At December 31, 2025 and 2024, all of the 32nd DAA's investments are LAIF and are considered uncategorized.

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Note 3: Capital Assets

Capital Assets activity for the year ended December 31, 2025, is as follows:

	Balance at January 1, 2025	Transfers	Additions	Deletions	Balance at December 31, 2025
Capital assets being depreciated:					
Buildings and improvements	\$ 103,203,427	\$ 32,118,010	\$ 244,463	\$ -	\$ 135,565,900
Equipment	5,380,087	503,501	37,755	(99,563)	5,821,780
Total depreciable capital assets	108,583,514	32,621,511	282,218	(99,563)	141,387,680
Less accumulated depreciation:					
Buildings and improvements	(64,117,751)	-	(3,407,528)	-	(67,525,279)
Machinery and equipment	(4,085,862)	-	(509,304)	99,563	(4,495,603)
Total accumulated depreciation	(68,203,613)	-	(3,916,832)	99,563	(72,020,882)
Net depreciable assets	40,379,901	32,621,511	(3,634,614)	-	69,366,798
Capital assets not depreciated:					
Land	133,553	-	-	-	133,553
Capital Projects in Process	40,938,455	(32,621,511)	3,080,999	-	11,397,943
Capital assets, net	\$ 81,451,909	\$ -	\$ (553,615)	\$ -	\$ 80,898,294

Capital Assets activity for the year ended December 31, 2024, is as follows:

	Balance at January 1, 2024	Transfers	Additions	Deletions	Balance at December 31, 2024
Capital assets being depreciated:					
Buildings and improvements	\$ 102,454,889	\$ 918,910	\$ -	\$ (170,372)	\$ 103,203,427
Equipment	4,548,211	877,655	6,766	(52,545)	5,380,087
Total depreciable capital assets	107,003,100	1,796,565	6,766	(222,917)	108,583,514
Less accumulated depreciation:					
Buildings and improvements	(61,741,442)	-	(2,376,309)	-	(64,117,751)
Machinery and equipment	(3,667,160)	-	(471,246)	52,544	(4,085,862)
Total accumulated depreciation	(65,408,602)	-	(2,847,555)	52,544	(68,203,613)
Net depreciable assets	41,594,498	1,796,565	(2,840,789)	(170,373)	40,379,901
Capital assets not depreciated:					
Land	133,553	-	-	-	133,553
Capital Projects in Process	24,997,904	(1,796,565)	17,737,116	-	40,938,455
Capital assets, net	\$ 66,725,955	\$ -	\$ 14,896,327	\$ (170,373)	\$ 81,451,909

Depreciation expense for years ended December 31, 2025 and 2024 was \$3,916,832 and \$2,847,555, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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Note 4: Defined Benefit Pension Plan

Description of Plan

The 32nd DAA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the 32nd DAA's Miscellaneous Plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions under the Plans are established by State statute and the 32nd DAA's Board of Directors. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

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 benefit 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 for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans provisions and benefits in effect at December 31, 2025 and December 31, 2024, are summarized as follows:

	Tier I*	Tier II
	Prior to	January 1, 2013
Hire date	January 1, 2013	and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	3.75%
Required employer contribution rates	10.00%	-

* Plan is closed to new entrants

Contribution Description

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 Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 32nd DAA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended December 31, 2025, the contributions recognized as an increase to the net pension liability were \$2,672,747.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 4: Defined Benefit Pension Plan (Continued)

For the year ended December 31, 2024, the contributions recognized as an increase to the net pension liability were \$2,589,799.

Net Pension Liability

As of December 31, 2025 and December 31, 2024, the 32nd DAA reported a net pension liability for its proportionate share of the net pension liability of \$16,229,183 and \$19,102,775, respectively.

The 32nd DAA's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023. The 32nd DAA's proportion of the net pension liability was based on a projection of the 32nd DAA's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The 32nd DAA's proportionate share of the net pension liability was 0.0468% as of June 30, 2024, an decrease of 0.0029% from the prior year.

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

For the measurement period ended June 30, 2024 (the measurement date), the June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability. The June 30, 2024 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with requirements of GASB Statement No. 68.
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Variable by Entry Age and Service
Investments Rate of Return	6.90% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table (1)	Derived used CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor of Purchasing Power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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Note 4: Defined Benefit Pension Plan (Continued)

The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with requirements of GASB Statement No. 68.
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Variable by Entry Age and Service
Investments Rate of Return	6.90% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table (1)	Derived used CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor of Purchasing Power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 4: Defined Benefit Pension Plan (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return(1)(2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-back Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management Study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The 32nd DAA's portion of net pension liability recognized over the measurement period is \$16,229,183 for the Plan.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 4: Defined Benefit Pension Plan (Continued)

The DAA's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The DAA's proportion of the net pension liability was based on a projection of the DAA's long-term share of contributions to the Plans relative to the projected contributions of all participating employers, as actuarially determined. The 32nd DAA's proportionate share of the net pension liability for the Plans as of June 30, 2023 and 2024 was as follows:

Proportion - June 30, 2023	0.0497%
Proportion - June 30, 2024	<u>0.0468%</u>
Change - Increase (Decrease)	-0.0029%
Proportion - June 30, 2022	0.0512%
Proportion - June 30, 2023	<u>0.0497%</u>
Change - Increase (Decrease)	-0.0015%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 and 6.90 percent, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

For measurement period ended June 30, 2024

	Discount Rate -1%	Current Discount	Discount Rate +1%
	(5.90%)	Rate (6.90%)	(7.90%)
Plan's Net Pension Liability/(Assets)	\$ 24,631,082	\$ 16,229,183	\$ 9,216,264

For measurement period ended June 30, 2023

	Discount Rate -1%	Current Discount	Discount Rate +1%
	(5.90%)	Rate (6.90%)	(7.90%)
Plan's Net Pension Liability/(Assets)	\$ 27,717,576	\$ 19,102,775	\$ 11,910,372

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 4: Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2023), the net pension liability was \$16,229,183. For the measurement period ending June 30, 2024, (the measurement date), the 32nd DAA incurred a pension expense of \$1,731,599 for the Plan.

As of June 30, 2024, the following were the reported deferred outflows of resources and deferred inflows of resources related to the pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Current year contributions that occurred after the measurement date of June 30, 2024	\$ 3,873,354	\$ -
Change of assumption	527,508	-
Difference between expected and actual experiences	874,670	(157,821)
Net difference between projected and actual earnings on pension plan investments	779,683	-
Total	\$ 6,055,215	\$ (157,821)

As of the start of the measurement period (July 1, 2022), the net pension liability was \$19,102,775. For the measurement period ending June 30, 2023, (the measurement date), the 32nd DAA incurred a pension expense of \$2,663,975 for the Plan.

As of June 30, 2023, the following were the reported deferred outflows of resources and deferred inflows of resources related to the pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Current year contributions that occurred after the measurement date of June 30, 2023	\$ 3,900,681	\$ -
Change of assumption	991,559	-
Difference between expected and actual experiences	915,424	(296,657)
Net difference between projected and actual earnings on pension plan investments	2,312,625	-
Total	\$ 8,120,289	\$ (296,657)

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 4: Defined Benefit Pension Plan (Continued)

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

For measurement period ended June 30, 2024:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 622,694
2026	1,633,784
2027	(14,658)
2028	(217,780)
Total	<u>\$ 2,024,040</u>

For measurement period ended June 30, 2023:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,068,178
2025	819,233
2026	1,893,454
2027	142,086
Total	<u>\$ 3,922,951</u>

Note 5: Loan Payable SB-84

Chapter 50, Statutes of 2017 (SB 84), authorized the State to make a one-time \$6 billion supplemental pension payment to CalPERS in 2017-2018, in addition to the annual State contribution. The additional pension payment is funded through a non-interest bearing loan from the Surplus Money Investment Fund (SMIF). SB 84 requires the repayment of the loan principal be made from the General Fund and other funds and accounts (Funds) that are required by law to fund the state's employer contribution to the Public Employees' Retirement Fund. Pursuant to the 2018 Budget Act, the \$6 billion supplemental pension payment funded by the loan from the SMIF is estimated to result in net savings of \$4.8 billion. SB 84 requires all Funds to fully repay their principal by June 30, 2030. During the year ended 2019, the 32nd DAA established a loan payable to the SMIF for the principal of \$1,739,579. As of December 31, 2025, the amount remaining on the loan payable to SMIF was \$1,739,579. During the years ended 2025, 2024, 2023, 2022 and 2021, the payments were deferred by the State. The 32nd DAA is currently working with the State to determine the manner of payment. The 2021, 2022, 2023, 2024 and 2025 payments are currently classified as a current liability.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 5: Loan Payable SB-84 (Continued)

Future minimum loan repayments are as follows:

Fiscal year ended December 31, 2025		Fiscal year ended December 31, 2024	
<u>December 31,</u>	<u>Amount</u>	<u>December 31,</u>	<u>Amount</u>
2026	\$ 1,739,579	2025	\$ 1,739,579
Total	<u>\$ 1,739,579</u>	Total	<u>\$ 1,739,579</u>

Note 6: Compensated Absences

The 32nd DAA's policies relating to compensated absences are described in Note 1. The liability will be paid in future years as it becomes due.

	<u>Balance at December 31, 2024</u>	<u>Net Change *</u>	<u>Balance at December 31, 2025</u>	<u>Due in One Year</u>
Compensated Absences	\$ 1,817,118	\$ (23,250)	\$ 1,793,868	\$ 717,447

	<u>Balance at December 31, 2023</u>	<u>Net Change *</u>	<u>Balance at December 31, 2024</u>	<u>Due in One Year</u>
Compensated Absences	\$ 1,754,913	\$ 62,205	\$ 1,817,118	\$ 696,734

* The change in the compensated absences liability is presented as a net change, per GASB Statement No. 101.

Note 7: Taxation

Because the OC Fair & Event Center is not a legal entity and is under the District Agricultural Association, which is a state agency, it is not subject to taxation by federal or state authorities. All profits and losses flow to the District Agricultural Association and are subject to the tax regulations governing that entity.

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NOTES TO THE FINANCIAL STATEMENTS
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Note 8: Other Post-Employment Benefits

Description of Plan

The 32nd DAA provides other post-employment benefits (OPEB) through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). OPEB addresses unfunded retirement health care by prefunding future health benefits for retired members. Prefunding OPEB is negotiated through the state collective bargaining process and pursuant to Government Code sections 22940 through 22944.5. OPEB contributions are deducted from the total pensionable compensation of each pay period. Pensionable compensation is any pay that is subject to retirement contribution, e.g. regular pay, Industrial Disability Leave, holiday pay, pay differentials, shift differential, and special pay. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Net OPEB Liability

At December 31, 2025 and December 31, 2024, the 32nd DAA reported a liability of \$5,496,622 and \$5,346,180, respectively, for its proportionate share of the net OPEB liability. the 32nd DAA covered payroll is used as the basis for determining its proportion of the OPEB amounts. At December 31, 2025 and December 31, 2024, the 32nd DAA proportion was 0.0145% and 0.0151%, respectively, an decrease of 0.0062% from the prior year.

The 32nd DAA's net OPEB liability was measured as of June 30, 2024 and June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024 and June 30, 2024 to determine the December 31, 2025 and December 31, 2024, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.00%
Inflation	2.30%
Salary Increases	Varies by age and service
Investments Rate of Return	6.00% net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses
Mortality Rate Table	2021 CalPERS Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2020
Healthcare Trend Rate	Pre-Medicare coverage: Actual rates for 2025, increasing to 7.00% in 2026, grading down to 4.50% from 2031 to 2039, and 4.25% for 2040 and later years. Post-Medicare coverage: Actual rates for 2025, increasing to rates ranging from 7.00% to 8.01% in 2026, grading down to 4.50% from 2035 to 2039, and 4.25% for 2040 and later years. Dental coverage: 0.00% for 2025, 2.00% for 2026, 3.00% for 2027, 4.00% for 2028, and 4.25% for 2029 and later years.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 8: Other Post-Employment Benefits (Continued)

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.00%
Inflation	2.30%
Salary Increases	Varies by age and service
Investments Rate of Return	6.00% net of OPEB plan investment expenses but without reduction for OPEB plan administrative expenses
Mortality Rate Table	2021 CalPERS Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2020
Healthcare Trend Rate	Pre-Medicare coverage: Actual rates for 2024, increasing to 7.00% in 2025, grading down to 4.50% from 2030 to 2038, and 4.25% for 2039 and later years. Post-Medicare coverage: Actual rates for 2024, increasing to rates ranging from 7.00% to 7.66% in 2025, grading down to 4.50% from 2035 to 2038, and 4.25% for 2039 and later years. Dental coverage: 0.23% for 2024, 2.00% for 2025, 3.00% for 2026, 4.00% for 2027, and 4.25% for 2028 and later years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Years 1-5	Real Return Years 6-20
Global Equity	49.00%	4.40%	4.50%
Fixed income	23.00%	-1.00%	2.20%
TIPS	5.00%	-1.80%	1.30%
REITS	20.00%	3.00%	3.90%
Commodities	3.00%	0.80%	1.20%
Total	100.00%		

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 8: Other Post-Employment Benefits (Continued)

Changes in the OPEB Liability

The 32nd DAA's portion of net OPEB liability recognized over the measurement period is \$5,496,622 for the Plan.

The DAA's net OPEB liability for the Plan is measured as the proportionate share of the net pension liability. The net OPEB liability is measured as of June 30, 2024, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The DAA's proportion of the net OPEB liability was based on a projection of the DAA's long-term share of contributions to the Plans relative to the projected contributions of all participating employers, as actuarially determined. The 32nd DAA's proportionate share of the net OPEB liability for the Plans as of June 30, 2022, 2023 and 2024 are as follows:

Proportion - June 30, 2023	0.0151%
Proportion - June 30, 2024	<u>0.0145%</u>
Change - Increase (Decrease)	-0.0006%
Proportion - June 30, 2022	0.0129%
Proportion - June 30, 2023	<u>0.0151%</u>
Change - Increase (Decrease)	0.0022%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the 32nd DAA if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

For measurement period ended June 30, 2024:

	1% Decrease 7.00%	Current Discount Rate 6.00%	1% Increase 5.00%
Net OPEB Liability / (Asset)	\$ 6,450,602	\$ 5,496,622	\$ 4,720,144

For measurement period ended June 30, 2023:

	1% Decrease 7.00%	Current Discount Rate 6.00%	1% Increase 5.00%
Net OPEB Liability / (Asset)	\$ 6,257,916	\$ 5,346,180	\$ 4,604,441

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 8: Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the 32nd DAA if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate.

For measurement period ended June 30, 2024:

	1% Decrease Trend Rate	Current Healthcare Cost Trend Rates	1% Increase Trend Rate
Net OPEB Liability / (Asset)	\$ 4,655,633	\$ 5,496,622	\$ 6,562,238

For measurement period ended June 30, 2023:

	1% Decrease Trend Rate	Current Healthcare Cost Trend Rates	1% Increase Trend Rate
Net OPEB Liability / (Asset)	\$ 4,705,687	\$ 5,346,180	\$ 6,156,932

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that includes financial statements and required supplementary information.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2025 and December 31, 2024, the 32nd DAA recognized OPEB expense/(income) of \$163,434 and \$267,295, respectively. As of December 31, 2025 and December 31, 2024, the 32nd DAA reported deferred outflows of resources related to OPEB from the following sources:

For measurement period ended June 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 298,448	\$ -
Differences between expected and actual experiences	365,080	279,678
Changes of assumptions	239,295	667,539
Net difference between projected and actual earnings on OPEB plan investments	24,398	26,985
Total	\$ 927,221	\$ 974,202

**THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 8: Other Post-Employment Benefits (Continued)

For measurement period ended June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 398,401	\$ -
Differences between expected and actual experiences	192,516	458,625
Changes of assumptions	287,044	878,190
Net difference between projected and actual earnings on OPEB plan investments	38,538	13,174
Total	\$ 916,499	\$ 1,349,989

The \$298,448 and \$398,401 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the year ending December 31, 2025 and December 31, 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense as follows:

For measurement period ended June 30, 2024:

Period ended June 30:	Outflows/(Inflows) of Resources
2025	\$ (111,910)
2026	(107,318)
2027	(108,670)
2028	(81,047)
2029	(1,751)
Therafter	65,267
Total	\$ (345,429)

For measurement period ended June 30, 2023:

Period ended June 30:	Outflows/(Inflows) of Resources
2024	\$ (224,577)
2025	(152,444)
2026	(147,663)
2027	(149,069)
2028	(120,446)
Therafter	(37,692)
Total	\$ (831,891)

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY					
Service Cost	\$ 750,548	\$ 802,127	\$ 926,224	\$ 977,848	\$ 1,105,164
Interest	3,318,301	3,471,082	3,546,766	3,789,751	4,311,985
Changes in Assumptions	-	-	2,723,396	(689,461)	-
Difference between Expected and Actual Experience	330,190	(48,733)	(185,982)	223,093	1,099,536
Benefit Payments, Including Refunds of Employee Contributions	(2,426,887)	(2,570,212)	(2,677,816)	(2,935,832)	(3,349,116)
Net Change in Total Pension Liability	1,972,152	1,654,264	4,332,588	1,365,400	3,167,570
Total Pension Liability - Beginning	43,884,464	46,306,397	47,943,508	54,448,870	60,329,926
Total Pension Liability - Ending (a)	\$ 45,856,616	\$ 47,960,660	\$ 52,276,096	\$ 55,814,270	\$ 63,497,496
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 1,241,850	\$ 1,354,794	\$ 1,487,191	\$ 3,525,671	\$ 2,043,574
Contributions - Employee	367,038	385,048	405,452	435,633	510,141
Net Investment Income	716,439	163,238	3,522,168	3,066,917	2,793,202
Benefit Payments, Including Refunds of Employee Contributions	(2,426,887)	(2,570,212)	(2,677,816)	(2,935,832)	(3,349,116)
Net Plan to Plan Resource Movement	(168)	(555)	(1,315)	(671)	(727)
Administrative Expense	(36,501)	(19,948)	(47,292)	(56,352)	(30,925)
Other Miscellaneous Income/(Expense)	-	-	-	(107,013)	100
Net Change in Fiduciary Net Position	(138,229)	(687,634)	2,688,388	3,928,353	1,966,249
Plan Fiduciary Net Position - Beginning	32,550,940	32,730,628	32,031,535	36,163,003	43,334,949
Plan Fiduciary Net Position - Ending (b)	\$ 32,412,711	\$ 32,042,995	\$ 34,719,923	\$ 40,091,356	\$ 45,301,198
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 13,443,905	\$ 15,917,666	\$ 17,556,172	\$ 15,722,914	\$ 18,196,297
Plan Fiduciary Net Position as a Percentage of the Total	70.68%	66.81%	66.42%	71.83%	71.34%
Covered Payroll	\$ 5,016,196	\$ 5,394,440	\$ 5,596,179	\$ 6,023,460	\$ 6,810,231
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	268.01%	295.08%	313.72%	261.03%	267.19%

Notes to Schedule:

Benefit Changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions:

There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016.

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS

	2021	2022	2023	2024	2025
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,124,594	\$ 1,093,997	\$ 1,247,587	\$ 1,276,050	\$ 1,269,462
Interest	4,384,866	4,254,392	4,478,456	4,556,776	4,449,666
Changes in Assumptions	-	-	1,907,937	-	-
Difference between Expected and Actual Experience	392,800	310,722	(570,822)	1,046,868	426,237
Benefit Payments, Including Refunds of Employee Contributions	(3,446,103)	(3,387,908)	(3,671,019)	(3,763,100)	(3,701,396)
Net Change in Total Pension Liability	2,456,157	2,271,202	3,392,140	3,116,595	2,443,969
Total Pension Liability - Beginning	62,094,751	60,338,218	64,779,755	66,236,895	65,277,642
Total Pension Liability - Ending (a)	\$ 64,550,908	\$ 62,609,420	\$ 68,171,895	\$ 69,353,491	\$ 67,721,611
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 2,649,702	\$ 1,868,479	\$ 2,614,690	\$ 3,117,828	\$ 2,851,254
Contributions - Employee	532,121	458,982	553,515	568,947	596,002
Net Investment Income	2,189,231	9,543,620	(4,009,361)	2,920,503	4,487,757
Benefit Payments, Including Refunds of Employee Contributions	(3,446,103)	(3,387,908)	(3,671,019)	(3,763,100)	(3,701,396)
Net Plan to Plan Resource Movement	(2,229)	(1,265)	(1,309)	(919)	(225)
Administrative Expense	(62,453)	(43,104)	(33,249)	(34,887)	(38,486)
Other Miscellaneous Income/(Expense)	-	-	(2)	(1)	(1)
Net Change in Fiduciary Net Position	1,860,269	8,438,804	(4,546,737)	2,808,371	4,194,906
Plan Fiduciary Net Position - Beginning	44,300,435	43,148,186	53,375,028	47,442,345	47,297,522
Plan Fiduciary Net Position - Ending (b)	\$ 46,160,704	\$ 51,586,989	\$ 48,828,291	\$ 50,250,715	\$ 51,492,428
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 18,390,205	\$ 11,022,430	\$ 19,343,604	\$ 19,102,775	\$ 16,229,183
Plan Fiduciary Net Position as a Percentage of the Total	71.51%	82.39%	71.63%	72.46%	76.04%
Covered Payroll	\$ 7,011,185	\$ 6,876,161	\$ 7,215,659	\$ 7,440,526	\$ 7,428,100
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	262.30%	160.30%	268.08%	256.74%	218.48%

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 1,236,710	\$ 1,349,296	\$ 1,481,615	\$ 1,717,939	\$ 2,036,755
Contribution in Relation to the Actuarially Determined Contribution	(1,241,850)	(1,354,794)	(1,487,191)	(3,525,671)	(2,043,574)
Contribution Deficiency (Excess)	<u>\$ (5,140)</u>	<u>\$ (5,498)</u>	<u>\$ (5,577)</u>	<u>\$ (1,807,732)</u>	<u>(6,819)</u>
Covered Payroll	\$ 5,016,196	\$ 5,394,440	\$ 5,596,179	\$ 6,023,460	6,810,231
Contributions as a Percentage of Covered Payroll	24.76%	25.11%	26.58%	58.53%	30.01%

Note to Schedule:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair value of assets
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.8% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS

	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 2,211,185	\$ 1,862,117	\$ 2,164,667	\$ 2,355,724	\$ 2,403,170
Contribution in Relation to the Actuarially Determined Contribution	(2,649,702)	(1,868,479)	(2,614,690)	(3,117,828)	(2,851,256)
Contribution Deficiency (Excess)	<u>(438,517)</u>	<u>(6,362)</u>	<u>(450,022)</u>	<u>(762,105)</u>	<u>(448,086)</u>
Covered Payroll	7,011,185	6,876,161	7,215,659	7,440,526	7,428,100
Contributions as a Percentage of Covered Payroll	37.79%	27.17%	36.24%	41.90%	38.38%

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 20,121	\$ 17,606	\$ 103,509	\$ 329,838
Interest on the total OPEB liability	18,483	20,727	120,152	354,628
Actual and expected experience difference	-	(43,490)	(57,547)	(271,681)
Changes in assumptions	(52,071)	(19,987)	2,588,346	6,623,184
Benefit payments	(13,302)	(13,707)	(86,821)	(280,480)
Net change in total OPEB liability	(26,769)	(38,851)	2,667,639	6,755,489
Total OPEB liability - beginning	544,862	518,093	479,242	3,146,881
Total OPEB liability - ending (a)	518,093	479,242	3,146,881	9,902,370
Plan Fiduciary Net Position				
Contribution - employer	13,431	14,700	95,619	335,414
Contribution - employees	129	994	8,798	54,934
Net investment income	105	126	1,435	4,113
Benefit payments	(13,302)	(13,707)	(86,821)	(280,480)
Administrative expense	-	(1)	(8)	(61)
Other miscellaneous income/expense	-	-	3,716	49,803
Net change in plan fiduciary net position	363	2,112	22,739	163,723
Plan fiduciary net position - beginning	862	1,225	3,337	26,076
Plan fiduciary net position - ending (b)	\$ 1,225	\$ 3,337	\$ 26,076	\$ 189,799
Net OPEB Liability - ending (a) - (b)	\$ 516,868	\$ 475,905	\$ 3,120,805	\$ 9,712,571
Plan fiduciary net position as a percentage of the total OPEB liability	0.24%	0.70%	0.83%	1.92%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: In 2019, the mortality improvement scale was updated to the Society of Actuaries Scale MP-2019. In December 2019, the ACA Excise Tax was repealed and removed from the actuarial assumptions.

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2023	2024	2025
Total OPEB Liability				
Service cost	\$ 219,411	\$ 203,380	\$ 178,961	\$ 175,105
Interest on the total OPEB liability	197,058	148,259	230,306	241,021
Actual and expected experience difference	(479,035)	183,151	15,615	248,077
Changes in assumptions	(3,408,992)	(1,884,418)	57,236	52,193
Benefit payments	(185,396)	(176,963)	570,869	(204,982)
Net change in total OPEB liability	(3,656,954)	(1,526,591)	1,052,987	511,414
Total OPEB liability - beginning	9,902,370	6,245,416	4,718,825	5,565,502
Total OPEB liability - ending (a)	6,245,416	4,718,825	5,771,812	6,076,916
Plan Fiduciary Net Position				
Contribution - employer	185,396	214,568	259,982	263,386
Contribution - employees	45,966	85,031	54,966	50,580
Net investment income	37,043	(39,675)	24,374	53,656
Benefit payments	(185,396)	(170,093)	(205,016)	(212,806)
Administrative expense	(53)	(59)	(103)	(154)
Other miscellaneous income/expense	(71,098)	-	-	-
Net change in plan fiduciary net position	11,858	89,772	134,203	154,662
Plan fiduciary net position - beginning	189,799	201,657	291,429	425,632
Plan fiduciary net position - ending (b)	\$ 201,657	\$ 291,429	\$ 425,632	\$ 580,294
Net OPEB Liability - ending (a) - (b)	\$ 6,043,759	\$ 4,427,396	\$ 5,346,180	\$ 5,496,622
Plan fiduciary net position as a percentage of the total OPEB liability	3.23%	6.18%	7.37%	9.55%

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 25,253	\$ 25,150	\$ 149,855	\$ 450,507
Contribution in Relation to the Actuarially Determined Contributions	(13,431)	(14,700)	(95,619)	(335,414)
Contribution Deficiency (Excess)	<u>\$ 11,822</u>	<u>\$ 10,450</u>	<u>\$ 54,236</u>	<u>\$ 115,093</u>
Expected return on assets	\$ 72	\$ 160	\$ 1,098	\$ 8,768
Percentage of ADC made by employer	53.19%	58.45%	63.81%	74.45%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.00%
General Inflation	2.30%
Payroll Growth	Varies by age and service
Mortality, Disability, Termination, Retirement	2021 CalPERS Experience Study; Mortality Improvement - Mortality projected fully generational with Scale MP-2020
Medical Trend	Pre-Medicare - Actual rates for 2024, increasing to 7.00% in 2025, grading down to 4.50% from 2030 to 2038, and 4.25% for 203 and later years. Post-Medicare - Actual rates for 2024, increasing to rates ranging from 7.00% to 7.66% in 2025, grading down to 4.50% from 2035 to 2038, and 4.25% for 2039 and later years. Dental - 0.23% for 2024, 2.00% for 2025, 3.00% for 2026, 4.00% for 2027, and 4.25% for 2028 and later years.

THE 32ND DISTRICT AGRICULTURAL ASSOCIATION
OC FAIR & EVENT CENTER

SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 301,064	\$ 213,662	\$ 279,091	\$ 292,216
Contribution in Relation to the Actuarially Determined Contributions	(231,362)	(255,124)	(259,982)	(263,386)
Contribution Deficiency (Excess)	\$ 69,702	\$ (41,462)	\$ 19,109	\$ 28,830
Expected return on assets	\$ 9,536	\$ 14,119	\$ 21,680	\$ 28,516
Percentage of ADC made by employer	76.85%	119.41%	93.15%	90.13%



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors and Audit Committee
32nd District Agricultural Association
OC Fair & Event Center
Costa Mesa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 32nd District Agricultural Association, OC Fair & Event Center (32nd DAA), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise 32nd DAA's basic financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 32nd DAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 32nd DAA's internal control. Accordingly, we do not express an opinion on the effectiveness of the 32nd DAA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 32nd DAA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors and Audit Committee
32nd District Agricultural Association
OC Fair & Event Center
Costa Mesa, California

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 32nd DAA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 32nd DAA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
June 22, 2026