




J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 12, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **LOS ANGELES COUNTY FAIR ASSOCIATION'S INDEPENDENT  
AUDIT REPORT ON AGREED-UPON PROCEDURES FOR LEASE  
YEAR 2001**

In 1987, the County entered into a Ground Lease and Operating Agreement with the Los Angeles County Fair Association (Association) for the Association to use and develop the County Fairgrounds. The Agreement requires the Association to pay rent to the County based on gross revenues from the use of the property. We contracted with Conrad and Associates, LLP, to perform agreed-upon procedures to audit the rent paid to the County for the year ended December 31, 2001. The procedures verified the amount of rent paid to the County, the credit applied against the rent payable, and event revenues received and reported by the Association for the lease year 2001.

Based on the procedures performed, Conrad and Associates, LLP, issued a report (attached) which indicates that the Association owes the County \$3,835 in additional rent. The Association agrees with the audit findings and has agreed to pay the County the additional rent.

JTM:PTM:DR  
Attachments

c: David E. Janssen, Chief Administrative Officer  
Public Information Officer  
Audit Committee Members  
Jim Henwood, Los Angeles County Fair Association

COUNTY OF LOS ANGELES

Independent Accountants' Report  
on Applying Agreed Upon Procedures

Lease Year 2001 - Chief Administrative Office  
County Fair Association

For the period January 1, 2001  
through December 31, 2001

Mr. J. Tyler McCauley  
Auditor-Controller  
County of Los Angeles  
Los Angeles, California

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

On February 11, 1987, the County of Los Angeles (County) entered into a Ground Lease and Operating Agreement (Agreement) with the Los Angeles County Fair Association (Association) for the use and development of the Los Angeles County Fairgrounds. The Agreement indicates that the Association pay rent to the County. The rent payable is calculated by using gross revenues derived from the use of the property and received by the Association during a lease year. To determine the annual rent, the Association prepares a "Year to Date County Lease Calculation" which summarizes the gross revenues received during that lease year and calculates the lease amount, in accordance with the Agreement.

We have performed the procedures enumerated below, which were agreed to by the County of Los Angeles, solely to assist County management in evaluating the Los Angeles County Fair Association's compliance with the Ground Lease and Operating Agreement and the First Amendment to Ground Lease and Operating Agreement (Amendment) (dated January 28, 2000) between the County and the Association for the period January 1, 2001 through December 31, 2001. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**SUMMARY OF RESULTS**

The procedures performed and the results of those procedures are identified below in detail. The following is a summary of the more significant items noted as a result of those procedures.

- We noted an additional amount of rent due the County in the amount of \$3,835 as a result of our procedures. The \$3,835 was calculated as follows:

The Association inadvertently paid less than what they had originally calculated	\$ 3,157
Net effect of certain reclassifications of revenue between fair and non-fair accounts	<u>678</u>
Additional amount owed the County as of December 13, 2002	<u>\$ 3,835</u>

- The Lease payment was made nine days beyond the required payment date of May 1, 2002.
- Minor adjustments were noted regarding reported Weekend Event Net Revenues, however, there was no impact on the Association qualifying for the \$600,000 rent credit.
- An internal control recommendation is included regarding the cash receipts process.

Our procedures and findings are as follows:

### COUNTY LEASE CALCULATION

1. We obtained a copy of the most recent Lease Agreement, dated January 20, 1988 and the First Amendment, dated January 28, 2000, between the County and the Association. We read the agreement and amendment to gain an understanding of the revenue categories to be included and excluded in gross revenues for the calculation of rent.

We obtained a copy of the 2001 Year to Date Lease Calculation Schedule (Lease Calculation Schedule) that was prepared by the Association in May 2002 (Exhibit 1). We recalculated the information contained on the Lease Calculation Schedule to determine if the form was mathematically correct. We footed and cross footed all subtotals and totals and recalculated the rent payment for each revenue type.

**Results:** We noted no exceptions as a result of our procedures.

2. We obtained a copy of the Association's 2001 trial balance for all revenue accounts. We compared total revenue reported on the Lease Calculation Schedule to the total revenue per the 2001 trial balance. We also compared all individual revenue line items on the Lease Calculation Schedule over \$1,000,000 to the corresponding revenue accounts in the 2001 trial balance.

**Results:** We noted no exceptions as a result of our procedures.

3. We obtained the Association's 2001 Annual Report and 2001 Tax Return (Form 990) prepared by Association's independent auditor Grant Thornton, L.L.P. We compared amounts reported as total revenues per the tax return to the total revenues per the audited financial statement. We also compared the total revenues per the audited financial statements to the gross revenues on the lease calculation schedule.

**Results:** Total revenues per the financial statement and tax return were \$47,050,541 and \$47,052,541, respectively. The \$2,000 difference between the financial statement and tax return appears to be a gain from sale of an asset other than inventory not reflected on the financial statements. The gross revenues reported on the lease calculation schedule were \$37,155,252. The difference between amounts reported on the lease calculation schedule

excluded hotel revenues and interest income in the amounts of \$9,187,626 and \$707,664, respectively, which are not required to be included in the lease calculation per lease and amendment to lease agreement.

4. In accordance with the Agreement, the Association segregated Fair Revenue from Interim (non-fair) Revenue. The annual lease payment is calculated using 1% for fair revenues and 3.5% for interim revenues. We obtained an understanding of the methodology used in classifying Fair Revenues versus Interim Revenues on the Lease Calculation Schedule. The classifications are based on specific revenue accounts reflected in the trial balance. We selected all gross revenue line items over \$1,000,000 and recalculated the portions allocated to fair revenue and interim revenue.

**Results:** We found that all allocations were properly calculated, except for Department 77, recreational vehicles. For this department, reported fair revenues of \$293,165 consisted of \$223,112 that was appropriately classified as fair revenue and \$70,053 that were incorrectly classified as fair revenue. As a result of this finding, the Association's Controller reviewed the classifications of the gross revenues and prepared a Revised Lease Revenue Calculation, dated December 13, 2002 (Exhibit 2). As a result of this review, the Controller had modifications to the "Horse Show" and "recreational vehicle" line items. The correction of the misclassifications resulted in an additional \$678 being owed to the County.

5. We obtained a copy of the 2001 Revised Lease Calculation Schedule that was prepared by the Association in December 2002 (Exhibit 2). We recalculated the information contained on that Schedule to determine if the form was mathematically correct. We footed and cross footed all subtotals and totals and recalculated the rent payment for each revenue type. We also compared amounts on the May 2002 Lease Calculation Schedule to the December 2002 Revised Lease Calculation Schedule that were not effected by the reclassifications.

**Results:** We noted no exceptions as a result of our procedures.

6. For the more significant gross revenue categories, we performed specific tests to ascertain whether selected revenue entries were in agreement with the appropriate supporting documentation and properly recorded in the trial balance (posted to the correct account). Our specific tests are described as follows:

- A. **Admissions** – We reviewed the Admissions, Parking and Carnival Revenue Report (Revenue Report) and obtained supporting documents for any adjustments made to reduce total revenues.

**Results:** We noted that an adjustment made for donations to the American Red Cross Disaster Relief Fund was properly supported in the amount of \$251,701.

We selected three days from the Revenue Report (9/7/01, 9/8/01 and 9/15/01). We obtained the Admission Summaries and compared the actual cash received per summaries to the amount reported on the daily Revenue Reports.

**Results:** We noted that on 9/7/01 and 9/8/01, the Admission Summary schedules were under reported by \$30 and \$42, respectively, which did not agree to the daily Revenue Reports. The other day selected did not have any variances. The noted variances are considered insignificant.

- B. Commercial/Concession** – We selected fourteen individually significant cash receipts posted to the General Ledger Detail to determine if amounts were properly recorded as Fair revenues. We obtained and reviewed the term of the lease agreements made between the Association and the fourteen companies (Duggan’s Concessions, Recycler Classifieds, Transamerica Promotions, San Juan’s Mexican Crafts and Jewelry, Imperial Outdoor Products Inc., California Department of Justice, Kitchen Gadgets Plus, L&L Concessions, Rose’s Food Concessions, H.D.S. Fair Corporation, J.J. & Son, Chuckwagon Cooking, Fee & Fee Concessions and Lindsey Enterprises). We reviewed the term of occupancy in the agreements to ensure that the term was in agreement with the Fair period held during September 7, 2001 through September 23, 2001.

**Results:** We noted no exceptions as a result of our procedures.

7. We obtained the General Ledger Detail dated January 1, 2001 through December 31, 2001 for the following accounts: Admissions/Oper/Fair (3010-30-1300-A), Carnival/Oper/Midway (3020-30-1361-A), Retail Sales/Food & Bev/Comm Exhibit (3030-34-1302-A), and Food & Bev/Food & Bev/Concession (3040-34-1303-A). We compared the total revenues per the General Ledger Detail to the Association’s Lease Calculation Schedule.

**Results:** We noted no exceptions as a result of our procedures.

8. For individually significant adjustments (greater than \$35,000) identified on the Lease Calculation Schedule, we obtained the general ledger detail and cash receipt records, and reviewed the lease agreement to determine if adjustments made to gross revenues were allowable exclusions in accordance with the lease agreement.

**Results:** We noted no exceptions as a result of our procedures.

### TESTING OF WEEKEND NET REVENUES

9. We obtained a copy of the First Amendment to the Ground Lease and Operating Agreement, dated January 28, 2000 between the Association and the County. In accordance with the Amendment, the Association is entitled to receive a credit against the rent in an amount equal to the lesser of \$600,000, or a sum equal to the projected weekend event net revenue, less actual weekend event net revenue, realized by the Association. Per the amendment, the projected event revenue for 2001 was \$6,117,600. The actual weekend event revenue for 2001 reported by the Association was \$4,971,515.

We read the amendment to determine which events are to be included and excluded in weekend events net revenues for the calculation of the available rent credit. We obtained a copy of the Association’s Summary of Weekend Event Net Revenue. This Summary was a

six page excel document that identified all weekend events that occurred during 2001. The total weekend event net revenue per the Summary was \$4,971,515. We compared the events included in the calculation of weekend net revenues to a separate listing of actual weekend events held during 2001 and ascertained if all weekend events held were properly included and excluded.

**Results:** All events were properly accounted for except for the following events:

**Inadvertently Excluded from Calculation:**

<u>Weekend Event</u>	<u>Event Dates</u>
Sandy Corporation – Honda Testing	August 16-17, 2001
Import Showoff Classic	December 29, 2001
Computer Fair	December 29-30, 2001

**Inadvertently Included with Calculation:**

<u>Weekend Event</u>	<u>Event Dates</u>
Dinner Event Sheraton	October 20, 2001
Drive-Thru Flu Shots	November 17, 2001

We estimated the dollar impact of the three events that were inadvertently excluded from the calculation by reviewing the amount of net revenues earned for similar events. It was estimated that weekend net revenues were understated by approximately \$60,000. The two events that were incorrectly included in the calculation resulted in a net overstatement of only \$91. With these minor adjustments, the Association 2001 Weekend Event Revenue is still below the 2001 Projected Revenue amount.

10. From the Association’s Summary of Weekend Event Net Revenue, we performed specific tests of selected events to ascertain whether the gross and net revenues included in the Summary were in agreement with the appropriate supporting documentation. Our specific tests are described as follows:

A. We selected four weekend events held during 2001 (Memories Expo, Americas Family Pet Expo, Reptile Breeders Show, and Off Road Expo). We obtained the General Ledger Detail Reports for each event and compared the amounts reflected in the general ledger to the amounts reflected in the Association’s Summary of Weekend Events Net Revenues.

**Results:** The results of those procedures are as follows:

<u>Weekend Event</u>	<u>Amount per General Ledger</u>	<u>Amount per Weekend Events Net Revenues Summary</u>	<u>Variance</u>
Memories Expo	\$ 21,502	21,494	8
Americas Family Pet Expo	206,432	206,432	-
Breeders Show	37,291	37,291	-

Off Road Expo	96,111	96,111	-
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B. We obtained the cash receipts and vendor invoices associated with the two (Memories Expo and Off Road Expo) of the four events mentioned above. We traced the cash receipts and vendor invoices to the General Ledger Detail Reports to determine if all revenues and expenses were properly reflected in the general ledger.

**Results:** No exceptions were noted, except for the Off Road Expo event the Association did not pay the applicable City of Pomona tax of 3.8% associated with the parking revenue. Therefore, parking revenue in the general ledger and Weekend Events Net Revenues Schedule were overstated by \$2,246. This minor adjustment does not impact the Association qualifying for the available rent credit.

11. To arrive at a Weekend Event Net Revenue amount of \$4,971,515, the Association excluded certain net revenue earned from “weekend” events that took place on a day other than Friday, Saturday, or Sunday. This is in accordance with the Amendment and was evidenced on the Summary of Weekend Event Net Revenue with a separate column, Week Day Exclusions. The total of that column was \$352,362.

We obtained the Weekend Events Actual Net Revenue Schedule and recalculated the amounts reflected in the Weekday Exclusions column to determine if the correct amount was properly excluded.

**Results:** All exclusions were correctly calculated except for the following minor variances:

<u>Weekend Event</u>	<u>Event Days</u>	<u>Amount per Weekend Events Actual Net Revenue Schedule</u>	<u>Amount per Recalculation</u>	<u>Variance</u>
Spring Boat Show	Wednesday thru Sunday	\$ 13,213	12,434	(779)
NHRA 50 <sup>th</sup> Anniversary Nationals	Thursday thru Saturday	66,476	88,635	22,159
Giant LA RV Show	Wednesday thru Sunday	3,443	3,692	249
Ford Vehicle Testing	Wednesday thru Sunday	(35)	(104)	(69)
	Totals	\$ <u>83,097</u>	<u>104,657</u>	<u>21,560</u>

The minor adjustments do not impact the Association qualifying for the available rent credit.

12. As stated in the First Amendment to the Ground Lease and Operating Agreement, dated January 28, 2000, Section 1(a), if Actual Weekend Net Revenues do not meet or exceed



Projected Weekend Net Revenues for lease year of 2001, the Association is allowed to apply a rent credit to reduce the amount of rent owed to the County for the use of the fair property. The available credit is an amount equal to the lesser of \$600,000 or a sum equal to the Projected Weekend Net Revenue less Actual Weekend Net Revenue realized by the Fair Association for the Lease Year in question. We recalculated the 2001 Weekend Event Revenue and the 2001 Rent Credit Schedules to determine if the rent credit was properly taken.

**Results:** We noted no exceptions as a result of our procedures. The Association qualifies for the 2001 Rent Credit of \$600,000. See Exhibit 4 for the calculation.

13. We obtained an understanding from the Sales and Events Budget Analyst of methodology used to determine “Projected Weekend Event Net Revenues” and “Actual Weekend Event Net Revenues”. We then ascertained whether if Actual Weekend Event Net Revenue were “computed in a manner consistent in all respects with the calculation of Projected Weekend Event Net Revenue” as required per Section 15.19 of the agreement.

**Results:** We noted no exceptions as a result of our procedures.

#### RENT PAYABLE TO COUNTY

14. We compared the total payment made to the total rent calculated by the Association for the period January 1, 2001 through December 31, 2001.

**Results:** Our calculation of the 2001 rent owed to the County as of December 13, 2002 is as follows:

	Percentage per <u>Agreement</u>	<u>Net Revenues</u>	<u>Rent</u>
Fair revenue	1%	\$21,754,334	217,544
Interim revenue	3.5%	<u>13,194,553</u>	<u>461,809</u>
Subtotal		<u>34,948,887</u>	679,353
Less: Allowable credit			<u>(600,000)</u>
2001 Rent			79,353
Rent paid to the County on May 10, 2002			<u>75,518</u>
Rent owed to County as of December 13, 2002			<u>\$3,835</u>

15. We obtained a copy of the check paid to the County and reviewed Article 3, Section 3.01 and 3.06 of the Agreement to ascertain that remittance was required to be submitted on or before May 1.

**Results:** We noted that payment was not submitted until 5/10/02, which was 9 days later than the required date.

### **REVIEW OF SELECTED INTERNAL CONTROLS**

16. Per the terms of the Lease Agreement, lease rental payments are calculated as a percentage from the “gross revenues” generated by the operations of Fair Association. To determine if controls are adequate to ensure that revenue transactions are properly recorded and assets are properly safeguarded, we gained an understanding of the flow of transactions and collection procedures over certain Association’s revenue sources. Through meetings with appropriate personnel, we ascertained the flow of information for the following revenue areas:

Admissions	(approx. \$5,324,000)
Commercial/Concessions	(approx. \$6,694,000)

After we had documented our understanding of the controls in place over the above areas, we selected three days from the Admissions, Parking and Carnival Revenue Report. We then requested the documentation supporting that day’s receipts to determine if the controls were working as described. The procedures performed regarding the review of supporting documentation are described in point six of the “County Lease Calculation” section.

We also selected individually significant cash receipts amounts recorded as Fair Revenue in the Trial Balance to determine if the revenue was appropriately classified. The procedures performed regarding the review of cash receipts are also described in the “County Lease Calculation” section.

**Results:** From our understanding of internal controls and review of transactions we found that the Association’s prescribed policies and procedures are being followed and appear adequate to ensure that revenue transactions are properly recorded and that assets are adequately safeguarded. However, we noted one area in the cash receipts process that would further enhance the controls in this area. During our discussions with various individuals involved in the cash receipts process, it was noted that only one individual in the Commercial Sales Department reconciles the pre-numbered receipts for any missing receipt sequence.

Since the Association utilizes pre-numbered cash receipts, it is recommended that an individual in the Supervisory level not involved in the cash receipts process, maintain a log of pre-numbered receipts and hold individuals accountable for the receipts assigned to them. In addition, all receipts should be reconciled and any missing or out of sequence receipts should be investigated. This would enhance controls to reduce or eliminate any individuals from issuing cash receipts, but not turning in the money.

**OTHER PROCEDURES**

17. We obtained the Balance Sheet for the period ended December 30, 2001, the Advance Deposits schedule that tracks unearned income throughout the year and General Ledger detail for the Unearned Income account. We compared the detail of total amount of unearned income at December 31, 2001 to the Advance Deposits schedule and verified that amounts recorded in the unearned income account pertained to monies received in advance for future events.

**Results:** We noted no exceptions as a result of our procedures.

18. To ensure that 2001 revenues were applied in a manner consistent with the prior year, we compared current year revenues (fair and interim) to prior year revenues. For fluctuations greater than \$100,000 and 15%, we inquired with Association management as to the cause for such fluctuation.

**Results:** Only two line items had fluctuations that warranted an explanation from management:

	<u>Net Current Year (2001)</u>	<u>Net Prior Year (2000)</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Fair Revenue:				
Parking	\$ 2,504,916	2,025,529	479,387	19%
Interim Revenue:				
Admin	174,012	943,840	(769,828)	(442%)

Per our discussion with Karen Furlow, Controller, parking revenues during the fair period increased significantly due to rate increases (\$1 in general, \$2 in preferred, and \$2 in hotel).

In regard to admin revenue, Ms. Furlow mentioned that there was a significant decrease in admin revenues during the interim period due to the separation of various departments and accounts in the current year. Interest income (\$351,000) and Barretts Investments (\$442,979) were accounted for in the previous year as admin revenues. In the current year, these accounts were being reported as separate departments and accounts.

The explanation appeared sufficient in conjunction with our procedures.

\* \* \* \* \*

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Mr. J. Tyler McCauley, Auditor-Controller  
County of Los Angeles  
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This report is intended solely for the use of the County and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Conrad and Associates, L.L.P.*

December 13, 2002

Los Angeles County Fair Association

Exhibit 1

Original Year to Date County Lease Calculation - December 2001

Prepared by the Association in May 2002

	<u>Total Revenue</u>	<u>Fair Revenue</u>	<u>Less Revenue</u>	<u>Net Revenue</u>	<u>%</u>	<u>Fair Calc County Lease</u>	<u>Non Fair Revenue</u>	<u>Less Revenue</u>	<u>Net Revenue</u>	<u>%</u>	<u>Non-fair calc. County Lease</u>	<u>Total County Lease</u>
admin	327,518.65	123,844.24	(85,012.00)	38,832.24	1.00%	388.32	203,674.41	(29,662.81)	174,011.60	3.5%	6,090.41	6,478.73
admissions	5,323,298.50	5,252,088.28		5,252,088.28	1.00%	52,520.88	71,210.22		71,210.22	3.5%	2,492.36	55,013.24
ag	53,225.00	48,640.00		48,640.00	1.00%	486.40	4,585.00		4,585.00	3.5%	160.48	646.88
comcon	6,693,179.78	6,603,730.38		6,603,730.38	1.00%	66,037.30	89,449.40		89,449.40	3.5%	3,130.73	69,168.03
comm	869.00	-		-	1.00%	-	869.00		869.00	3.5%	30.42	30.42
exhibits	189,812.47	189,812.47		189,812.47	1.00%	1,898.12	-		-	3.5%	-	1,898.12
facilities	259,629.05	-		-	1.00%	-	259,629.05	(33,683.30)	225,945.75	3.5%	7,908.10	7,908.10
freeway sign	210,543.35	-		-	1.00%	-	210,543.35		210,543.35	3.5%	7,369.02	7,369.02
grandstand	369,614.99	369,614.99		369,614.99	1.00%	3,696.15	-		-	3.5%	-	3,696.15
group sales	1,823,245.82	1,823,245.82		1,823,245.82	1.00%	18,232.46	-		-	3.5%	-	18,232.46
Horse Show	158,015.83	65,367.00		65,367.00	1.00%	653.67	92,648.83		92,648.83	3.5%	3,242.71	3,896.38
ITW	2,436,511.98	-		-	1.00%	-	2,436,511.98		2,436,511.98	3.5%	85,277.92	85,277.92
parking	5,694,465.25	2,504,916.00		2,504,916.00	1.00%	25,049.16	3,189,549.25		3,189,549.25	3.5%	111,634.22	136,683.38
racing	4,760,073.40	4,760,073.40		4,760,073.40	1.00%	47,600.73	-		-	3.5%	-	47,600.73
rv	1,618,926.77	288,153.29	(144,076.65)	144,076.65	1.00%	1,440.77	1,330,773.48	(665,386.74)	665,386.74	3.5%	23,288.54	24,729.30
sponsorship	1,235,000.00	897,375.00	(897,375.00)	-	1.00%	-	337,625.00	(337,625.00)	-	3.5%	-	-
train	2,265,178.47	-		-	1.00%	-	2,265,178.47		2,265,178.47	3.5%	79,281.25	79,281.25
yr	3,736,143.34	-		-	1.00%	-	3,736,143.34		3,736,143.34	3.5%	130,765.02	130,765.02
	37,155,251.65	22,926,860.87	(1,126,463.65)	21,800,397.23		218,003.97	14,228,390.78	(1,066,357.85)	13,162,032.93		460,671.15	678,675.12

Los Angeles County Fair Association

Exhibit 2

Revised Year to Date County Lease Calculation - December 2001

Prepared by Association on December 13, 2002

	<u>Total Revenue</u>	<u>Fair Revenue</u>	<u>Less Revenue</u>	<u>Net Revenue</u>	<u>%</u>	<u>Fair Calc County Lease</u>	<u>Non Fair Revenue</u>	<u>Less Revenue</u>	<u>Net Revenue</u>	<u>%</u>	<u>Non-fair calc. County Lease</u>	<u>Total County Lease</u>
admin	327,518.65	123,844.24	(85,012.00)	38,832.24	1%	388.32	203,674.41	(29,662.81)	174,011.60	3.5%	6,090.41	6,478.73
admissions	5,323,298.50	5,252,088.28		5,252,088.28	1%	52,520.88	71,210.22		71,210.22	3.5%	2,492.36	55,013.24
ag	53,225.00	48,640.00		48,640.00	1%	486.40	4,585.00		4,585.00	3.5%	160.48	646.88
comcon	6,693,179.78	6,603,730.38		6,603,730.38	1%	66,037.30	89,449.40		89,449.40	3.5%	3,130.73	69,168.03
comm	869.00	-		-	1%	-	869.00		869.00	3.5%	30.42	30.42
exhibits	189,812.47	189,812.47		189,812.47	1%	1,898.12	-		-	3.5%	-	1,898.12
facilities	259,629.05	-		-	1%	-	259,629.05	(33,683.30)	225,945.75	3.5%	7,908.10	7,908.10
freeway sign	210,543.35	-		-	1%	-	210,543.35		210,543.35	3.5%	7,369.02	7,369.02
grandstand	369,614.99	369,614.99		369,614.99	1%	3,696.15	-		-	3.5%	-	3,696.15
group sales	1,823,245.82	1,823,245.82		1,823,245.82	1%	18,232.46	-		-	3.5%	-	18,232.46
Horse Show	158,015.83	65,367.00	(13,543.00)	51,824.00	1%	518.24	92,648.83		92,648.83	3.5%	3,242.71	3,760.95
Intertrack												
Wagering	2,436,511.98	-		-	1%	-	2,436,511.98		2,436,511.98	3.5%	85,277.92	85,277.92
parking	5,694,465.25	2,504,916.00		2,504,916.00	1%	25,049.16	3,189,549.25		3,189,549.25	3.5%	111,634.22	136,683.38
racing	4,760,073.40	4,760,073.40		4,760,073.40	1%	47,600.73	-		-	3.5%	-	47,600.73
rv	1,618,926.77	223,112.53	(111,556.27)	111,556.27	1%	1,115.56	1,395,814.24	(697,907.12)	697,907.12	3.5%	24,426.75	25,542.31
sponsorship	1,235,000.00	897,375.00	(897,375.00)	-	1%	-	337,625.00	(337,625.00)	-	3.5%	-	-
training	2,265,178.47	-		-	1%	-	2,265,178.47		2,265,178.47	3.5%	79,281.25	79,281.25
year round	3,736,143.34	-		-	1%	-	3,736,143.34		3,736,143.34	3.5%	130,765.02	130,765.02
	37,155,251.65	22,861,820.11	(1,107,486.27)	21,754,333.85		217,543.34	14,293,431.54	(1,098,878.23)	13,194,553.31		461,809.37	679,352.70

Los Angeles County Fair Association  
Lease Payable  
For the Period Ended December 30, 2001

	<u>GROSS REVENUE</u>	<u>RATE</u>	<u>RENT AMOUNT</u>
FAIR REVENUE:			
Total Revenue	\$ 22,861,820		
Excluded items:			
Sponsorship	(897,375)		
Horse Show Sponsorships	(13,543)		
Land Rent - Sheraton	(50,012)		
State Appropriation	(35,000)		
RV Part 50% pro rata share	(111,556)		
Adjusted gross fair revenue	<u>21,754,334</u>	1.0%	217,543
INTERIM REVENUE:			
Total interim revenue	14,293,433		
Excluded items:			
Sponsorship	(337,625)		
Government payments	(29,663)		
RV Park 50% pro rata share	(697,907)		
Other	(33,683)		
Adjusted gross interim revenue	<u>13,194,555</u>	3.5%	461,809
PARCEL 1 REVENUE	-	75.0%	-
TOTAL RENT AMOUNT			679,353
Credit (see Exhibit 4)			<u>(600,000)</u>
TOTAL RENT CALCULATED			79,353
Less Rent Paid on May 10, 2002			<u>(75,518)</u>
TOTAL RENT DUE (as of December 13, 2002)			<u>\$ 3,835</u>

LOS ANGELES COUNTY FAIR ASSOCIATION  
2001 Weekend Event Revenue

Weekend Facility Rent	\$ 1,825,955	
Weekday Rent Exclusion	<u>(206,777)</u>	
Ttotal Weekend Rent Revenue		1,619,178
Weekend F&B Revenues	1,144,618	
Weekend Parking Revenues	2,752,241	
Weekday F&B, Parking and Service Exclusions	<u>(569,693)</u>	
Net Weekend Event Revenue		<u>3,327,166</u>
Total Actual Revenues		<u><u>\$ 4,946,344</u></u>
Projected Revenues (including gun shows)	\$ 6,673,200	
Actual Revenues		<u>4,946,344</u>
Excess (Shortfall) from Projection		<u><u>\$ (1,726,856)</u></u>
Available rent credit - Year 2001		<u><u>\$ 600,000</u></u>