

26<sup>th</sup> DISTRICT AGRICULTURAL ASSOCIATION  
AMADOR COUNTY FAIR

**FINANCIAL STATEMENTS**

For the Year Ended December 31, 2011

## TABLE OF CONTENTS

For the Year Ended December 31, 2011

	<u>Page</u>
Board of Directors.....	1
Auditor's Report.....	2
Financial Statements	
Statement of Net Assets.....	3
Statement of Revenue, Expenses, and Changes in Net Assets.....	4
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7
Supplementary Information.....	14

**Amador County Fair**  
For the year ended December 31, 2011

**BOARD OF DIRECTORS**  
(As of report date)

Jeanne Deaver	President
Janice Howard	Past President
Chuck Simmons	Vice President
Michael Boitano	Director
Laurie Forster	Director
Frank Halvorson	Director
Marilyn Hoopes	Director
Robert Manassero	Director
Ciro Toma	WFA Representative

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Accountants on staff:  
Toni Heppe, CPA  
Susan Bordwell

Member of the American Institute of Certified Public Accountants  
AICPA Peer Review program and California Society of CPA's

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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To the Board of Directors  
26<sup>th</sup> District Agricultural Association  
Plymouth, California

I have reviewed the accompanying financial statements of the 26<sup>th</sup> District Agricultural Association (DAA), Amador County Fair, as of December 31, 2011, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the DAA's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedules of expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

The 26<sup>th</sup> DAA, Amador County Fair, has not presented the Management's Discussion and Analysis, which the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Such missing information, 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. My opinion on the basic financial statements is not affected by this missing information.

  
Cathy Castillo, Certified Public Accountant

January 3, 2013

26th District Agricultural Association  
Amador County Fair  
**STATEMENT OF NET ASSETS**  
As of December 31, 2011

**ASSETS**

Current Assets

Cash in banks and on hand	\$	215,536	
Accounts receivable, net		38,260	
Deferred expenses		180	
Prepaid expenses		3,774	
Total Current Assets		\$	257,750

Noncurrent Assets

Capital assets

Land		9,764	
Buildings and improvements		2,937,850	
Equipment		82,308	
Photovoltaic project		439,613	
		3,469,535	
Less: accumulated depreciation		(2,047,053)	
Total Capital Assets			1,422,482

**TOTAL ASSETS**

**\$ 1,680,232**

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$	19,070	
Payroll liabilities		1,097	
Deferred income		1,491	
Guaranteed deposits		3,200	
Other liabilities		39,858	
Current portion of long-term debt		22,371	
Total current liabilities		\$	87,087

Noncurrent Liabilities

Compensated absences liability		42,640	
Long-term debt		210,119	
Lease payable		5,813	
Total noncurrent liabilities			258,572
Total Liabilities			345,659

Net Assets

Invested in capital assets		1,184,179	
Restricted for Junior Livestock Auction		18,540	
Unrestricted		131,854	
Total Net Assets		\$	1,334,573

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 1,680,232**

See accompanying notes and independent accountant's review report.

26th District Agricultural Association  
Amador County Fair

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2011

**REVENUES**

Fairtime admissions	\$	153,237	
Fairtime attractions		65,697	
Fairtime miscellaneous		147,960	
Concessions		109,495	
Exhibits		30,430	
Horse show		22,167	
Industrial and commercial space		34,010	
Junior Livestock Auction			
Percentage from auction sales		29,645	
Advertising sales		125	
Miscellaneous JLA revenue		324	
Reimbursements		936	
Interest income		13	
Interim revenue		127,605	
Other operating revenue		20,636	
Interest income		363	
Contributions			
State allocation		165,000	
In-kind		163,330	
Flex capital		35,000	
State of California		82,500	
CCA		98	
Total Revenue		98	\$ 1,188,571

**EXPENSES**

Administration		251,528	
Maintenance and operations		242,763	
Publicity		53,681	
Attendance operations		69,143	
Miscellaneous fair		19,912	
Premiums		23,603	
Exhibits		80,851	
Horse show		18,962	
Fair entertainment		81,297	
Junior Livestock Auction			
Carcass expense		500	
Barbeque		348	
Labor		1,500	
Supplies		42,077	
Other expenses		1,204	

See accompanying notes and independent accountant's review report.



26th District Agricultural Association  
Amador County Fair  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2011

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 754,445	
Cash received from state government	282,598	
Cash paid to suppliers and vendors	(699,044)	
Cash paid to employees	<u>(370,142)</u>	
Net cash provided (used) by operating activities		\$ (32,143)
<b>Cash flows from capital and related financing activities</b>		
Financing (purchase) of capital assets	13,610	
Interest on debt	<u>(6,314)</u>	
Net cash used by capital and financing activities		7,296
<b>Cash flows from investing activities</b>		
Interest income	<u>376</u>	
Net cash provided from investing activities		<u>376</u>
<b>Net decrease in cash</b>		(24,471)
Cash beginning of year		<u>240,007</u>
<b>Cash end of year</b>		<u><u>\$ 215,536</u></u>

<b>Cash flows from operating activities</b>		
Excess of revenue over expenses		\$ 51,698
Prior year excess of expense over revenue		(16,661)
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation	\$ 86,064	
Decrease (Increase) in:		
Accounts receivable	12,178	
Deferred expenses	(180)	
Prepaid expenses	(3,774)	
Increase (Decrease) in:		
Accounts payable	(22,266)	
Compensated absences liability	14,939	
Deferred income	(163,994)	
Guaranteed deposits	725	
Payroll liabilities	3,545	
Other liabilities	<u>5,583</u>	
Net cash provided (used) by operating activities		<u>(67,180)</u> <u><u>\$ (32,143)</u></u>

See accompanying notes and independent accountant's review report.



26<sup>th</sup> District Agricultural Association  
Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2011

NOTE 1 – ORGANIZATION AND PURPOSE

The 26<sup>th</sup> District Agricultural Association was formed for the purpose of sponsoring, managing and conducting the Amador County Fair (Fair) which has held a fair in Plymouth, California since 1938. The fairgrounds are also used throughout the year for various organizational and private events. The Fair is governed by a nine (9) member board. Board Members are appointed by the Governor of California to serve a four year term.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*A. Basis of Accounting and Presentation –*

The activities of the Fair are accounted for in an enterprise fund, a proprietary fund type. An enterprise fund is 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. Financial records are maintained on the accrual basis method of accounting. Under the accrual method of accounting, revenues are reported in the year earned, rather than collected, and expenses are reported in the year incurred, rather than paid. Accordingly, these statements reflect all significant receivables, payables, and other liabilities.

*B. Cash and Cash Equivalents –*

Cash and cash equivalents include cash held in checking, savings and money market accounts, cash on hand and other highly liquid investments with original maturities of three months or less. The cost of all cash equivalents of the Fair approximates market value.

The California State Treasury makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Therefore the District considers all pooled government funds with LAIF to be cash equivalents.

26<sup>th</sup> District Agricultural Association  
Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

*C. Use of Estimates –*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*D. Donated Services*

Many individuals volunteer their time and perform a variety of tasks that assist the Fair. The value of these services for those individuals that contribute specialized skills or create or enhance a nonfinancial asset was reported in the financial statements at an estimated value of \$163,330, and is reported as in-kind donations.

*E. Advertising-*

Advertising costs are charged to operations when incurred. Advertising costs for the year ended December 31, 2012 totaled \$37,548.

*F. Inventories-*

An inventory, if any, consists primarily of souvenir items sold during fair time, and is stated at cost.

*G. Income Taxes –*

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

*H. Prepaid Items and Deferred Expenses-*

Prepaid balances are for payments made by the Fair in the current year to provide services occurring in the subsequent fiscal year. Deferred expenses are expenses that are carried over and applicable to the next fiscal year.

*I. Property and Equipment –*

Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not materially extend the useful lives of the assets, are expensed. It is the Fair's current policy to capitalize expenditures for these items in excess of \$5,000. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded.

26<sup>th</sup> District Agricultural Association  
Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

*I. Property and Equipment –continued*

Depreciation on all assets is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 50 years. Depreciation expense for fiscal year ended December 31, 2011 was \$86,064.

*J. Guaranteed Deposits –*

The Fair recognizes the advanced monies received to secure the use of fairground services as guaranteed deposits.

*K. Other Liabilities*

Other liabilities represent unclaimed checks issued by the Fair and the amount subsidized by the Fair to the Junior Livestock Auction fund.

*L. Compensated Absences –*

Vested unused vacation, personal leave and compensatory time off may be accumulated and, if not taken, is paid at the date of separation from Fair employment. The compensated absences liability is calculated based on the pay rates in effect at the balance sheet date.

*M. Net Assets-*

Net assets comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net assets are classified in the following three components:

*Invested in capital assets, net of related debt*-This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted*-This component of net assets consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets*-This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in net assets, net of related debt”.

26<sup>th</sup> District Agricultural Association  
 Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2011

NOTE 3- CASH AND CASH EQUIVALENTS

The Fair's cash balances as of December 31, 2011 consisted of the following:

Petty cash		\$	100
Change fund			1,010
Wells Fargo Bank			
Operating account	\$	7,786	
Business checking- PayPal		249	
Market Rate Savings- ATM	128,138		
Business checking- Premium	828		137,001
			<hr/>
Bank of Amador- JLA			26,647
LAIF			50,778
			<hr/>
Total Cash		<b>\$</b>	<b>215,536</b>

The Fair maintains cash balances at several high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 (unlimited for non-interest bearing accounts) through December 31, 2012. At December 31, 2011, the Fair had no uninsured cash balances.

NOTE 4- ACCOUNTS RECEIVABLE

Accounts receivable consist of \$27,408 from Junior Livestock Auction (JLA) sponsors and \$10,803 in trade receivables from fair and interim events. The Fair is required to record an allowance for doubtful accounts based on estimates of collectability.

Junior Livestock Auction sponsors		\$	27,408
Trade receivables	\$	15,327	
Less allowance for doubtful accounts		(4,475)	
net trade receivables			10,852
			<hr/>
Accounts receivable, net		<b>\$</b>	<b>38,260</b>

26<sup>th</sup> District Agricultural Association  
 Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2011

NOTE 5 – PREPAIDS

Prepaid expenses consisted primarily of employee health insurance premiums and union dues paid in advance at December 31, 2011.

NOTE 6 – LEASES

On November 2, 2009, the Fair entered into a lease contract for \$9,374 to acquire a color digital copier. The lease was for 5 years, with 60 monthly payments of \$180 plus applicable sales tax. Purchase price at the end of the lease is the fair market value as determined by the lessor. The effective interest rate is 8.858%. Future minimum lease payments are as follows:

2012	\$	1,888
2013		2,062
2014		1,863
		<u>\$ 5,813</u>

NOTE 7 – LONG TERM DEBT

*PNC Equipment Financing:*

On July 28, 2010 the Fair entered into an agreement with the California Department of Food and Agriculture, Division of Fairs and Expeditions for a grant to assist in servicing the PNC Equipment Finance debt for the Phase II Photovoltaic project. Monthly payments in the amount of \$2,193 are paid directly to the California Construction Authority. The debt carries an interest rate of 5.15%, for 8.25 years, with a projected payoff October 2018. Future principal payments are as follows:

2012	\$	22,371
2013		23,894
2014		24,256
2015		25,629
2016		27,754
thereafter		108,586
		<u>\$ 232,490</u>

26<sup>th</sup> District Agricultural Association  
Amador County Fair  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2011

**NOTE 8- PRIOR PERIOD ADJUSTMENT**

The prior period adjustments to net assets consist entirely of prior year revenue and expenses. The net effects of these adjustments were to decrease net assets by \$16,661.

**NOTE 9- RISK MANAGEMENT**

The Fair is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There were no significant reductions in insurance coverage from prior periods.

**NOTE 10- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 3, 2013, the date the financial statements were available to be issued, and determined the following events subsequent to December 31, 2011 to be of significance, although they do not have a material impact on the results of operations or financial position.

For the calendar year 2012, the Fair will receive no allocation of funds from the State of California. The state allocation for 2011 was \$165,000. It is expected that no further state funding will be received in subsequent years.

SUPPLEMENTARY INFORMATION

26th District Agricultural Association  
Amador County Fair

**EXPENSE DETAIL**  
For the Year Ended December 31, 2011

	Admin- istration	Maintenance and General Operations	Publicity	Attendance Operations	Misc. Fair Expenses (parking)	Exhibit Expenses	Horse Show Expenses	TOTALS (memo only)
Salaries & wages	\$ 126,502	\$ 91,805	\$ -	\$ 30,311	\$ 6,750	\$ 28,014	\$ 2,688	\$ 286,070
Employee benefits	39,316	19,117	-	352	-	165	27	58,977
Payroll taxes	12,603	5,520	-	758	-	497	39	19,417
Worker's comp insurance	10,716	8,399	-	2,729	-	2,522	242	24,608
Advertising	-	-	37,548	-	-	-	-	37,548
Cattle fees	-	-	-	-	-	-	6,300	6,300
Director's expenses	2,032	-	-	-	-	-	-	2,032
Dues & subscriptions	2,882	-	-	-	-	-	-	2,882
Fair aid expense	-	-	-	-	9,682	-	-	9,682
GL insurance	21,721	-	-	-	-	-	-	21,721
Interest expense	6,314	-	-	-	-	-	-	6,314
Junior Livestock subsidy	-	-	-	-	-	35,734	-	35,734
Maint. of grounds & equip	-	43,596	-	-	-	-	-	43,596
Miscellaneous	3,170	59	-	-	-	216	2,411	5,856
Office	11,594	-	-	-	-	-	-	11,594
Professional services	9,174	-	5,095	18,983	920	8,364	2,075	44,611
Promo. & public relations	-	-	10,435	-	-	-	-	10,435
Supplies	-	-	603	16,010	985	5,339	1,134	24,071
Sponsorships	-	-	-	-	1,265	-	-	1,265
Telephone & postage	5,504	-	-	-	-	-	-	5,504
Trash removal, clean up	-	7,178	-	-	310	-	-	7,488
Trophies, medals, ribbons	-	-	-	-	-	-	4,046	4,046
Utilities	-	67,089	-	-	-	-	-	67,089
	<u>\$ 251,528</u>	<u>\$ 242,763</u>	<u>\$ 53,681</u>	<u>\$ 69,143</u>	<u>\$ 19,912</u>	<u>\$ 80,851</u>	<u>\$ 18,962</u>	<u>\$ 736,840</u>