

26th DISTRICT AGRICULTURAL ASSOCIATION
AMADOR COUNTY FAIR

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012
With Comparative Totals
For the Year Ended December 31, 2011

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For the Year Ended December 31, 2012

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26th District Agricultural Association
Amador County Fair
BOARD OF DIRECTORS
(As of report date)
For the Year Ended December 31, 2012

Lori Forster	President
Frank Halvorson	Vice President
Michael Boitano	Director
Jeanne Deaver	Director
Marilyn Hoopes	Director
Janice Howard	Director
Tim King	Director
Janet Colburn Lubenko	Director
Robert Manassero	Director

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Accountants, California Society of CPA's and AICPA Peer Review Program

Independent Accountant's Review Report

To the Board of Directors of
26th District Agricultural Association
Amador County Fair
Plymouth, California

I have reviewed the accompanying financial statements of the 26th District Agricultural Association, Amador County Fair, as of December 31, 2012, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association 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. The prior year summarized comparative information has been derived for the year ended December 31, 2011 and, in my review report dated January 3, 2013, I expressed no opinion on those 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 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.

Cathy Castillo
Certified Public Accountant

Sutter Creek, California
February 13, 2014

26th District Agricultural Association
Amador County Fair

STATEMENT OF NET ASSETS

December 31, 2012 with Comparative Totals as of December 31, 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets		
Cash, in banks and on hand	\$ 292,742	\$ 215,536
Accounts receivable, net	32,666	38,260
Deferred expenses	-	180
Prepaid expenses	4,137	3,774
Total Current Assets	<u>329,545</u>	<u>257,750</u>
Capital Assets		
Land	9,764	9,764
Buildings and improvements	2,937,850	2,937,850
Equipment	82,308	82,308
Photovoltaic project	259,429	439,613
Less: accumulated depreciation	(2,096,527)	(2,047,053)
Total Capital Assets	<u>1,192,824</u>	<u>1,422,482</u>
TOTAL ASSETS	<u>\$ 1,522,369</u>	<u>\$ 1,680,232</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 29,238	\$ 19,070
Deferred income	1,332	1,491
Guaranteed deposits	1,600	3,200
Other liabilities	39,696	39,858
Payroll liabilities	(84)	1,097
Current portion of long-term debt	16,997	22,371
Total Current Liabilities	<u>88,779</u>	<u>87,087</u>
Non-current Liabilities		
Compensated absences liability	28,497	42,640
Capital lease payable	4,076	5,813
Long-term debt, non-current	101,703	210,119
Total Noncurrent Liabilities	<u>134,276</u>	<u>258,572</u>
Total Liabilities	<u>223,055</u>	<u>345,659</u>
Net Assets		
Invested in capital assets, net of related debt	1,070,047	1,184,179
Restricted for Junior Livestock Auction	37,885	18,540
Unrestricted	191,382	131,854
Total Net Assets	<u>1,299,314</u>	<u>1,334,573</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,522,369</u>	<u>\$ 1,680,232</u>

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, 2012 with Comparative Totals
For the Year Ended December 31, 2011

	2012	2011
REVENUE		
Fairtime admissions	\$ 147,276	\$ 153,237
Fairtime attractions	72,527	65,697
Fairtime miscellaneous	164,625	147,960
Concessions	112,351	109,495
Contributions		
In kind revenue	66,500	163,330
State allocation	66,000	165,000
Flex capital	-	35,000
State of California	-	82,500
CCA	-	98
Exhibits	38,310	30,430
Horse show	23,506	22,167
Industrial and commercial space	36,600	34,010
Interest income	67	376
Interim revenue	109,531	127,605
Junior Livestock Auction	26,323	31,030
Other operating revenues	23,824	20,636
Total Revenue	<u>887,440</u>	<u>1,188,571</u>
EXPENSES		
Administration	212,047	251,638
Attendance operations	60,735	69,143
Exhibits	37,129	80,851
Fair entertainment	82,209	81,297
Horse show	22,264	18,962
In kind expenses	66,500	163,330
Junior Livestock Auction expenses	8,023	45,629
Maintenance and operations	222,300	242,763
Miscellaneous fair	22,759	19,912
Premiums	21,486	23,603
Publicity	47,903	53,681
Depreciation expense	73,499	86,064
Total Expenses	<u>876,854</u>	<u>1,136,873</u>
CHANGE IN NET ASSETS	<u>10,586</u>	<u>51,698</u>
NET ASSETS AT BEGINNING OF YEAR	1,334,573	1,299,536
Prior Period Adjustments		
Prior year revenue and expense adjustment	29,311	(9,446)
Prior year Junior Livestock Auction adjustment	1,019	(1,148)
Prior period adjustment	(76,175)	(6,067)
Total Prior Period Adjustments	<u>(45,845)</u>	<u>(16,661)</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,299,314</u>	<u>\$ 1,334,573</u>

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, 2012 with Comparative Totals
For the Year Ended December 31, 2011

	2012	2011
Cash flows from operating activities		
Cash received from customers	\$ 763,512	\$ 754,445
Cash received from state government	66,000	282,598
Cash paid to suppliers and vendors	(516,013)	(699,044)
Cash paid to employees	(200,750)	(370,142)
Net cash provided (used) by operating activities	112,749	(32,143)
Cash flows from capital and related financing activities		
Financing (purchase) of capital assets	-	13,610
Total adjustment to long-term debt and asset	(7,875)	-
Principal payment of capital lease	(1,737)	-
Principal payment of long-term debt	(15,631)	-
Interest paid on debt	(10,367)	(6,314)
Net cash provided by capital and financing activities	(35,610)	7,296
Cash flows from investing activities		
Interest income	67	376
Net cash provided from investing activities	67	376
Net increase (decrease) in cash	77,206	(24,471)
Cash beginning of year	215,536	240,007
Cash end of year	\$ 292,742	\$ 215,536
Cash flows from operating activities		
Excess of revenue over expenses	\$ 10,586	\$ 51,698
Prior year revenue and expense adjustment	29,311	(15,513)
Prior year Junior Livestock Auction adjustment	1,019	(1,148)
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation	73,499	86,064
Decrease (Increase) in:		
Accounts receivable	5,594	12,178
Deferred expenses	180	(180)
Prepaid expenses	(363)	(3,774)
Increase (Decrease) in:		
Accounts payable	10,168	(22,266)
Deferred income	(159)	(163,994)
Guaranteed deposits	(1,600)	725
Other liabilities	(162)	5,583
Payroll liabilities	(1,181)	3,545
Compensated absences liability	(14,143)	14,939
	71,833	(67,180)

See accompanying notes and independent accountant's review report.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - ORGANIZATION AND PURPOSE

The 26th 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. It is expected that 2012 will be the last year that State funds will be received.

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. Advertising-

Advertising costs are charged to operations when incurred. Advertising costs for the year ended December 31, 2012 totaled \$35,777.

C. 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.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

D. Comparative Financial Statements -

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2011, from which the summarized information was derived. Certain amounts have been restated to conform with current year presentation.

E. 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.

F. 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 \$66,500, and is reported as in-kind contributions.

G. Guaranteed Deposits -

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

H. Income Taxes -

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

I. Inventories-

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

J. Other Liabilities

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

K. 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.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

L. 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".

M. 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.

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, 2012 was \$73,499.

N. 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.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 3- CASH AND CASH EQUIVALENTS

The Fair's cash balances as of December 31, 2012 consisted of the following:

Petty cash		\$ 100
Change fund		1,010
Bank of Amador-JLA		50,725
LAIF		50,965
Wells Fargo Bank		
Operating account		188,464
Business checking-PayPal		967
Business checking-Preium		(532)
Market rate savings-ATM		1,043
Total Cash		<u>\$ 292,742</u>

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, 2012, the Fair had no uninsured cash balances.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures related to the LAIF account can be found at the California State Treasurer's Office located at 915 Capitol Mall C-15 Sacramento, CA 95814.

NOTE 4- ACCOUNTS RECEIVABLE

At December 31, 2012, accounts receivable consist of \$22,834 from Junior Livestock Auction (JLA) sponsors and \$9,832 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		\$ 22,834
Trade receivables	\$ 20,280	
Less allowance for doubtful accounts	(10,448)	
Net trade receivables		9,832
Accounts Receivable, net		<u>\$ 32,666</u>

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 5 - PREPAIDS

Prepaid expenses consisted primarily of employee health insurance premiums and union dues paid in advance at December 31, 2012.

NOTE 6 - CAPITAL ASSETS

Capital assets at December 31, 2012, consisted of the following:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Land	\$ 9,764	-	-	\$ 9,764
Buildings and improvements	2,937,850	-	-	2,937,850
Equipment	82,308	-	-	82,308
Photovoltaic project	439,613	-	180,184	259,429
	<u>3,469,535</u>	<u>-</u>	<u>180,184</u>	<u>3,289,351</u>
Less accumulated depreciation				(2,096,527)
Capital Assets, net				<u><u>\$ 1,192,824</u></u>

NOTE 7 - 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%. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present values of its future minimum lease payments as of the inception date. Future minimum lease payments are as follows:

<u>Year Ending</u>	
2013	\$ 2,215
2014	1,861
	<u><u>\$ 4,076</u></u>

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

NOTE 8 - 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:

<u>Year Ending</u>		
2013	\$	16,997
2014		18,434
2015		19,947
2016		21,540
2017		23,217
thereafter		18,565
	<u>\$</u>	<u>118,700</u>

NOTE 9- PRIOR PERIOD ADJUSTMENT

The prior period adjustments to net assets consist of prior year revenue and expenses and also an adjustment to long-term debt. The net effects of these adjustments were to decrease net assets by \$45,845.

NOTE 10- 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 11- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 13, 2014, the date the financial statements were available to be issued, and determined the following events subsequent to December 31, 2012 to be of significance, although they do not have a material impact on the results of operations or financial position.

The Fair had submitted to the California Department of Food & Agriculture a Photovoltaic Phase II loan request and proposed litigation settlement agreement dated October 4, 2013. On October 23, 2013, the Department had responded and had no objections to the proposed terms in the settlement agreement and approved the new loan amount and terms set forth in the request.

Supplementary Information

26th District Agricultural Association
Amador County Fair
EXPENSE DETAIL
For the Year Ended December 31, 2012

	Admin- istration	Maintenance and General Operations	Publicity	Attendance Operations	Misc Fair Expenses	Fair Entertain- ment	Exhibit Expenses	Premium Expense	Horse Show Expense	Totals (memo only)
Salaries & wages	\$ 85,998	\$ 62,226	\$ -	\$ 27,791	\$ 8,372	\$ -	\$ 23,218	\$ -	\$ 2,818	\$210,423
Employee benefits	30,910	24,595	-	374	-	-	160	-	22	56,061
Payroll taxes	5,912	4,191	-	600	-	-	392	-	41	11,136
Worker's comp insurance	9,275	6,042	-	2,410	-	-	2,095	-	254	20,076
Advertising	-	-	35,777	-	-	-	-	-	-	35,777
Bad debt expense	5,973	-	-	-	-	-	-	-	-	5,973
Cattle fees	-	-	-	-	-	-	-	-	8,100	8,100
Director's expenses	280	-	-	-	-	-	-	-	-	280
Dues and subscriptions	1,782	-	-	-	-	-	-	-	-	1,782
Entertainment	-	-	-	-	-	64,085	-	-	-	64,085
Exhibit guide	-	-	-	-	2,085	-	-	-	-	2,085
Fair aid expense	-	-	-	-	10,485	-	-	-	-	10,485
GL insurance	20,078	-	-	-	-	-	-	-	-	20,078
Interest expense	10,367	-	-	-	-	-	-	-	-	10,367
Maintenance of grounds and equip	-	50,732	-	-	-	-	-	-	-	50,732
Miscellaneous	2,602	-	-	300	-	1,209	900	-	965	5,976
Office	27,325	-	-	-	-	-	-	-	-	27,325
Professional services	7,859	-	5,170	17,527	-	16,915	6,303	-	2,269	56,043
Promo. & public relations	-	-	5,993	-	-	-	-	-	-	5,993
Supplies	-	-	963	11,733	-	-	4,061	-	1,572	18,329
Sponsorships	-	-	-	-	1,817	-	-	-	-	1,817
Telephone and postage	3,686	-	-	-	-	-	-	-	-	3,686
Trash removal and clean up	-	5,415	-	-	-	-	-	-	-	5,415
Trophies, medals, cash awards	-	-	-	-	-	-	-	21,486	6,223	27,709
Utilities	-	69,099	-	-	-	-	-	-	-	69,099
	<u>\$ 212,047</u>	<u>\$ 222,300</u>	<u>\$ 47,903</u>	<u>\$ 60,735</u>	<u>\$ 22,759</u>	<u>\$ 82,209</u>	<u>\$ 37,129</u>	<u>\$ 21,486</u>	<u>\$ 22,264</u>	<u>\$728,832</u>