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26th District
Agricultural
Association
**AMADOR
COUNTY
FAIR**

For the Year Ending
December 31, 2013

ANNUAL FINANCIAL REPORT

26th District Agricultural Association
Amador County Fair
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**BOARD OF DIRECTORS
2013**

Laurie Forster - President

Frank Halvorson - Vice President

Micheal Boitano - Director

Jeanne Deaver - Director

Marilyn Hoopes - Director

Janice Howard - Director

Tim King - Director

Jamie Lubenko - Director

Robert Manassero - Director

✦ CATHY CASTILLO
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Toni Heppe, CPA
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Member of the American Institute of Certified Public Accountants
AICPA Peer Review program and California Society of CPA's

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
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 and for the year ended December 31, 2013, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 from Amador County Fair's financial statements for the fiscal year ended December 31, 2012 and in my report dated February 13, 2014 which I expressed no 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.



Cathy Castillo
Certified Public Accountant

Sutter Creek, California
January 9, 2014

26th District Agricultural Association
Amador County Fair
STATEMENT OF NET POSITION
Proprietary Fund

As of December 31, 2013 with Comparative Totals as of December 31, 2012

ASSETS	2013	2012
Current Assets		
Cash, in banks and on hand	\$ 269,560	\$ 292,742
Accounts receivable, net	50,925	32,666
Prepaid expenses	2,381	4,137
Total Current Assets	322,866	329,545
Non-current Assets		
Land	9,764	9,764
Other capital assets, net of accumulated depreciation	1,113,508	1,183,060
Total Non-current Assets	1,123,272	1,192,824
TOTAL ASSETS	\$ 1,446,138	\$ 1,522,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 37,702	\$ 29,238
Guaranteed deposits	-	1,600
Other liabilities	4,022	39,696
Payroll liabilities	236	(84)
Capital lease payable, due within one year	1,861	2,215
Long term debt, due within one year	19,131	16,997
Total Current Liabilities	62,952	89,662
Non-current Liabilities		
Compensated absences liability	20,512	28,497
Capital lease payable, net of current portion	-	1,861
Long-term debt, net of current portion	85,753	101,703
Total Non-current Liabilities	106,265	132,061
Total Liabilities	169,217	221,723
Deferred Inflows of Resources		
Deferred income	1,332	1,332
Total Deferred Inflows of Resources	1,332	1,332
Net Position		
Net Investment of Capital Assets	1,016,528	1,070,047
Unrestricted	259,061	229,267
Total Net Position	1,275,589	1,299,314
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,446,138	\$ 1,522,369

The accompanying notes are an integral part of these financial statements

26th District Agricultural Association
Amador County Fair
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Fund

For the Year Ended December 31, 2013 with Comparative Totals
For the Year Ended December 31, 2012

	2013	2012
OPERATING REVENUE		
Fairtime admissions	\$ 142,879	\$ 147,276
Fairtime attractions	75,061	72,527
Fairtime miscellaneous	148,536	164,625
Concessions	112,568	112,351
Contributions		
In kind revenue	87,210	66,500
State allocation	33,000	66,000
Exhibits	30,981	38,310
Horse show	28,496	23,506
Industrial and commercial space	34,077	36,600
Interim revenue	82,593	109,531
Junior Livestock Auction	48,365	26,323
Other operating revenues	14,807	23,824
Prior year revenue	25,003	30,330
Total Operating Revenue	<u>863,576</u>	<u>917,703</u>
OPERATING EXPENSES		
Administration	195,394	201,680
Attendance operations	51,468	60,735
Exhibits	38,745	37,129
Fair entertainment	82,281	82,209
Horse show	24,223	22,264
In kind expenses	87,210	66,500
Junior Livestock Auction expenses	9,648	8,023
Maintenance and operations	225,343	222,300
Miscellaneous fair	21,711	22,759
Premiums	22,470	21,486
Publicity	51,968	47,903
Depreciation expense	69,552	73,499
Total Operating Expenses	<u>880,013</u>	<u>866,487</u>
TOTAL OPERATING INCOME (LOSS)	<u>(16,437)</u>	<u>51,216</u>
NON-OPERATING REVENUE (EXPENSES)		
Interest income	150	67
Interest expense	(7,438)	(10,367)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(7,288)</u>	<u>(10,300)</u>
CHANGE IN NET POSITION	(23,725)	40,916
NET POSITION AT BEGINNING OF YEAR	1,299,314	1,334,573
Prior Period Adjustments		
Prior period adjustment	-	(76,175)
Total Prior Period Adjustments	-	(76,175)
NET POSITION AT END OF YEAR	<u>\$ 1,275,589</u>	<u>\$ 1,299,314</u>

The accompanying notes are an integral part of these financial statements

26th District Agricultural Association
Amador County Fair
STATEMENT OF CASH FLOWS
Proprietary Fund

For the Year Ended December 31, 2013 with Comparative Totals
For the Year Ended December 31, 2012

	2013	2012
Cash flows from operating activities		
Cash received from customers	\$ 669,998	\$ 763,512
Cash received from state government	33,000	66,000
Cash paid to suppliers and vendors	(531,543)	(541,256)
Cash paid to employees	(187,349)	(200,750)
Net cash provided (used) by operating activities	<u>(15,894)</u>	<u>87,506</u>
 Cash flows from capital and related financing activities		
Interest paid on debt	(7,438)	(10,367)
Net cash provided by capital and financing activities	<u>(7,438)</u>	<u>(10,367)</u>
 Cash flows from investing activities		
Interest income	150	67
Net cash provided from investing activities	<u>150</u>	<u>67</u>
 Net increase (decrease) in cash	(23,182)	77,206
Cash beginning of year	292,742	215,536
Cash end of year	<u>\$ 269,560</u>	<u>\$ 292,742</u>
 Reconciliation of Operating Income to		
Net Cash Flows From Operating Activities		
Net Operating Income (Loss)	\$ (16,437)	\$ 51,216
Adjustment to reconcile net operating income (loss) to net cash provided by operating activities:		
Prior period adjustment to Assets	-	76,175
Depreciation	69,552	73,499
Change in:		
Accounts receivable	(18,259)	5,594
Deferred expenses	-	(180)
Prepaid expenses	1,756	363
Accounts payable	8,464	10,168
Deferred income	-	(159)
Guaranteed deposits	(1,600)	1,600
Other liabilities	(35,674)	162
Payroll liabilities	320	(1,181)
Current portion of long term debt	3,995	(5,374)
Capital lease	(4,076)	(1,737)
Compensated liabilities	(7,985)	(14,224)
Non-current portion of long term debt	(15,950)	(108,416)
Net Cash Provided by Operating Activities	<u>\$ (15,894)</u>	<u>\$ 87,506</u>

The accompanying notes are an integral part of these financial statements

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

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 been held 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 through the Department of Food and Agriculture, Division of Fairs and Expositions, provides fiscal and policy oversight to the Fair.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting, Basis of Accounting and Presentation-

The accounting records of the Fair are organized on the generally accepted basis of accounting for an enterprise fund. Enterprise funds (proprietary fund type) are accounted for using an economic resources measurement focus. With this focus, all assets and liabilities associated with the operations of the fund are included on the Statement of Net Position.

Proprietary funds are maintained on the accrual basis 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.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as non-operating expenses.

B. Support and Revenue-

The Fair's general operations are funded primarily through Fair time revenue, like fair admissions, concessions, and entertainment, and year round rental of facilities.

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. The Fair received \$33,000 in allocations for 2013.

Fair time miscellaneous income consists primarily of various sponsors of the Amador County Fair and other events held at the fairgrounds.

Other operating revenue is includes refunds, reimbursements, rebates, service and handling charges, and other small incidental revenue.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

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

C. Budgetary Control:

The Fair establishes a budget annually and submits the budget to Department of Food and Agriculture. The Board of Directors and Executive Director monitor monthly revenues and expenses against the budget as a control for the District. The 2013 budget was approved December 13, 2012.

D. 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.

E. 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 Fair's financial statements for the year ended December 31, 2012, from which the summarized information was derived. Certain amounts have been restated to conform with current year presentation.

F. 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.

G. 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 \$87,210 and is reported as in-kind contributions.

H. Guaranteed Deposits -

The Fair recognizes the advanced monies received to secure the use of fairground services as guaranteed deposits. These deposits are refundable to the customers once the rental contract has been fulfilled.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventories-

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

J. Other Liabilities

Other liabilities represent the Miss Amador Scholarship fund.

K. Net Position-

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

Net investment in capital assets- This component of net position 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 position 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. The Fair had no restricted earnings in 2013.

Unrestricted- This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available, it is the Fair's policy to use restricted resources first, then unrestricted resources of most to least restricted as they are needed.

L. 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, 2013 was \$69,552.

M. 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, 2013

NOTE 3- CASH AND CASH EQUIVALENTS

The Fair's cash balances as of December 31, 2013 consisted of the following:

Petty cash		\$ 100
Change fund		1,010
Bank of Amador-JLA		19,803
LAIF		51,106
Wells Fargo Bank		
Operating account		184,887
Business checking-PayPal		3,732
Business checking-Preium		1,069
Market rate savings-ATM		7,853
Total Cash		\$ 269,560

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 through December 31, 2013. At December 31, 2013, 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, 2013, accounts receivable consist of \$54,650 from Junior Livestock Auction (JLA) sponsors and \$5,330 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		\$ 54,650
Trade receivables		5,330
Less allowance for doubtful accounts		(9,055)
Accounts Receivable, net		\$ 50,925

NOTE 5 - PREPAIDS

Prepaid balances are for payments made by the Fair in the current year to provide services occurring in the subsequent fiscal year. Prepaid expenses consist of the following at year end:

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2013

NOTE 5 - PREPAIDS (continued)

2014 Property Insurance	\$ 2,105
Amador County Map	160
Employee Benefits	41
American Poultry Assn 2014/15 Dues	33
Union Dues	42
Prepays	\$ 2,381

NOTE 6 - CAPITAL ASSETS

Capital assets at December 31, 2013, consisted of the following:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
Capital Assets not being depreciated:				
Land	\$ 9,764	\$ -	\$ -	\$ 9,764
Total capital assets not being depreciated	9,764	-	-	9,764
Capital assets being depreciated:				
Buildings and improvements	2,937,850	-	-	2,937,850
Equipment	82,308	-	-	82,308
Photovoltaic project	259,429	-	-	259,429
Total capital assets being depreciated	3,279,587	-	-	3,279,587
Less accumulated depreciation	(2,096,527)	(69,552)	-	(2,166,079)
Total capital assets being depreciated, net	1,183,060	(69,552)	-	1,113,508
Total Capital Assets, net				\$ 1,123,272

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:

Year Ending	
2014	1,861
	\$ 1,861

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2013

NOTE 8 - ACCOUNTS PAYABLE

As of December 31, 2013, accounts payable consisted of the following:

California Services and Fair Authority	\$ 13,636
City of Plymouth	2,933
Department of general services	408
Kamps Propane	534
PERS	2,376
PG&E	16,119
True Value	267
Various accounts under \$250	1,429
Accounts Payables	\$ 37,702

All payable were paid within 30 days of the close of the year.

NOTE 9 - 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. In 2013, the debt carried an interest rate of 5.15%. 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. The new agreement requires 60 monthly payments of \$1,759.02 beginning February 1, 2014 and has an annual interest rate of .246%. The total amount financed was \$104,884.

The following is a summary of changes in long term debt for the fiscal year ended December 31, 2013:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13	Amounts Due Within One Year
Photovoltaic Loan	\$ 118,670	\$ 261	\$ (14,047)	\$ 104,884	\$ 19,131

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2013

NOTE 9 - LONG TERM DEBT (continued)

A summary of principal debt service requirements is as follows:

Year Ending	Principal	Interest	Total Payment
2014	\$ 19,131	\$ 217	\$ 19,348
2015	20,921	187	21,108
2016	20,973	136	21,109
2017	21,024	84	21,108
2018	21,076	32	21,108
thereafter	1,759	-	1,759
	\$ 104,884	\$ 657	\$ 105,541

NOTE 10- PENSION PLAN

The Fair contributes to the California Public Employees Retirement System (CALPERS). CALPERS is the largest public pension fund and provides retirement and health benefit services to eligible employees. CALPERS is a defined benefit retirement plan which provides benefits based on the eligible member's years of service, age, and highest compensation. The plan also provides death and disability benefits. CALPERS issues a separate comprehensive financial report that can be obtained online at www.calpers.ca.gov.

GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, will require the District to record net pension obligation on the government-wide statement of net position. Net position obligation equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. GASB 68 will be effective for the Fair for the year ending December 31, 2015.

NOTE 11- 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 12- CONTINGENCIES

The Fair is unaware of any claims made against it that may have a material effect on the financial statement as of December 31, 2013.

26th District Agricultural Association
 Amador County Fair
 EXPENSE DETAIL

For the Year Ended December 31, 2013

	Admin- istration	Maintenance and General Operations	Publicity	Attendance Operations	Misc Fair Expenses	Fair Entertain- ment	Exhibit Expenses	Premium Expense	Horse Show Expenses	JLA Expense	Totals (memo only)
Salaries & wages	\$ 89,264	\$ 60,011	\$ -	\$ 23,918	\$ 9,402	\$ -	\$ 23,921	\$ -	\$ 2,942	\$ -	\$ 209,458
Employee benefits	28,298	25,888	-	-	-	-	-	-	-	-	54,186
Payroll taxes	6,328	3,471	-	605	114	-	393	-	66	-	10,977
Worker's comp insurance	2,946	1,723	-	738	363	-	680	-	86	-	6,536
Advertising	-	-	40,195	-	-	-	-	-	-	112	40,307
Bank fees	2,102	-	-	-	-	-	-	-	-	1,352	3,454
Carcass expense	-	-	-	-	-	-	-	-	-	500	500
Cattle fees	-	-	-	-	-	-	-	-	7,200	-	7,200
Director's expenses	931	-	-	-	-	-	-	-	-	-	931
Dues and subscriptions	1,903	-	-	-	-	-	-	-	-	-	1,903
Entertainment	-	-	-	-	-	46,580	-	-	-	-	46,580
GL insurance	23,684	-	-	-	-	-	-	-	-	-	23,684
Maintenance of grounds and equip	-	60,160	-	-	-	-	-	-	-	-	60,160
Miscellaneous	352	-	-	574	170	1,095	-	-	992	428	3,611
Office	3,651	-	-	-	-	-	-	-	-	-	3,651
Professional services	11,534	-	4,500	17,567	-	17,100	8,110	-	2,350	1,500	62,661
Promo. & public relations	-	-	7,273	-	3,265	-	-	-	-	-	10,538
Rental expense	-	-	-	300	-	-	-	-	-	-	300
Rodeo	-	-	-	-	-	16,200	-	-	-	-	16,200
Supplies	6,707	67	-	7,766	8,397	656	5,641	-	3,484	5,756	38,474
Telephone and postage	3,512	950	-	-	-	-	-	-	-	-	4,462
Trash removal and clean up	-	8,708	-	-	-	-	-	-	-	-	8,708
Trophies, medals, cash awards	-	-	-	-	-	650	-	22,470	7,103	-	30,223
Unemployment insurance	7,714	-	-	-	-	-	-	-	-	-	7,714
Utilities	6,468	64,365	-	-	-	-	-	-	-	-	70,833
	\$ 195,394	\$ 225,343	\$ 51,968	\$ 51,468	\$ 21,711	\$ 82,281	\$ 38,745	\$ 22,470	\$ 24,223	\$ 9,648	\$ 723,251