

+

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

For the Year Ending
December 31, 2015

ANNUAL FINANCIAL REPORT

BOARD OF DIRECTORS
2015

Frank Halvorson - President

Marilyn Hoopes - Vice President

Michael Boitano - Director

Jeanne Deaver - Director

Laurie Forster - Director

Janice Howard - Director

Tim King - Director

Jamie Lubenko - Director

Robert Manassero - Director

**26th District Agricultural Association
Amador County Fair**

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Accountant's Review Report | 1 |
| Financial Statements | |
| Statement of Net Position | 3 |
| Statement of Revenue, Expenses, and Changes in Net Position | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 |
| Required Supplementary Information | |
| Statement of Revenue, Expenses, and Changes in Net Position- Budget and Actual | 17 |
| Schedule of Fair's Proportionate Share of of the Net Pension Liability | |
| Schedule of Contributions | 18 |
| Supplementary Information | |
| Expense Detail | 19 |

✦ CATHY CASTILLO
CERTIFIED PUBLIC ACCOUNTANT
✦ 460 Sutter Hill Road P.O. Box 1355 Suite E
Sutter Creek, California 95685
✦ (209) 267-5119 Fax: (209) 267-0885
ccastillocpa@sbcglobal.net

Accountants on staff:
Toni Heppe, CPA
Susan Bordwell

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 governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the 26th District Agricultural Association (Amador County Fair) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Fair's basic financial statements as listed in the table of contents. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, effective July 1, 2014.

Report on 2014 Financial Statements

I have previously audited the Amador County Fair's 2014 financial statements and I expressed an unmodified opinion on those statements in my report dated January 26, 2016. I have not performed any auditing procedures since that date.

Other Matters

The Amador County Fair has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Cathy Castillo
Certified Public Accountant

Sutter Creek, California
October 26, 2016

26th District Agricultural Association
Amador County Fair

STATEMENT OF NET POSITION

As of December 31, 2015 with Comparative Totals as of December 31, 2014

| | <u>2015</u> | <u>Audited 2014</u> |
|--|----------------------------|----------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| Current Assets | | |
| Cash, in banks and on hand | \$ 346,629 | \$ 221,496 |
| Accounts receivable, net | 26,897 | 48,031 |
| Prepaid expenses | 3,541 | 9,572 |
| Due from JLA fund | 3,126 | - |
| Total Current Assets | <u>380,193</u> | <u>279,099</u> |
| Capital Assets | | |
| Non-depreciable | 86,162 | 9,764 |
| Other capital assets, net of accumulated depreciation | 1,037,346 | 1,088,008 |
| Total Non-current Assets | <u>1,123,508</u> | <u>1,097,772</u> |
| TOTAL ASSETS | 1,503,701 | 1,376,871 |
| DEFERRED OUTFLOWS OF RESOURCES | 22,219 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 1,525,920</u> | <u>\$ 1,376,871</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable | \$ 58,406 | \$ 27,878 |
| Guaranteed deposits | 2,000 | 7,675 |
| Other liabilities | 4,022 | 4,022 |
| Payroll liabilities | 3,392 | 3,239 |
| Long term debt, due within one year | 44,177 | 24,169 |
| Due from JLA Fund | 3,126 | - |
| Unearned revenue | 4,541 | 1,332 |
| Total Current Liabilities | <u>119,664</u> | <u>68,315</u> |
| Non-current Liabilities | | |
| Compensated absences liability | 22,083 | 18,264 |
| Long-term debt, net of current portion | 43,858 | 89,782 |
| Net pension liability | 236,871 | - |
| Total Non-current Liabilities | <u>302,812</u> | <u>108,046</u> |
| Total Liabilities | <u>422,476</u> | <u>176,361</u> |
| Total Deferred Inflows of Resources | <u>46,745</u> | <u>-</u> |
| Net Position | | |
| Net investment of capital assets | 1,053,931 | 1,013,761 |
| Unrestricted funds: | | |
| Junior livestock auction fund | 62,151 | 70,508 |
| General fund | (59,383) | 116,241 |
| Total Net Position | <u>1,056,699</u> | <u>1,200,510</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 1,525,920</u> | <u>\$ 1,376,871</u> |

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
For the Year Ended December 31, 2015 with Comparative Totals
For the Year Ended December 31, 2014

| | 2015 | Audited 2014 |
|---|----------------------------|----------------------------|
| OPERATING REVENUE | | |
| Fair Revenue | \$ 605,587 | \$ 526,458 |
| Non-cash fair sponsorship | 160,000 | 118,800 |
| Non-fair operating revenue | 145,994 | 160,123 |
| Junior Livestock Auction | 37,552 | 21,056 |
| Total Operating Revenue | <u>949,133</u> | <u>826,437</u> |
| OPERATING EXPENSES | | |
| Administration | 200,030 | 203,713 |
| Fair expenses | 334,625 | 292,785 |
| In kind expenses | 160,000 | 83,800 |
| Interim expense | 2,892 | 2,506 |
| Junior Livestock Auction | 42,783 | 26,334 |
| Maintenance and operations | 242,434 | 250,567 |
| Depreciation expense | 71,407 | 71,740 |
| Total Operating Expenses | <u>1,054,171</u> | <u>931,445</u> |
| TOTAL OPERATING INCOME (LOSS) | <u>(105,038)</u> | <u>(105,008)</u> |
| NON-OPERATING REVENUE (EXPENSES) | | |
| State allocation | 33,000 | 33,000 |
| State reimbursement | 104,000 | - |
| Interest income | 162 | 133 |
| Interest expense | (183) | (3,204) |
| TOTAL NON-OPERATING REVENUE (EXPENSES) | <u>136,979</u> | <u>29,929</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 31,941 | (75,079) |
| CAPITAL CONTRIBUTIONS | <u>89,997</u> | <u>-</u> |
| CHANGE IN NET POSITION | 121,938 | (75,079) |
| NET POSITION, BEGINNING AS PREVIOUSLY REPORTED | 1,200,510 | 1,275,589 |
| RESTATEMENT | <u>(265,749)</u> | <u>-</u> |
| NET POSITION, BEGINNING AS RESTATED | <u>934,761</u> | <u>-</u> |
| NET POSITION AT END OF YEAR | <u><u>\$ 1,056,699</u></u> | <u><u>\$ 1,200,510</u></u> |

The accompanying notes are an integral part of these financial statements

26th District Agricultural Association
Amador County Fair

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015 with Comparative Totals

For the Year Ended December 31, 2014

| | 2015 | Audited 2014 |
|--|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ 864,061 | \$ 689,475 |
| Cash paid to suppliers and vendors | (526,102) | (488,065) |
| Cash paid to employees | (283,546) | (275,368) |
| Net cash provided (used) by operating activities | <u>54,413</u> | <u>(73,958)</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition of property and equipment | (57,478) | (11,240) |
| Proceeds from capital contributions | 17,134 | - |
| Payments on long term debt | (20,925) | (22,735) |
| CalPers Liability | (4,990) | 29,940 |
| Interest paid on debt | (183) | (3,204) |
| Net cash provided by capital and financing activities | <u>(66,442)</u> | <u>(7,239)</u> |
| Cash flows from non- capital and related financing activities | | |
| Cash received from state government | 137,000 | 33,000 |
| Net cash provided by capital and financing activities | <u>137,000</u> | <u>33,000</u> |
| Cash flows from investing activities | | |
| Interest income | 162 | 133 |
| Net cash provided from investing activities | <u>162</u> | <u>133</u> |
| Net increase (decrease) in cash | 125,133 | (48,064) |
| Cash beginning of year | 221,496 | 269,560 |
| Cash end of year | <u><u>\$ 346,629</u></u> | <u><u>\$ 221,496</u></u> |

Reconciliation of Operating Income to

Net Cash Flows From Operating Activities

| | | |
|--|-------------------------|---------------------------|
| Net Operating Income (Loss) | \$ (105,038) | \$ (105,008) |
| Adjustment to reconcile net operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 71,407 | 71,740 |
| Donation of building improvements | - | (35,000) |
| Pension Expense | 4,319 | - |
| Change in: | | |
| Accounts receivable | 21,134 | 2,894 |
| Prepaid expenses | 6,031 | (7,190) |
| Deferred outflows | (22,219) | - |
| Compensated absences | 3,819 | - |
| Accounts payable | 30,528 | (9,824) |
| Guaranteed deposits | (5,675) | 7,675 |
| Deferred income | 3,209 | - |
| Deferred inflows | 46,745 | - |
| Payroll liabilities | 153 | 3,003 |
| Net Cash Provided by Operating Activities | <u><u>\$ 54,413</u></u> | <u><u>\$ (73,958)</u></u> |

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:

| | |
|-----------------------------------|-----------|
| Donation of building improvements | \$ 41,800 |
|-----------------------------------|-----------|

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity-

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. The Fair is subject to the policies, procedures, and regulations established by the California Government Code, California Business and Professional Code, Public Contracts Code, Food and Agricultural Code, State Administrative Manual, and the Accounting Procedures Manual established by the Division of Fair and Expositions.

B. 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 are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where they intent is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Fair has one operating fund.

Proprietary funds are reported using the economic measurement focus and the accrual basis of accounting. Revenues are reported in the year earned, rather than collected, and expenses are reported in the year incurred, regardless of the timing of the related cash flows. 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.

C. 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 2015.

Unrestricted- This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets". The Junior Livestock Auction (JLA) fund does not meet the definition of "restricted", however the Board has designated this fund to separately account for all JLA activities.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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.

D. Change in Accounting Principle and Restatement-

Government Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees- both active and inactive employees- are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension- related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

Government Accounting Standards Board Statement No. 71

GASB Statement No. 72, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment to GASB No. 68*, is effective for periods beginning after June 15, 2014. This statement addresses the application of contributions made by a state or local government employer on nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB Statement No. 68 and No. 71 changed the accounting and reporting the Fair's pension expense, net pension liability, and the related deferred inflows of resources and deferred outflows of resources. As a result of these changes, the Fair's financial statements required a restatement. The effect of this restatement increased the Fair's liabilities by \$265,749. This change also requires new required supplementary information schedules.

E. 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 2015.

Capital contributions reflect grants and donations to the Fair for capital improvement projects.

The State reimbursement of \$104,000 represents the amount reimbursed to the Fair from the State of California for use of the fairgrounds as a base camp of operations during the Butte Fire in September 2015.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 2015 budget was approved November 13, 2014. Any expenditures in excess of budgeted amount were covered by the available fund balance.

G. Cash and Cash Equivalents-

The Fair's cash and cash equivalents are held at various local banks. 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.

H. Capital Assets-

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, 2015 was \$71,407.

I. 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, 2014, from which the summarized information was derived. Certain amounts have been restated to conform with current year presentation.

J. 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.

K. 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 \$160,000 and is reported as in-kind contributions.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. Other Liabilities-

Other liabilities represent the Miss Amador Scholarship fund.

N. Prepaid Expenses -

Prepaid balances are for payments made by the Fair in the current year to provide services occurring in the subsequent fiscal year.

O. 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.

NOTE 2- CASH AND CASH EQUIVALENTS

The Fair's cash balances as of December 31, 2015 consisted of the following:

| ACCOUNT | Interest Rate | |
|---------------------------|---------------|--------------------------|
| Petty cash | | \$ 100 |
| Change fund | | 150 |
| American River Bank- JLA | 0.02% | 67,081 |
| LAIF | 0.308% | 51,370 |
| Wells Fargo Bank | | |
| Operating account | | 214,962 |
| Business checking-PayPal | | 3,642 |
| Business checking-Premium | | 1,584 |
| Market rate savings-ATM | 0.03% | 7,740 |
| Total Cash | | <u>\$ 346,629</u> |

Investment Policy: In accordance with Section 53601 of the California Government Code, the Fair may invest in the following:

- Securities of the US government or its agencies
- Negotiable Certificates of Deposit
- Local Agency Investment Fund (LAIF)
- Demand accounts with reputable commercial financial institutions

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 2- CASH AND CASH EQUIVALENTS (continued)

Interest rate risk: Interest rate risk is the risk that changes in the markets interest rates will adversely affect the fair market value of the investment.

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment.

Concentration of credit risk: Concentration of credit risk is the risk of loss that may occur by investment in a single issuer.

Custodial credit risk: Custodial credit risk is the risk, that in the event of the failure of a depository institution, the Fair may not be able to recover its deposits. All bank balances were insured by the Federal Depository Insurance Corporation (FDIC). At no time during the year, did the deposits exceed the insured amount of \$250,000.

To mitigate the above mentioned risks, the Fair follows all regulations regarding investments and holds its investments with the Local Agency Investment Fund (LAIF). This program allows local agencies to participate in a major investment portfolio managed by the State Treasurer's Office. The balance is stated at the fair market value, which is based on the quoted market price. Income from this account is distributed on the amortized cost method, which approximates the fair market value. The amortized cost method is not designed to distribute the unrealized gains and loss of the pool's investment. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures related to the this account can be found at the California State Treasurer's Office located at 915 Capitol Mall C-15 Sacramento, California 95814 or online at www.treasurer.ca.gov/pmia-laif in the reporting documents section listed under PMIA.

NOTE 3- ACCOUNTS RECEIVABLE

At December 31, 2015, accounts receivable consisted of receivables from Junior Livestock Auction sponsors and general trade receivables due from rentals, interim events, and reimbursements. The Fair is required to record an allowance for doubtful accounts based on estimates of collectability.

| | |
|--------------------------------------|-------------------------|
| Junior Livestock Auction sponsors | \$ 5,258 |
| Trade receivables | 30,156 |
| Less allowance for doubtful accounts | (8,517) |
| Accounts Receivable, net | <u>\$ 26,897</u> |

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - CAPITAL ASSETS

Capital assets at December 31, 2015, consisted of the following:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------------|--------------------------|--------------------|----------------------------|
| Capital Assets not being depreciated: | | | | |
| Land | \$ 9,764 | \$ - | \$ - | \$ 9,764 |
| Construction in progress | - | 76,398 | - | 76,398 |
| Total capital assets not being depreciated | <u>9,764</u> | <u>76,398</u> | <u>-</u> | <u>86,162</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 2,984,090 | 6,490 | - | 2,990,580 |
| Equipment | 82,308 | 14,255 | - | 96,563 |
| Photovoltaic project | 259,429 | - | - | 259,429 |
| Total capital assets being depreciated | <u>3,325,827</u> | <u>173,541</u> | <u>-</u> | <u>3,346,572</u> |
| Less accumulated depreciation | <u>(2,237,819)</u> | <u>(71,407)</u> | <u>-</u> | <u>(2,309,226)</u> |
| Total capital assets being depreciated, net | <u>1,088,008</u> | <u>102,134</u> | <u>-</u> | <u>1,037,346</u> |
| Total Capital Assets, net | <u><u>\$ 1,097,772</u></u> | <u><u>\$ 178,532</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,123,508</u></u> |

NOTE 5 - 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. In October of 2013, the Fair refinanced this loan. The refinances loan requires 60 monthly payments of \$1,759.02 and has an annual interest rate of .246%. The total amount refinanced was \$104,884. Monthly payments in the amount of \$2,193 are paid directly to the California Construction Authority.

Public Employees Retirement System (PERS):

During 2014, the Fair received a notice from PERS regarding prior year retirement contributions that had not been determined correctly. As a result, the Fair underpaid its retirement contributions in 2011, 2012 and 2013. The underfunded liability is to be paid to PERS in twelve equal installments beginning in November 2015.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 5 - LONG TERM DEBT (continued)

The following is a summary of changes in long term debt for the fiscal year ended December 31, 2015:

| | Balance 12/31/14 | Additions | Retirements | Balance 12/31/15 | Amounts Due Within One Year |
|-------------------|---------------------|-------------|--------------------|---------------------|-----------------------------------|
| PERS | \$ 29,940 | \$ - | \$ (4,990) | \$ 24,950 | \$ 24,950 |
| Photovoltaic Loan | 84,011 | - | (20,925) | 63,086 | 19,227 |
| TOTAL | \$ 113,951 | \$ - | \$ (25,915) | \$ 88,036 | \$ 44,177 |

A summary of principal debt service requirements is as follows:

| Year Ending | Principal | Interest | Total Payment |
|-------------|------------------|---------------|------------------|
| 2016 | \$ 44,177 | \$ 136 | \$ 44,313 |
| 2017 | 21,024 | 84 | 21,108 |
| 2018 | 21,076 | 32 | 21,108 |
| 2019 | 1,759 | - | 1,759 |
| | \$ 88,036 | \$ 252 | \$ 88,288 |

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE

Plan description- Permanent Fair employees participate in the Fair's cost-sharing multiple employer defined benefit plan administered by the California Public Employees Retirement System (CALPERS). CALPERS is the largest public pension fund and provides retirement and health benefit services to eligible employees. Benefit provisions under the plan are established by state statute and district resolution. CALPERS issues publicly available reports including a full description of the benefit provisions, assumptions, and membership information at the CALPERS website <https://www.calpers.ca.gov/>.

Benefits provided- CALPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous | | |
|---|-------------------------------|---------------------------------------|--------------------------------|
| | First Level | Second Level | PEPRA |
| | Prior to November 16, 2012 | November 16, 2012- January 1, 2014 | On or after January 1, 2014 |
| Hire Date | | | |
| Benefit Formula | 2.7% @ 55 | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55 | 50-55 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.426% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 8% | 7% | 6.25% |
| Required employer contribution rates | 10.958% | 8.512% | 6.237% |

All plans except the PEPRA plan are closed to new members that are not already CALPERS participants.

Contributions- Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate. The total plan contributions are determined through CALPERS annual actuarial valuation process. For public agency cost sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The Fair is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For 2015, the contributions recognized as part of the pension expense were as follows:

| | Miscellaneous | | |
|-------------------------|---------------|--------------|-------|
| | First Level | Second Level | PEPRA |
| Contributions- employer | \$ 21,661 | \$ 558 | \$ - |
| Contributions- employee | \$ 6,405 | \$ 22 | \$ - |

Net Pension Liability- The Fair's net pension liability for each plan is measured as a proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2014, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Fair's portion of the net pension liability was based on a projection of the Fair's long term share of contributions to pension plans relative to the projected contributions of all participating employers, actuarially determined.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

Actuarial Assumptions- The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions for all Plans:

| | Miscellaneous |
|---------------------------|------------------------------|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Payroll Growth | 3% |
| Projected Salary Increase | 3.3%- 14.2% |
| Investment Rate of Return | 7.65% |

The mortality table was developed based on CALPERS specific data. The table includes 2- years of mortality improvements using the Society of Actuaries Scale BB. The underlying mortality assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 experience study for the period 1997 to 2011. The Experience Study may be obtained at the CALPERS website under Forms and Publications.

Discount Rate- The discount rate used to measure the total pension liability was 7.65% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CALPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the test plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CALPERS website under the GASB 68 section.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%) than the current rate:

| | Miscellaneous |
|-------------------------------|---------------|
| Discount Rate -1 (6.65%) | \$348,460 |
| Current Discount Rate (7.65%) | \$236,871 |
| Discount Rate +1 (8.65%) | \$141,119 |

Payable to Plan- The Fair reported a payable \$24,950 as of December 31, 2015 to CALPERS. This amount represents underpaid retirement contributions from 2011, 2012, and 2013. This liability is paid in twelve equal installments and the final payment was made in October 2016. This amount is reported in other liabilities on the financial statement.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

Pension Expenses and Deferred Outflows/ Inflows of Resources Related to Pensions- Deferred inflows of resources represent the net difference between the projected and actual earnings on the plan investments. At December 31, 2015 the Fair reported deferred outflows of resources and deferred inflows of resources related to pensions from the follows sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Contributions subsequent to measurement date | \$ 22,219 | \$ - |
| Differences between expected and actual experience | - | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | (46,745) |
| Adjustment due to differences in proportions | - | - |
| Total | \$ 22,219 | \$ (46,745) |

In 2015, the Fair reported \$22,219 as contributions made subsequent to the measurement date. These contributions are reported as deferred outflows of resources, and will be recognized by the fair in 2016. Other amounts reported as deferred outflows and inflows of resources will be recognized as future pension expense as follows:

| YEAR | |
|------------|----------|
| 2016 | \$11,691 |
| 2017 | \$11,691 |
| 2018 | \$11,691 |
| 2019 | \$11,691 |
| 2020 | - |
| Thereafter | - |

Temporary, 119 day, employees of the Fair participate on the Part-time, seasonal, Temporary Retirement Plan (PST). The PST program is a mandatory 457 plan under the Internal Revenue Code where employees pay 7.5% of your gross wages before taxes, in lieu of Social Security. All contributions are 100% vested and may be withdrawn upon separation of service.

NOTE 7- AMADOR COUNTY FAIR FOUNDATION

The Amador County Fair Foundation is an organization exempt under IRC Section 501 (c)(3). As an exempt organization, the Foundation may receive tax deductible contributions on behalf of the Amador County Fair. The Foundation is an affiliate of the Fair. The Fair has no ownership or voting interest in the Foundation. The activities of the Foundation are not included in the financial statements of the Fair. In 2015, the Foundation provided building improvements and cash donations to the Amador County Fair valued at \$69,623, which has been recognized in the financial statements.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 8- 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 9- 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, 2015.

NOTE 10- SUBSEQUENT EVENTS

The Fair has evaluated subsequent through October 21, 2016, the date through which the financial statements were available to be issued. There were no events to report.

Required
Supplementary
Information

26th District Agricultural Association
Amador County Fair
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Budget and Actual
For the Year Ended December 31, 2015

| | Original and Final Budget | 2015 | Variance |
|---------------------------------------|------------------------------|-------------------|-------------------|
| REVENUE | | | |
| Commercial revenue | 36,600 | 32,336 | (4,264) |
| Concessions | 110,000 | 123,961 | 13,961 |
| Entertainment revenue | 74,700 | 81,431 | 6,731 |
| Exhibits | 35,900 | 40,589 | 4,689 |
| Fairtime admissions | \$ 151,300 | \$ 154,765 | \$ 3,465 |
| Horse show | 23,600 | 25,769 | 2,169 |
| In kind contributions | - | 160,000 | 160,000 |
| Interim revenue | 82,350 | 86,521 | 4,171 |
| Junior Livestock Auction | - | 37,552 | 37,552 |
| Miscellaneous fair | 148,000 | 179,072 | 31,072 |
| Other operating revenues | 17,800 | 14,687 | (3,113) |
| Prior year revenue | - | 12,450 | 12,450 |
| Total Operating Revenue | <u>680,250</u> | <u>949,133</u> | <u>268,883</u> |
| EXPENSES | | | |
| Administration | 157,346 | 200,030 | (42,684) |
| Attendance operations | 51,960 | 57,602 | (5,642) |
| Entertainment expense | 85,200 | 93,214 | (8,014) |
| Exhibits | 43,563 | 39,773 | 3,790 |
| Horse show | 22,584 | 18,193 | 4,391 |
| In kind expenses | - | 160,000 | (160,000) |
| Interim expenses | - | 2,892 | (2,892) |
| Junior Livestock Auction expenses | - | 42,783 | (42,783) |
| Maintenance and operations | 241,409 | 242,434 | (1,025) |
| Miscellaneous fair | 20,765 | 29,609 | (8,844) |
| Premiums | 23,000 | 33,254 | (10,254) |
| Publicity | 54,420 | 62,980 | (8,560) |
| Depreciation expense | 66,357 | 71,407 | (5,050) |
| Total Operating Expenses | <u>766,604</u> | <u>1,054,171</u> | <u>(287,567)</u> |
| NET OPERATING INCOME (LOSS) | <u>(86,354)</u> | <u>(105,038)</u> | <u>(18,684)</u> |
| NON- OPERATING INCOME(EXPENSE) | | | |
| State Allocation | 33,000 | 33,000 | - |
| Capital contributions | - | 89,997 | 89,997 |
| State reimbursement | - | 104,000 | 104,000 |
| Interest income | - | 162 | 162 |
| Interest expense | - | (183) | (183) |
| NET NON-OPERATING INCOME | <u>33,000</u> | <u>226,976</u> | <u>193,976</u> |
| CHANGE IN NET POSITION | <u>\$ (53,354)</u> | <u>\$ 121,938</u> | <u>\$ 175,292</u> |

26th District Agricultural Association
Amador County Fair
**SCHEDULE OF FAIR'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY**
As of December 31, 2015
Last 10 years*

| | Miscellaneous 2015 |
|--|-----------------------|
| Proportion of the net pension liability | 0.09933% |
| Proportionate share of net pension liability | 236,781 |
| Covered Employee payroll | 90,065 |
| Proportionate share of the net pension liability as a percentage of covered employee payroll | 262.90% |
| Plan fiduciary net position | 680,316 |
| Plan fiduciary net position as a percentage of the total pension liability | 287.32% |

26th District Agricultural Association
Amador County Fair
SCHEDULE OF CONTRIBUTIONS
As of December 31, 2015
Last 10 years*

| | Miscellaneous | | |
|---|---------------------|----------------------|---------------|
| | First Level 2015 | Second Level 2015 | PEPRA 2015 |
| Actuarially determined contributions | \$ 21,661 | \$ 558 | \$ - |
| Contributions in relation to the actuarially determined contributions | \$ (21,661) | \$ (558) | \$ - |
| Covered Employee payroll | 87,567 | 2,209 | - |
| Contributions as a percentage of covered employee payroll | 25% | 25% | |

* 2015 was the first year of implementation, therefore only one year is shown.

Supplementary Information

26th District Agricultural Association
 Amador County Fair
EXPENSE DETAIL
 For the Year Ended December 31, 2015

| | Admin- istration | Attendance Operations | Exhibit Expenses | Fair Entertain- ment | Horse Show Expenses | Interim Expense | JLA Expense | Maintenance and General Operations | Misc Fair Expenses | Premium Expense | Publicity | In kind expense & Depreciation | Totals (memo only) |
|----------------------------------|---------------------|--------------------------|---------------------|----------------------------|---------------------------|--------------------|------------------|--|-----------------------|--------------------|------------------|-----------------------------------|-----------------------|
| Advertising | - | - | - | - | - | \$ 2,892 | - | - | - | - | \$ 40,752 | - | \$ 43,644 |
| Bank fees | 12,138 | - | - | - | - | - | 2,117 | - | - | - | - | - | 14,255 |
| BBQ Expense | - | - | - | - | - | - | 866 | - | - | - | - | - | 866 |
| Carcass expense | - | - | - | - | - | - | 500 | - | - | - | - | - | 500 |
| Cash over/under | - | - | - | - | - | - | - | - | 185 | - | - | - | 185 |
| Cattle fees | - | - | - | - | 6,640 | - | - | - | - | - | - | - | 6,640 |
| Compensated leave | 3,819 | - | - | - | - | - | - | - | - | - | - | - | 3,819 |
| Copier expense | 833 | - | - | - | - | - | - | - | - | - | - | - | 833 |
| Depreciation | - | - | - | - | - | - | - | - | - | - | - | 71,407 | 71,407 |
| Dues and subscriptions | 2,186 | - | - | - | - | - | - | - | - | - | - | - | 2,186 |
| Employee benefits | 11,197 | - | - | 38,983 | 225 | - | - | 20,084 | - | - | - | - | 31,506 |
| Entertainment | - | - | - | - | - | - | 10,218 | - | 2,675 | - | - | - | 38,983 |
| Equipment | - | - | - | - | - | - | - | - | - | - | - | - | 12,893 |
| GL insurance | 27,928 | - | - | 14,105 | - | - | - | - | - | - | - | - | 27,928 |
| Grandstand | - | - | - | - | - | - | - | - | - | - | - | 160,000 | 160,000 |
| In Kind Expense | - | - | - | - | - | - | - | - | - | - | - | 160,000 | 160,000 |
| Internet | 3,155 | - | - | - | - | - | - | - | - | - | - | - | 3,155 |
| Judges | - | - | 6,330 | - | 1,100 | - | - | - | - | - | - | - | 7,430 |
| Maintenance of grounds and equip | - | - | - | - | - | - | - | 59,865 | 4,341 | - | - | - | 64,206 |
| Miscellaneous | 4,010 | - | - | 45 | - | - | 6,806 | 257 | 4,206 | - | - | - | 16,215 |
| Parking lot | - | - | - | - | - | - | - | - | 4,300 | - | - | - | 4,300 |
| Payroll processing | 2,482 | - | - | - | - | - | - | - | - | - | - | - | 2,482 |
| Payroll taxes | 3,318 | - | 783 | - | 59 | - | - | 4,358 | 144 | - | - | - | 9,083 |
| Pension Expense | 9,845 | - | 421 | - | - | - | - | 8,055 | - | - | - | - | 17,900 |
| Postage | 2,559 | - | - | - | - | - | - | - | - | - | - | - | 2,559 |
| Processing fees | - | - | - | - | - | - | 7,675 | - | - | - | - | - | 7,675 |
| Professional services | 18,000 | 12,054 | 1,000 | 21,136 | 2,028 | - | 12,381 | - | 3,344 | - | 5,270 | - | 71,869 |
| Promo. & public relations | - | - | - | - | - | - | - | - | - | - | 16,958 | - | 20,302 |
| Rental expense | - | 300 | - | - | - | - | - | - | - | - | - | - | 300 |
| Rodeo | - | - | - | 17,200 | - | - | - | - | - | - | - | - | 17,200 |
| Salaries & wages | 78,290 | 35,284 | 26,953 | - | 2,887 | - | - | 76,464 | 9,943 | - | - | - | 229,821 |
| Supplies | 3,637 | 6,535 | 3,874 | 1,745 | 962 | - | 2,220 | 135 | - | - | - | - | 19,108 |
| Telephone | 1,491 | - | - | - | - | - | - | - | - | - | - | - | 1,491 |
| Trash removal and clean up | - | - | - | - | - | - | - | 5,358 | - | - | - | - | 5,358 |
| Travel and training | 5,706 | - | - | - | - | - | - | - | - | - | - | - | 5,706 |
| Trophies, medals, cash awards | - | - | - | - | 4,145 | - | - | - | - | 33,254 | - | - | 37,399 |
| Unemployment insurance | 5,725 | - | - | - | - | - | - | - | - | - | - | - | 5,725 |
| Utilities | - | - | - | - | - | - | - | 64,234 | - | - | - | - | 64,234 |
| Worker's comp insurance | 3,711 | 1,755 | 1,195 | - | 147 | - | - | 3,624 | 471 | - | - | - | 10,903 |
| \$200,030 | \$ | \$ 57,602 | \$ 39,773 | \$ 93,214 | \$ 18,193 | \$ 2,892 | \$ 42,783 | \$ 242,434 | \$ 29,609 | \$ 33,254 | \$ 62,980 | \$ 231,407 | \$ 1,054,171 |