

26th District
Agricultural
Association
AMADOR
COUNTY
FAIR

2017

For the Year Ended December 31, 2017
with Comparative Totals for the
Year Ended December 31, 2016

**Annual
Financial
Report**

BOARD OF DIRECTORS
2017

Marilyn Hoopes - President

Michael Boitano - Vice President

Jeanne Deaver - Director

Laurie Forster - Director

Frank Halvorson - Director

Janice Howard - Director

Tim King - Director

Jamie Lubenko - Director

Robert Manassero - Director

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

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the business- type activities of the 26th District Agricultural Association (Amador County Fair) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fair's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business- type activities of the Amador County Fair as of December 31, 2017 and the respective changed in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the Amador County Fair will continue as a going concern. As discussed in Note 7 to the financial statements, the Fair has suffered recurring losses from operations and is left with a small operating reserve, and has stated that a substantial doubt exists about the Fair's ability to continue as a going concern.

Management's evaluation of events and conditions and management's plans regarding these matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. My opinion is not modified with respect to this matter.

Other Matters

Summarized Comparative Information

The financial statements include partial and summarized prior-year comparative information. Such information does not include all the accounting principles required or 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 ending December 31, 2016, from which such partial and summarized information was derived.

I have previously reviewed the Fair's 2016 basic financial statements, and in my report dated December 8, 2017, stated that I was not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability and schedule of contributions, and budgetary comparison information 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's 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 missing 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Cathy Castillo
Certified Public Accountant

Sutter Creek, California
January 14, 2019

26th District Agricultural Association
Amador County Fair
STATEMENT OF NET POSITION
As of December 31, 2017 with Comparative Totals as of December 31, 2016

	AUDITED 2017	REVIEWED 2016
Current Assets		
Cash, in banks and on hand	\$ 80,533	\$ 168,675
Accounts receivable, net	11,391	14,370
Grant receivable	-	16,198
Prepaid expenses	7,998	3,417
Total Current Assets	<u>99,922</u>	<u>202,660</u>
Noncurrent Assets		
Capital assets, net	1,612,428	1,176,466
Total Non-current Assets	<u>1,612,428</u>	<u>1,176,466</u>
Total assets	<u>1,712,350</u>	<u>1,379,126</u>
Deferred Outflows of Resources		
Contribution to pension plan after measurement date	39,980	38,240
Pension deferrals	30,425	-
Total Deferred Outflows of Resources	<u>70,405</u>	<u>38,240</u>
Current Liabilities		
Accounts payable	30,152	40,316
Guaranteed deposits	2,400	1,200
Other liabilities	4,022	4,022
Payroll liabilities	4,248	3,636
Current portion of long term debt	19,321	21,029
Total Current Liabilities	<u>60,143</u>	<u>70,203</u>
Non-current Liabilities		
Compensated absences liability	23,433	21,542
CDFA loan	-	16,198
Photovoltaic loan, net of current portion	1,759	21,080
Net pension liability	260,406	228,147
Total Non-current Liabilities	<u>285,598</u>	<u>286,967</u>
Total Liabilities	<u>345,741</u>	<u>357,170</u>
Deferred Inflows of Resources		
Unearned revenue	1,982	1,512
Pension related	17,790	38,098
Total Deferred Inflows of Resources	<u>19,772</u>	<u>39,610</u>
Net Position		
Net investment of capital assets	1,591,348	1,118,159
Unrestricted funds:		
Junior livestock auction fund	10,684	(6,249)
General fund	(184,790)	(91,324)
Total Net Position	<u>\$ 1,417,242</u>	<u>\$ 1,020,586</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, 2017 with Comparative Totals
For the Year Ended December 31, 2016

	AUDITED 2017	REVIEWED 2016
PROGRAM REVENUES		
Admissions	\$ 141,280	\$ 139,455
Commercial space	35,346	32,651
Fair entertainment	85,020	79,706
Food concessions	125,219	119,286
Exhibits	45,006	49,174
Horse show	28,040	22,666
JLA revenue	48,068	33,750
Miscellaneous fair	185,938	177,970
Interim revenue	86,161	109,291
Noncash (exchange) contributions	79,987	160,000
Other revenue	4,166	19,407
Total Operating Revenue	864,231	943,356
OPERATING EXPENSES		
Administration	219,676	199,405
Maintenance and operations	280,225	238,111
Publicity	50,198	56,369
Attendance	58,485	52,842
Miscellaneous fair	11,093	21,947
JLA expense	31,134	86,718
Premiums	34,984	31,411
Exhibits	33,608	35,307
Horse show	21,939	17,890
Fair Entertainment	94,299	90,700
Interim expense	13,607	34,636
Depreciation expense	89,417	78,685
Non-cash (exchange) expenses	79,987	160,000
Small equipment	3,147	11,780
Other expenses	574	198
Total Operating Expenses	1,022,373	1,115,999
TOTAL OPERATING INCOME (LOSS)	(158,142)	(172,643)
NON-OPERATING REVENUE (EXPENSES)		
State allocation	42,009	42,009
Other state funding	190,859	25,676
Interest income	35	302
Interest expense	(80)	(122)
Pension expense	11,432	-
TOTAL NON-OPERATING REVENUE (EXPENSES)	244,255	67,865
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	86,113	(104,778)
CAPITAL CONTRIBUTIONS	310,543	68,665
CHANGE IN NET POSITION	396,656	(36,113)
NET POSITION, BEGINNING	1,020,586	1,056,699
NET POSITION AT END OF YEAR	\$ 1,417,242	\$ 1,020,586

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, 2017 with Comparative Totals
For the Year Ended December 31, 2016

	AUDITED	REVIEWED
	2017	2016
Cash flows from operating activities		
Cash received from customers	\$ 784,297	\$ 817,017
Cash paid to suppliers and vendors	(590,775)	(667,292)
Cash paid to employees	(292,979)	(286,640)
Net cash provided (used) by operating activities	(99,457)	(136,915)
Cash flows from capital and related financing activities		
Acquisition of property and equipment	(214,836)	(131,643)
Proceeds from capital contributions	202,976	68,666
Proceeds from line of credit	-	16,198
Payments on long term debt	(21,080)	(20,977)
CalPERS Liability	-	(24,950)
Interest paid on debt	(80)	(122)
Net cash provided by capital and financing activities	(33,020)	(92,828)
Cash flows from non- capital and related financing activities		
Cash received from state government	44,300	51,487
Net cash provided by capital and financing activities	44,300	51,487
Cash flows from investing activities		
Interest income	35	302
Net cash provided from investing activities	35	302
Net increase (decrease) in cash	(88,142)	(177,954)
Cash beginning of year	168,675	346,629
Cash end of year	\$ 80,533	\$ 168,675

* Non- cash capital donations in 2017 were \$310,543

Reconciliation of Operating Income to		
Net Cash Flows From Operating Activities		
Net Operating Income (Loss)	\$ (158,142)	\$ (172,643)
Adjustment to reconcile net operating income (loss)		
to net cash provided by operating activities:		
Depreciation	89,417	78,685
Change in:		
Accounts receivable	2,980	12,527
Bad debt	(2,926)	-
Prepaid expenses	(4,581)	124
Deferred outflows	(32,165)	(16,021)
Compensated absences	1,891	(541)
Accounts payable	(10,164)	(18,090)
Guaranteed deposits	1,200	(800)
Deferred income	470	(3,029)
Deferred inflows	(20,308)	(8,647)
Net pension liability	32,259	(8,724)
Payroll liabilities	612	244
Net Cash Provided by Operating Activities	\$ (99,457)	\$ (136,915)

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, 2017

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 and are categorized as business- type activities, where the intent is 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.

The Fair's records are maintained on 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.

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.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports different sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources- represent outflows of resources (consumption of net position) that may apply to future periods and that, therefore, will not be recognized as an expense until that time. The Fair has deferred pension outflows as described in Note 6.

Deferred Inflows of Resources- represent inflows of resources (acquisition of net position) that may apply to future periods and that, therefore, will not be recognized as a revenue until that time. The Fair has deferred pension inflows are described in Note 6.

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.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position- continued

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 2017.

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.

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. Pending Accounting Standards-

GASB has issued the following statements, which may impact the Fair's financial reporting requirements in the future:

Government Accounting Standards Board Statement No. 75

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for periods beginning after June 15, 2017. The Fair has not determined the financial effect of this statement.

E. Pensions

For the purposes of measuring the net pension liability and deferred outflows/ inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fair's California Public Employee's Retirement System (CalPERS) plans (Plan's) and additions/ deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CALPERS finance office. For this purpose, benefit payments (including refunds of employee contributions) are recognized with due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 6 for the CalPERS disclosures. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report the following time frames are used:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	June 30, 2015 to June 30, 2016

F. Support and Revenue-

The Fair's general operations are funded primarily through Fair time revenue, such as fair admissions, concessions, and entertainment, and the year-round rental of facilities, and is reported net of discounts. Discount details are provided below:

Interim rental income	\$ 106,355
Less discounts	(20,194)
Interim rental income, net	\$ 86,161

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

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 \$42,009 in allocations for 2017.

In 2016, the Fair was awarded a Deferred Maintenance Grant in the amount of \$202,478. This grant reimburses the fair for approved capital improvement projects, upon completion. The expected completion date is 2018 for these projects. The Fair recognized \$188,568 of grant income in 2017.

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

G. 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 2017 budget was approved December 8, 2016. Any expenditures in excess of budgeted amount were covered by the available fund balance.

H. 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.

I. 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, 2017 was \$89,417.

J. 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, 2016, from which the summarized information was derived. Certain amounts have been restated to conform with current year presentation.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

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

K. 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.

L. 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 \$79,987 and is reported as non-cash (exchange) contributions.

M. 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.

N. Other Liabilities-

Other liabilities represent the Miss Amador Scholarship fund.

O. Prepaid Expenses -

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

P. 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, 2017 consisted of the following:

ACCOUNT	Interest Rate	
Petty cash		\$ 100
Change fund		150
American River Bank- JLA	0.01%	12,211
LAF	0.990%	31
Wells Fargo Bank		
Operating account		59,969
Business checking-PayPal		3,642
Business checking-Premium		1,026
Market rate savings-ATM	0.03%	3,404
Total Cash		\$ 80,533

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 2- CASH AND CASH EQUIVALENTS (Continued)

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

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 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.

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. All of the Fair's investments have maturities of 3 months or less.

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 only uses high quality financial institutions and all of their cash and investments have a maturity of three months or less.

NOTE 3- ACCOUNTS RECEIVABLE

At December 31, 2017, 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	\$ 12,023
Trade receivables	10,810
Less allowance for doubtful accounts	(11,443)
Accounts Receivable, net	\$ 11,390

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 4 - CAPITAL ASSETS

Capital assets at December 31, 2017, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 9,764	\$ -	\$ -	\$ 9,764
Construction in progress	18,230	300,652	-	318,882
Total capital assets not being depreciated	27,994	300,652	-	328,646
Capital assets being depreciated:				
Buildings and improvements	3,180,391	187,927	-	3,368,318
Equipment	96,563	36,800	-	133,363
Photovoltaic project	259,429	-	-	259,429
Total capital assets being depreciated	3,536,383	224,727	-	3,761,110
Less accumulated depreciation	(2,387,911)	(89,417)	-	(2,477,328)
Total capital assets being depreciated, net	1,148,472	135,310	-	1,283,782
Total Capital Assets, net	\$ 1,176,466	\$ 435,962	\$ -	\$ 1,612,428

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.

The following is a summary of changes in long term debt for the fiscal year ended December 31, 2017:

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17	Amounts Due Within One Year
CDFA Loan	16,198	-	(16,198)	-	-
Photovoltaic Loan	42,109	-	(21,029)	21,080	19,321
TOTAL	\$ 58,307	\$ -	\$ (37,227)	\$ 21,080	\$ 19,321

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 5 - LONG TERM DEBT (continued)

A summary of principal debt service requirements is as follows:

Year Ending	Principal	Interest	Total Payment
2018	19,321	28	19,349
2019	1,759	-	1,759
	<u>\$ 21,080</u>	<u>\$ 28</u>	<u>\$ 21,108</u>

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE

Plan description- Permanent Fair employees, are considered to be state employees, and as such, may participate in the Fair's cost-sharing multiple employer defined benefit plan administered by the California Public Employees Retirement System (CALPERS). The Fair is pooled with other Fairs within this plan. 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.

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	8%
Required employer contribution rates	26.720%	26.720%

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

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

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 2017, the contribution to the State Miscellaneous Plan was \$24,426 and to PEPRA was \$2,334.

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, 2016, 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, 2015 rolled forward to June 30, 2016 using standard update procedures. The Fair's portion of the net pension liability was based on the Fair's pensionable compensation for the year in relation to the state's total PERS wages for the same period.

	Miscellaneous Plan
Proportion 2016	0.08074%
Proportion 2017	0.07864%
Change- Increase (Decrease)	-0.00210%

Deferred Outflows and Deferred Inflows of Resources- For 2017, the Fair recognized pension expense of \$(11,432). At December 31, 2017, the Fair reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 38,980	\$ -
Differences between expected and actual experience	2,658	593
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	28,767	
Adjustment due to differences in proportions	-	17,197
Total	\$ 70,405	\$ 17,790

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

In 2017, the Fair reported \$38,980 as contributions made subsequent to the measurement date. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in 2018. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as either a debit or a (credit) in the future as follows:

YEAR	
2018	(2,920)
2019	(1,918)
2020	6,967
2021	5,753
2022	5,753
Thereafter	-
Total	13,635

Actuarial Assumptions- The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions for all Plans:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service

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, 2014 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.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

The Real Return Years 1-10 used an expected inflation rate of 2.5% for this period. The Real Return Years 11+ used an expected rate of 3.0% for this period.

Asset Class	Policy Target Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

Amortization of Deferred Outflows and Inflows of Resources- Under GASB 68, actuarial gains and losses related to the change in total pension liability and fiduciary net position are recognized in pension expense methodically over time.

The first amortized amounts are recognized in the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of resources relations to pensions and will be recognized in future pension expense.

The amortized period differed depending on the source of the gain or loss:

Difference between projected and actual earnings on investments	5 year straight line amortization
All other amounts	Straightline amortization over the average remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Deferred outflows and inflows of resources relating to differences between Expected and Actual Experience, Changes in Assumptions, and employer specific amounts should be amortized over the estimated average remaining service lives (EARSL) or members through the plan. The EARSL for PERF C for 2017 was 4.0 years, which was obtained by dividing the total service years by the total number of participants (active, inactive, and retired) in PERF C. Inactive and retired employees have remaining service lifetimes equal to zero.

26th District Agricultural Association
 Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 6- PUBLIC EMPLOYEE RETIREMENT SERVICE (continued)

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%)	\$354,512
Current Discount Rate (7.65%)	\$260,405
Discount Rate +1 (8.65%)	\$181,401

As of July 1, 2017, the financial reporting discount rate was lowered from 7.65% to 7.15%, which will result in an increase of the net pension liability reported in 2018.

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 gross wages before taxes, in lieu of Social Security. All contributions are 100% vested and may be withdrawn upon separation of service.

NOTE 7- GOING CONCERN BASIS OF ACCOUNTING

At December 31, 2017, the general fund balance on the statement of net position, reflects continuing operating losses for the past five years. This is due to decreased fair time attendance, the decline of facility rental income, as well as increased maintenance costs of aging facilities.

As described in subsequent events (Note 12), the State Fire Marshall will begin assessing additional fees on all year- round rentals at the County Fair Grounds.

The following matters have been considered by management in determining the going concern basis of accounting is appropriate for the preparation of the financial statements:

- Management will continue to reduce hours of staff and limit maintenance through 2019
- The Board of Directors and management are continuing to work with local organizations, including the Amador County Fair Foundation for continued fundraising support
- Any additional fees assessed by the State Fire Marshall would be passed along to the end user
- The State of California passed AB 1499 and SB 368 which should provide additional State funding in 2019 or early 2020
- The Amador County Fair held the 2018 annual county fair and has already begun preparations for the annual 2019 fair

Management believes the additional financial support and reduction of expenses will allow the Fair to continue its operations, and as such the financial statements have been prepared on a going basis of concern basis. Accordingly, no adjustments have been made relating to the recoverability and classification of the assets or the settlement amounts and classification of liabilities that might be necessary if management is unsuccessful in its efforts.

26th District Agricultural Association
Amador County Fair
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8- CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Fair's operations are concentrated in recreational activities and the Fair receives support from the state government. The Fair operates in a regulated environment. The operations of the Fair are subject to the administrative directives, rules, and regulations of the federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by the relevant regulatory agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with the change. Any change in governmental support provided could have a direct and material effect on the Fair's ability to carry out its activities.

NOTE 9- 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 2017, the Foundation provided building improvements and cash donations to the Amador County Fair valued at \$310,543, which has been recognized in the financial statements.

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- 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, 2017.

NOTE 12- SUBSEQUENT EVENTS

The Fair has evaluated subsequent through January 14, 2019 the date through which the financial statements were available to be issued. The following events are reportable:

In February 2018, the Fair lost a short-term loan through American River Bank, which allowed payment from the Junior Livestock Auction (JLA) to the sellers, prior to receiving payment from the buyers. In March of 2018, the Board of Directors restructured the process requiring a credit card or check to be held prior to the auction in order to guarantee payment. Payments are made to sellers once sufficient funds have been received to pay all the sellers.

In June 2018, a State Fire Marshall (SFM) communicates to the Fair that additional fees will be imposed on all year-round rentals. These fees are expected to range between \$100- \$3,000, depending on the event, and will be invoiced after the event. All additional fees assessed by the SFM will be passed on to the end user.

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, 2017

	Original and Final Budget	2017	Variance
PROGRAM REVENUES			
Admissions	\$ 164,672	\$ 141,280	\$ (23,392)
Commercial space	32,500	35,346	2,846
Fair Entertainment	83,225	85,020	1,795
Food concessions	129,340	125,219	(4,121)
Exhibits	48,000	45,006	(2,994)
Horse show	26,000	28,040	2,040
JLA revenue	-	48,068	48,068
Miscellaneous fair	173,725	185,938	12,213
Interim revenue	115,500	86,161	(29,339)
Noncash contributions	-	79,987	79,987
Other revenue	18,030	4,166	(13,864)
Total Operating Revenue	<u>790,992</u>	<u>864,231</u>	<u>73,239</u>
OPERATING EXPENSES			
Administration	210,474	219,676	(9,202)
Maintenance and operations	237,781	280,225	(42,444)
Publicity	53,210	50,198	3,012
Attendance	81,865	58,485	23,380
Miscellaneous fair	22,556	11,093	11,463
JLA expense	-	31,134	(31,134)
Premiums	29,300	34,984	(5,684)
Exhibits	49,348	33,608	15,740
Horse show	20,723	21,939	(1,216)
Fair entertainment	96,060	94,299	1,761
Interim expense	16,800	13,607	3,193
Depreciation expense	85,674	89,417	(3,743)
In kind expenses	-	79,987	(79,987)
Small equipment	-	3,147	(3,147)
Other expenses	-	574	(574)
Total Operating Expenses	<u>903,791</u>	<u>1,022,373</u>	<u>(118,582)</u>
Total Operating Loss	<u>(112,799)</u>	<u>(158,142)</u>	<u>(45,343)</u>
State Allocation	42,009	42,009	-
Capital contributions	-	190,859	190,859
Other state funding	2,661	310,543	307,882
Interest income	-	35	35
Interest expense	-	(80)	(80)
Pension expense	-	11,432	11,432
NET NON-OPERATING INCOME	<u>44,670</u>	<u>554,798</u>	<u>510,128</u>
CHANGE IN NET POSITION	<u>\$ (68,129)</u>	<u>\$ 396,656</u>	<u>\$ 464,785</u>

26th District Agricultural Association
Amador County Fair
**SCHEDULE OF FAIR'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY- MISCELLANEOUS PLAN**
As of December 31, 2017
Last 10 years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.07864%	0.08074%	0.09933%
Proportionate share of net pension liability	\$ 260,405	\$ 228,147	\$ 236,781
Covered Employee payroll	\$ 87,997	\$ 85,960	\$ 90,065
Proportionate share of the net pension liability as a percentage of covered employee payroll	295.92%	265.41%	262.90%
Plan fiduciary net position	\$ 524,208	\$ 549,541	\$ 680,316
Plan fiduciary net position as a percentage of the total pension liability	201.30%	240.87%	287.32%

Related Notes:

* Omitted years: GASB 68 was implemented in 2015, therefore information prior to this year is not included.

SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN- MISCELLANEOUS PLAN
As of December 31, 2017
Last 10 years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 26,760	\$ 22,536	\$ 22,219
Contributions in relation to the actuarially determined contributions	(26,760)	(22,536)	(22,219)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee payroll	\$ 87,997	\$ 85,960	\$ 90,065
Contributions as a percentage of covered employee payroll	30%	26%	25%

Notes to Schedule:

Methods and assumptions to determine contributions rates:

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013
Actuarial Method	Entry Age normal cost method		
Amortization method	Level of percentage of payroll		
Asset valuation method	Market Value		
Discount Rate	7.65%	7.65%	7.65%
Projected salary increases	3.30% - 14.20%	3.30% - 14.20%	
Inflation	2.75%	2.75%	2.75%
Payroll growth	3%	3%	3%

Related Notes:

* Omitted years: GASB 68 was implemented in 2015, therefore information prior to this year is not included.