22nd District Agricultural Association and its Blended Component Units

Financial Report
December 31, 2015

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

Contents

Independent Auditor's Report

To the Board of Directors of the
22nd District Agricultural Association and its Blended Component Units
Del Mar, California

Report on the Financial Statements
We have audited the accompanying financial statements of the 22nd District Agricultural Association (a component unit of the State of California) and its blended component units, the State Race Track Leasing Commission and the Del Mar Race Track Authority (collectively referred to hereafter as the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District'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 error or fraud.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 my management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2015 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and proportionate share of net pension liability and the schedule of contributions 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. We 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. We 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The supplemental schedule of fair revenues and expenses, and combining financial statements on pages 34 through 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of fair revenues and expenses, and combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplemental schedule of fair revenues and expenses, and combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Irvine, California
June 28, 2016

Overview

The 22nd District Agricultural Association (the DAA) is a state agency that owns and operates the Del Mar Fairgrounds (the Fairgrounds), a 400 acre multi use entertainment, exhibit, and horseracing facility, as well as the Horsepark equestrian facility. Our main event is the San Diego County Fair (the Fair), which in 2015 was the sixth largest fair in North America. We appeal to a very broad audience in San Diego County and beyond both county lines and country borders into Mexico. We are also producers of one of the top three horse shows in the country, the Del Mar National Horse Show. In the fall, we hold our annual Scream Zone haunted house. The Fairgrounds was the site of over 300 interim events in 2015, including car shows, rodeos, concerts, music festivals and many consumer shows.

The following analysis of the combined financial results of the DAA, Race Track Authority (RTA), and Race Track Leasing Commission (RTLC) (collectively the District) has been prepared to provide a more thorough understanding of the financial performance of these combined entities for the years ended December 31, 2015 and 2014. Please read this analysis in conjunction with the financial statements that follow this section.

This annual financial report includes three items:

1. Management's discussion and analysis.

2. Independent auditors' report.

3. Combined financial statements and supplemental schedules for the years ended December 31, 2015 and 2014, including notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

Statement of net position: The statement of net position includes all of the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities), and net position—the difference between assets and liabilities—of the District and the changes in them. The statement of net position also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

Condensed statements of net position as of December 31 (dollars in thousands):

	2015	2014
Assets and Deferred Outflow of Resources		
Assets:		
Current assets	$ 38,445	$ 16,970
Current portion of restricted investments	3,190	3,304
Noncurrent restricted investments	3,297	4,700
Capital assets	108,966	108,256
Total assets	153,898	133,230
Deferred outflow of resources:		
Deferred outflow of pension liability	1,929	-
Total deferred outflow of resources	1,929	-
Total assets and deferred outflow of resources	$ 155,827	$ 133,230
Liabilities, Deferred Inflow of Resources and Net Position		
Liabilities:		
Current liabilities	$ 10,032	$ 7,919
Long-term debt	46,449	24,384
Other long-term liabilities	23,755	2,651
Total liabilities	80,236	34,954
Deferred inflow of resources:		
Deferred gain on debt defeasance	568	-
Deferred inflow of pension liability	4,635	-
Total deferred inflow of resources	5,203	-
Net position	70,388	98,276
Total net position	70,388	98,276
Total liabilities, deferred inflow of resources and net position	$ 155,827	$ 133,230

Analysis of the Statement of Net Position

- Current assets of the District, excluding the current portion of Restricted Investments, increased $21.5 million in 2015. District cash and cash equivalents increased $2.7 million. Short-term investments increased $1.5 million due to successful operating results for the District. The amount committed as contributed capital to be transferred to the RTA to pay for approved projects increased $755,000. RTA cash and equivalents increased $552,000 as the operating checking account balance had a higher balance representing an amount reimbursed to the RTA from bond funds for projects paid in advance by the RTA. Investments increased $18.5 million with the issuance of the RTA Series 2015 Revenue Bonds. When these bonds were issued, the RTA paid $1.9 million from its existing Surplus Account to pay down the 2005 bonds. $25 million was deposited to the Project Fund to fund bond-related projects. At year's end, a balance of $20.4 million remained in this fund. The District's accounts receivable increased $185,000, largely due to amounts due from promoters who held horse shows at Horsepark. The amount due from the Del Mar Thoroughbred Club to the Race Track Leasing Commission for the 2015 fall race meet increased $19,000. The District's prepaid expenses decreased $29,000, while interest receivable to the RTA earned on investments increased $16,000, and the RTA's receivables and prepaid expenses increased $69,000. $29,000 in closing costs on the bonds were paid in advance by the RTA and due from the Trustee at year-end. In addition, $26,000 set aside for closing costs was not needed, and was transferred to the Project Fund in 2016.

- The District's current portion of Restricted Investments decreased $114,000. With the issuance of the 2015 bonds, the RTA's debt service requirement for the current year is less than what had been required for 2014 under the terms of the 2005 bonds.

- Noncurrent restricted investments decreased $1.4 million, with the new bond issuance. The Reserve Fund requirement for the 2015 bonds is less than the requirement for the 2005 bonds.

- Capital assets net of depreciation increased $710,000 as bond funded projects such as the new track were completed in 2015.

- Current liabilities of the District increased $2.1 million in 2015. Accounts payable for the District increased $144,500, primarily due to invoices received in 2016 for RTA projects completed in 2015. Accrued interest payable increased $268,000 with the issuance of bonds in 2015 that included $25 million in new debt. Accrued liabilities increased $501,000. The District's reimbursement to Premier for their operating expenses for the fall meet was $400,000 greater in 2015. In 2014 the District had advanced funds to Premier, but did not in 2015. Accrual of accounts payable for invoices not received increased in 2015 as well. The District's liability for accrued employee absences increased $131,000. The current portion of long-term liabilities for the Race Track Authority increased $1.98 million with the issuance of the 2015 bonds. The current portion of bonds payable for the Race Track Authority decreased $910,000 pursuant to the debt payment schedule for the 2015 bonds.

- Long-term debt increased $22.1 million in 2015 with the issuance of the bonds.

- Other long-term liabilities decreased $2.4 million as restoration work progressed on the Consent Orders with the California Coastal Commission and $2.2 million has been moved to current liabilities. Net pension liability of $23.5 million was recorded for the first time in 2015 as prescribed by Governmental Accounting Standards Board (GASB) 68. Please refer to Note 10 for further explanation of this new reporting requirement for state entities that share the cost of employee pensions through CalPERS. Other long-term liabilities decreased $300,000 in 2014 as this work progressed.

Statements of revenue, expenses and changes in net position: All of the District's revenue, expenses and other changes in net position are accounted for in the statements of revenue, expenses and changes in net position. This statement measures the success of the District's operations during the years presented and can be used to determine whether the District has successfully recovered all of its costs through its fees and other sources of revenue. It also shows profitability and creditworthiness. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

Condensed combined statements of revenues, expenses and changes in net position for the years ended December 31 (dollars in thousands):

	2015	2014
Operating revenues	$ 77,760	$ 73,678
Operating expenses	77,431	74,802
Income (loss) from operations	329	(1,124)
Nonoperating expenses	(1,885)	(1,335)
Change in net position	(1,556)	(2,459)
Beginning net position	98,276	100,735
Restatement	(26,332)	-
Ending net position	$ 70,388	$ 98,276

Analysis of the statement of revenues, expenses and changes in net position: Operating revenues increased $4.1 Million in 2015 due to the following:

- Food and beverage revenues increased $845,000 in 2015. Gross sales from the summer race meet increased $350,000 due to four additional race days. Fall race meet sales decreased $230,000 from 2014. With an additional half day of the 2015 fair, gross sales were up $90,000. Catering for interim events increased $635,000, largely due to the Marvel Comics event and the KAABOO music festival.

- Concessions and carnival revenues increased $1.2 million for the 2015 fair. Gross carnival ride revenues increased $803,000. The District's share of fairtime food concessions revenue increased $304,000. Carnival games revenues increased $23,000. Commercial space rentals increased $68,000.

- Admissions increased $562,000. Fair admissions increased $737,000 with a $1.00 increase in ticket prices and an extra half day of the 2015 fair. The District co-promoted Professional Bull Riding in 2014, which was not held in 2015, reducing revenues by $69,300. Fairtime concert revenues were stronger in 2014 than in 2015, resulting in a decline in concert sales of $84,000 in 2015. Admissions to the Del Mar National Horse Show decreased $24,000.

- Facility rentals increased $1.16 million due in large part to the KAABOO three-day music festival, which held its first event at the Fairgrounds in 2015. In addition, Marvel Comics held a one-time event at the fairgrounds in February. Stall rentals for horse shows increased $91,000 and arena rentals for these shows increased $55,000.

- Satellite wagering revenues decreased $203,000, primarily due to increased competition of mini-satellite locations in San Diego County. Total handle in California declined 2.7 percent in 2015, and that decline also impacted satellite wagering. Admissions and memberships declined $27,600. Program sales decreased $25,000. Track commissions declined $105,000. Account wagering and mini-satellite revenue declined $23,600. Lottery sales decreased $22,000.

- Parking revenues increased $41,000 with an additional half day of the 2015 fair.

- Leases/operating agreement revenue of the District decreased $651,000. The Del Mar Thoroughbred Club's final net profits payable to the RTLC was $762,000 less than in 2014. Revenues from racing were down primarily due to rain on the first weekend of the summer meet, lower attendance at the fall race meet, and a final payment upon termination of a pension plan for non-represented employees. DMTC paid the District $400,000 to offset the loss of facility rentals during the fall race meet, the same amount that was paid to the District in 2014. The District's lease revenues for Surf & Turf recreation park and cell sites increased $111,000.

- Surf & Turf driving range, miniature golf and RV park revenues increased $16,600, largely due to increased revenues from rents in the RV lot.

- Sponsorship revenues increased $395,000 with additional sponsors in 2015, as well as increased commitments from some sponsors as they renewed their agreements.

- Other income increased $718,000. The District received a food and beverage buyout from KAABOO of over $600,000. Sales of feed and bedding at horse shows increased $117,000.

- The District received grant funds in the amount of $112,000 for restroom improvements. Entry fees for handicapping contests at Satellite Wagering decreased $60,000 with less contests held in 2015. Year-end adjustments made in 2014 for $79,000 were not repeated in 2015. ATM fees increased $31,000.

Operating expenses increased $2.0 million in 2015 due to the following:

- Payroll and related benefits increased $995,000. The state granted permanent employees a 2.5 percent Cost of Living Adjustment (COLA) on July 1, 2015, the second COLA since 2007. Vacant positions were also filled, and some temporary positions were changed to semi-permanent. On July 1, 2014, the state raised its minimum hourly wage from $8.00 to $9.00. 2015 payroll reflected the first full year of this increase for much of its temporary staff. These factors resulted in an increase in payroll of $625,000. The employer share of CalPERS pension costs rose, resulting in an increase in cost of $379,000. Offsetting this increase is a credit adjustment for the implementation of GASB 68 in the amount of $155,000. The cost of employee health benefits increased $107,000. The District's share of payroll taxes increased $36,000. Unemployment taxes decreased $28,000. The District, as a state agency, must pay on a pooled, claims-made basis, which has no upper limit. The expenses for unused leave liability increased $31,000 as employees took less vacation than was accrued.

- Food and beverage expense increased $734,000, due in large part to an increase in labor and cost of goods sold in relation to increased sales for the longer summer meet and catered interim events, including Marvel Comics and KAABOO.

- Entertainment expenses increased $438,000 in 2015. The carnival ride operators' split increased $370,000 with the additional half day of the fair, as well as the popularity of the rides. A new stage was rented for a new location in the Paddock during the fair, which attracted bigger acts, and a new Fiesta Village was built in the infield for the fair. These resulted in an increase in the cost of entertainment of over $124,000. At Satellite Wagering, there were less handicapping contests, resulting in a decrease in prizes paid of $53,000.

- Maintenance expenses increased $234,000. The DAA's expenses increased $564,000, which included $319,000 in additional contracted labor services for the short transition between the fair and race meet, additional horse shows, facility maintenance projects, and support for the increase in interim events. Equipment rental costs increased $204,000 with an additional fair day, and support for KAABOO, which was recouped under facility rentals. The cost of utilities increased $36,000. The remainder was attributable to general repairs of the facility. Maintenance expenses for the RTA decreased $330,000 as some 2014 projects were completed and related maintenance was not needed in 2015.

- Facilities and related supplies increased $88,000 in 2015, largely due to expenses incurred preparing the venue for the KAABOO music festival with a very short turnaround time from the summer race meet that ended in early September.

- Insurance expense increased $121,000 due to increases in workers' compensation costs, as payroll increased with a 2.5 percent COLA on July 1, 2015 for permanent employees, and California's increase in minimum wage effective July 1, 2014. 2015 reflected the first full year of the impact of the minimum wage increase for some of the District's temporary employees.

- Depreciation expense decreased $187,000 as more assets became fully depreciated, most notably the synthetic track surface, which was taken off the books in July 2014, when it was removed in order to be replaced with the new natural dirt surface for the 2015 summer race meet.

- Professional services increased $610,000, due primarily to additional Sheriff, peer security and medical services provided for the KAABOO music festival. These expenses totaling approximately $485,000 were offset by increased facility rental revenues. With an additional day of the fair in 2015, as well as a stage rented for a week in the paddock, production costs increased $75,000. The District made a payment of $20,000 to the San Deguito Riverpark JPA in conjunction with the California Coastal Commission consent orders. Professional services for plans and designs for potential projects were reallocated from construction in progress to expense in 2015, resulting in an increase of $111,000.

- Marketing expenses increased $51,000 as we added more community outreach programs and increased outdoor and online advertising for various events, festivals and competitions held during the fair.

- Other expenses decreased $457,000 primarily due to RTA expenses related to the consent orders with the California Coastal Commission. As consent order work for backstretch water quality improvements was completed in 2014, these expenses dropped off in 2015.

- Net position was restated to reflect the implementation of GASB Statement No. 68 and Statement No. 71, which restated net position by $26,331,367. Of this amount, $28,457,018 was to record the net pension liability as of January 1, 2015 and $2,125,651 was to record the deferred outflow as of January 1, 2015.

Economic and Other Factors

Recruitment and retention: The District, as a state agency, falls under the purview of the California Department of Human Resources (CalHR). This department was created on July 1, 2012 by Governor Brown's reorganization plan, which consolidated the Department of Personnel Administration with the State Personnel Board. CalHR sets all pay scales and administers health benefits for state employees. Under this State system, most of the District's permanent employees have reached the top of their pay scales. Permanent employees received a 3.5 percent COLA on July 1, 2006, and a 3.4 percent COLA on July 1, 2007. This two-part increase was the second COLA since August 2000. Most of the bargaining units represented at the Fairgrounds entered into union contracts with the state in July 2010 that called for a 4.62 percent reduction in pay and an increase of 3 percent in the employee contribution to CalPERS for the remainder of the contract period or June 30, 2013. The most current contracts run from July 2, 2013 to July 1, 2016. While pay has been restored, most employees continue to contribute at the same rate of 8 percent to CalPERS.

Over the past several years, these compensation circumstances have posed challenges to the District to recruit and retain qualified, highly competent personnel. Legislation that would allow the Board of Directors more autonomy in determining pay levels that are competitive with those in the San Diego area has to date not been successful. In 2006 senior management requested that the Department of Personnel Administration (DPA) approve a recruiting and retention differential for the District's represented employees to help offset salary levels that have fallen woefully behind the market in San Diego. To date this request has not been approved.

Governor Brown's proposed state budget for 2012/2013 included a 4.62 percent pay cut for state employees. This pay cut was in effect until June 30, 2013. As of July 1, 2013, pay was restored to 2007 compensation levels based on the last general salary increase. Effective July 1, 2013, the pay ranges for each classification were adjusted so that the ceiling rose by 3 percent. For most of the District's employees, that resulted in a 3 percent pay increase. Effective July 1, 2014, the state granted a COLA of 2 percent to its permanent employees, the first since 2007. Effective July 1, 2015, permanent employees were granted a 2.5 percent increase. Most bargaining unit contracts that expire on July 1, 2016 are still being negotiated.

State mandated furlough programs: Furlough programs were put in to effect February 1, 2009. All state agencies were ordered to implement a program for all represented state employees and supervisors for two days per month, regardless of the source of funding for that agency. In July 2009, former Governor Schwarzenegger extended this program to three days per month. That brought the salary reduction from 9.23 percent to 13.85 percent from July 1, 2009 to June 30, 2010. When a budget was not passed by the state legislature, he extended the furlough program to October 31, 2010.

On November 1, 2010, Governor Brown extended the furlough program at one day per month, or the equivalent of a 4.62 percent pay reduction, until October 31, 2011. Pay was restored until July 1, 2012, when the same pay reduction was put into effect with another furlough program, running from July 1, 2012 to June 30, 2013. Pay scales were restored to 2007 levels on July 1, 2013. All state employees used any remaining accrued furlough days prior to using any vacation, annual leave, personal holiday, holiday credit, personal leave or compensatory time off.

The economic impact of the furlough program on the District contributed to an increase in payroll costs for overtime, temporary labor and unused leave liability. In order to support events that are held year round, the District had to incur more overtime costs to compensate for those employees who were out on furlough, and employ temporary labor to support our events.

Employer pension costs: The rates to the District for pension contributions for its tier one employees increased by 0.952 percent in July, 2015 to 25.150 percent, up from 24.198 percent for the fiscal year 2014/15. Effective July 1, 2016, the rate increased to 26.728 percent.

Indian casinos/advance deposit wagering and off track wagering: In 2015 attendance and handle continued to decline across the nation. Legislation in the state of California allows mini-satellites to open as long as they are not within 20 miles of an established satellite wagering facility. A mini-satellite about 30 miles to the north of our facility opened in 2011. In 2014 Ocean's Eleven Casino in Oceanside, California, opened for satellite wagering. Since this mini-satellite is within 20 miles of our facility, the District had the right to approve the operation, and gave its approval for the mini-satellite. An agreement is in place to share in the revenues.

Handle at our satellite wagering facility decreased $5.2 million in 2015. Online wagering declined $36,000. With increased popularity of mini-satellites, attendance also declined 11,000.

Legislation passed or pending: In October 2010, Assembly Bill 1321 was chaptered by the Secretary of State. This bill was enacted to set a sunset date for the State Race Track Leasing Commission of January 1, 2013. In February 2011, Senator Christine Kehoe introduced Senate Bill 855, which would extend the operative date of the State Race Track Leasing Commission until January 1, 2023, and later amended that date to January 1, 2018. The Series 2015 term bonds do not mature until October 1, 2038. In January 2012, Senator Kehoe amended SB 1, which formerly had allowed the sale of the Fairgrounds to the City of Del Mar, to a bill that would repeal the sunset date of the Race Track Leasing Commission, thereby indefinitely extending the existence of the Commission. That bill was chaptered in August 2012.

The State budget for the fiscal year July 1, 2012 to June 30, 2013, called for a 4.62 percent pay cut for state workers, with one furlough day per month. Since District Agricultural Associations no longer receive any financial assistance from the General Fund (see Assembly Bill 95 below), any pay cuts mandated by law would not help to reduce the state's budget deficit. However, we did have to reduce the pay for our employees for an additional year through June 30, 2013, the date through which the pay cut was in effect. As of July 1, 2013, pay was restored to 2007 compensation levels based on the last general salary increase. Effective July 1, 2013, the pay ranges for each classification were adjusted so that the ceiling rose by 3 percent. For most of the District's employees, that resulted in a 3 percent pay increase.

In March 2011, Assembly Bill 95 was enrolled and chaptered as urgency legislation. This legislation, along with the passing of the state's 2011/2012 budget, cut all General Fund financial assistance to the State's 54 District Agricultural Associations. While the 22nd DAA did not receive allocations from the state, the elimination of funding to Fairs may result in changes in the manner in which Fairs conduct their business, as well as their form of governance.

On September 15, 2014, Assembly Bill 2490 was chaptered. This bill affects all District Agricultural Associations in California. It revised the oversight responsibilities of the Department of Food and Agriculture and the Department of General Services. Its intent is to reduce some of the cumbersome bureaucracy and preapproval requirements that impact the ability of the DAA's to operate by streamlining the contracting and procurement processes. It is also intended to give greater authority to local fair boards.

Other matters pending: At the direction of Governor Jerry Brown, California Secretary of Food and Agriculture, Karen Ross, and her legal team began working with fairs in 2011 to explore options for different forms of governance. The DAA continues to look at other forms of governance.

22nd District Agricultural Association and its Blended Component Units

Statement of Net Position
December 31, 2015

Assets and Deferred Outflow of Resources		
Current assets:		
Cash and cash equivalents (Note 4)	$	35,913,356
Investments (Note 4)		622,413
Current portion of restricted investments (Note 4)		3,190,003
Accounts receivable, net (Note 5)		1,350,038
Prepaid expenses and other		559,599
Total current assets		41,635,409
Restricted investments, long-term portion (Note 4 and 7)		3,297,060
Capital assets, net (Note 6)		108,966,119
Total assets		153,898,588
Deferred outflow of resources:		
Deferred outflow of pension liability (Note 10)		1,928,732
Total deferred outflow of resources		1,928,732
Total assets and deferred outflow of resources	$	155,827,320
Liabilities, Deferred Inflow of Resources and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	$	1,293,005
Accrued interest		748,897
Accrued liabilities and other		2,466,816
Accrued compensated absences		2,404,056
Current portion of other long-term liabilities (Note 9)		2,234,512
Current portion of bonds payable (Note 7)		885,000
Total current liabilities		10,032,286
Other long-term liabilities (Note 9)		285,370
Bonds payable, long-term portion (Note 7)		46,448,973
Net pension liability (Note 10)		23,470,069
Total liabilities		80,236,698
Deferred inflow of resources:		
Deferred gain on debt defeasance (Note 7)		568,233
Deferred inflow of pension liability (Note 10)		4,634,892
Total deferred inflow of resources		5,203,125
Commitments and contingencies (Notes 8, 9 and 13)		
Net position:		
Net investment in capital assets		61,686,326
Restricted for debt service		6,487,063
Unrestricted		2,214,108
Total net position		70,387,497
Total liabilities, deferred inflow of resources and net position	$	155,827,320

See notes to financial statements.

22nd District Agricultural Association and its Blended Component Units

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015

Operating revenues:	
Food and beverage (Note 8)	$ 23,147,428
Concessions/carnivals	18,494,593
Admissions	10,360,591
Facility rentals	7,751,446
Satellite wagering	1,670,999
Parking	4,366,233
Leases/operating agreement	4,277,114
Surf and turf	1,538,296
Sponsorships	2,930,654
Other	3,222,553
Total operating revenues	77,759,907
Operating expenses:	
Payroll related and benefits (Note 10)	22,783,094
Food and beverage (Note 8)	16,493,460
Entertainment	9,133,859
Maintenance	8,708,489
Facilities and related supplies	2,572,945
Insurance	1,293,080
Depreciation (Note 6)	6,324,409
Professional services	5,334,884
Marketing	2,117,228
Other	2,669,754
Total operating expenses	77,431,202
Income from operations	328,705
Nonoperating revenues (expenses):	
Interest income	81,367
Interest expense	(1,295,897)
Bond issuance cost (Note 7)	(666,741)
Other	(4,134)
Total nonoperating revenues (expenses), net	(1,885,405)
Change in net position	(1,556,700)
Net position, beginning of year, as restated (Note 11)	71,944,197
Net position, end of year	$ 70,387,497

See notes to financial statements.

22nd District Agricultural Association and its Blended Component Units

Statement of Cash Flows
Year Ended December 31, 2015

Cash flows from operating activities:	
Receipts from operations	$ 77,819,374
Payments to vendors	(48,479,402)
Payments to employees	(22,306,146)
Net cash provided by operating activities	7,033,826
Cash flows from capital and related financing activities:	
Purchases of capital assets	(6,927,310)
Proceeds from disposal of capital assets	7,375
Payments on long-term debt	(25,911,974)
Proceeds from bond issuance	47,404,958
Bond issuance costs	(666,741)
Interest paid	(1,303,568)
Net cash provided by capital and related financing activities	12,602,740
Cash flows from investing activities:	
Sales of investments	2,995,074
Interest income	81,367
Net cash provided by investing activities	3,076,441
Net increase in cash	22,713,007
Cash and cash equivalents, beginning of year	13,200,349
Cash and cash equivalents, end of year	$ 35,913,356
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	$ 328,705
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	6,324,409
Changes in assets and liabilities:	
Accounts receivable, net	(184,751)
Prepaid expenses and other	(55,990)
Accounts payable	144,505
Accrued liabilities and other	501,116
Accrued compensated absences	130,970
Net pension liability	(155,138)
Net cash provided by operating activities	$ 7,033,826
Noncash disclosures of capital and related financing activities:	
Construction payables for acquisitions of capital assets	$ 668,589
Amortization of bond premium	$ 725,549

See notes to financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization and reporting entity: The 22nd District Agricultural Association (the DAA), a component unit of the state of California, operates fairground facilities located in Del Mar, California. The DAA conducts an annual summer fair, operates an off-track horse race betting facility, and rents the fairground facilities for various non-fair events. The board members of the DAA are appointed by the Governor of the state of California. The state of California, Department of Food and Agriculture (CDFA), through the Division of Fairs and Expositions (the Division), supervises the activities of the DAA.

The accompanying financial statements present a one-column combination of the accounts and activities of the DAA, the State Race Track Leasing Commission (RTLC), and the Del Mar Race Track Authority (RTA) (collectively, the District). All inter-entity transactions have been eliminated.

The District evaluates its financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, which sets the criteria for defining the reporting entity of a governmental unit for financial reporting. It states that, if certain criteria are met, the financial data of a separate governmental unit is to be included as part of the reporting entity. The RTLC, created by the state of California in January 1968 to oversee capital improvement funds provided by the horse racing operating agreement described in Note 8, meets these criteria because of its financial interdependence with the District and as such is reported as a blended component unit. The RTLC is managed by a commission consisting of six members, appointed by statute in the CDFA Code Section 4351, who are empowered to oversee the development of ground improvements and structures. Once constructed, the assets approved and funded by the RTLC become the property of the District.

In addition, the RTA is included as part of the reporting entity as a blended component unit in the financial statements because it also meets the aforementioned criteria. The RTA is a joint powers authority created in August 1990 by a joint exercise of powers agreement between the RTLC and the District to finance the construction of a new grandstand and related facilities at the fairgrounds of the District. The RTA is managed by a board of six directors, who are the six members of the RTLC commission, who oversaw the financing for the grandstand construction project and continue to oversee the financing and improvements at the fairgrounds. The RTA is funded through operating transfers from the District and the RTLC. The joint exercise of powers agreement expires in August 2040. Upon the termination of the joint powers agreement, title to the grandstand will vest to the District.

A summary of the District's significant accounting policies is as follows:

Basis of accounting: The District is reported similar to a special purpose government engaged in only business-type activities. As such, its financial statements are presented in accordance with the requirements established for enterprise funds. An enterprise fund is defined by the GASB as a fund related to an organization financed and operated similar to a private business enterprise where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Accordingly, the District's accounts are maintained on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash flow takes place. The District defines its operating revenues and expenses in the accompanying statement of revenues, expenses and changes in net position as consisting of all revenues and expenses except those related to financing and investing activities (interest income and interest expense).

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash consists of cash on hand and cash in banks. For the purposes of the statement of cash flows, the District considers all pooled funds with the California Local Agency Investment Fund (LAIF) to be cash equivalents. Investments in LAIF are reported at fair value, which approximates the amortized cost basis. Interest income is recognized when earned.

Investments: Investments, consisting of money market accounts and certificates of deposit, are reported at cost, which approximates fair value. Gains and losses are reported in the statement of revenues, expenses and changes in net position. Interest and dividend income is recognized when earned.

Restricted investments: Restricted investments as of December 31, 2015 relate to the Series 2015 Revenue Bonds (Series 2015 Bonds) as discussed in Note 4. Restricted investments are reported at fair value. Gains and losses are reported in the statement of revenues, expenses and changes in net position. Interest and dividend income is recognized when earned.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Prepaid expenses and other: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statement of net position. Other items include interest receivables, inventory and deposits.

Capital assets: Capital assets are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from five years for equipment to 40 years for buildings. The District has capitalized infrastructure assets, such as drainage systems and paving, which are depreciated over 20 to 40 years.

The District periodically evaluates whether events or circumstances have occurred that may have resulted in an impairment of its capital assets. No such impairment occurred in the year ended December 31, 2015.

Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest costs of $118,509 were capitalized for the year ended December 31, 2015.

Deferred gain on debt defeasance: For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (i.e., deferred charges) is reported as a deferred outflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance for deferred gain on debt defeasance as of December 31, 2015 was $568,233.

Bond premium: Bond premiums are reported as an addition to the outstanding debt balance and are amortized as interest expense over the life of the bond using the effective interest method. The unamortized bond premium as of December 31, 2015 was $2,898,973.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Pensions: The net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A deferred outflow of resources and deferred inflow of resources related to pensions result from changes in the components of the net pension liability and are applicable to a future reporting period. As noted in Note 10, deferred outflows and inflows of resources will be recognized as pension expense in future years; however, contributions subsequent to the measurement period will be recognized during the fiscal years ending December 31, 2016 and 2017.

Net position: Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on debt, deferred outflows and deferred inflows that are attributable to the acquisition, construction or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on its use, either through legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund applicable appropriations.

Revenue recognition: The District generally recognizes revenue when events take place, and when goods or services are provided.

Food and beverage revenue is recognized at the time of sale.

Concessions/carnivals revenue consists of space rentals at the fair and ticket sales for carnival attractions. Revenue from space rentals is recognized when earned and revenue from ticket sales is recognized when they are available to be used.

Admissions revenue consists of ticket sales to events at the fairgrounds and is recognized when the tickets are available to be used.

Facility rentals revenue consists primarily of stall and arena rentals at the Horsepark and facility rentals for the various events presented on the Del Mar Fairgrounds. Revenue is recognized over the term of the rental contract.

Satellite wagering revenue primarily consists of the Districts share of off-track betting proceeds, which is recognized when the races occur at tracks around the world.

Parking revenue consists of charges for parking spaces at the facility and is recognized immediately after spaces are used.

Leases/operating agreement revenue primarily consists of payments from the DMTC according to the operating agreement (see Note 8). Revenue from the direct payment (as defined in the operating agreement) is recognized pro rata over the year that the payment applies and remaining revenue charged is recognized when the net income of the DMTC is reported.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Surf & Turf revenue consists of revenue from the driving range, pro shop, tennis club, recreational vehicle lot and miniature golf. Revenue is recognized from these goods and services at the point of sale.

Sponsorships revenue consists of sponsorship contracts for various events at the fairgrounds. Revenue is recognized over the term of the sponsorship agreement.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. Significant estimates made by management include, but are not limited to, allowance for uncollectible receivables and the obligation under Consent Orders with the California Coastal Commission (Note 9).

Reclassifications: Certain prior year balances have been reclassified to be consistent with the current year presentation, with no impact on net position or changes in net position.

Implementation of accounting pronouncements: The accompanying financial statements reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The implementation impacts the accounting and reporting of net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, for the year ended December 31, 2015. The retroactive effect of implementing this change in reporting pension expenses and obligations resulted in a restatement of the beginning net position as described further in Note 11.

Recent accounting pronouncements: In June 2015 the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for periods beginning after June 15, 2015. Management has not yet determined the effect of GASB 72 on the District's financial statements.

In June 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of accounting principles generally accepted in the United States of America (U.S. GAAP). This Statement reduces the U.S. GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified with a source of authoritative U.S. GAAP. The provisions of this Statement are effective for periods beginning after June 15, 2016. Management has not yet determined the effect of GASB 76 on the District's financial statements.

In June 2015 the GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for periods beginning after June 15, 2016. Management has not yet determined the effect of GASB 79 on the District's financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In January 2016, the GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. The requirements of this Statement enhance the comparability of financial statements among governments. The provisions of this Statement are effective for periods beginning after December 15, 2016. Management has not yet determined the effect of GASB 80 on the District's financial statements.

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues—An Amendment to GASB Statements No. 67, 68 and 73*. This Statement addresses certain issues that have been raised with the implementation of the listed GASBs. The provisions of this Statement are effective for periods beginning after June 15, 2016, except for the selection of assumptions in certain circumstances, which is effective for the employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management has not yet determined the effect of GASB 82 on the District's financial statements.

Note 2. Condensed Financial Information

The following is the condensed combining detail for the statement of net position as of December 31, 2015:

	22nd District	RTLC	RTA	Eliminations	Total
Current assets	$ 16,971,085	$ 105,147	$ 24,559,177	$ -	$ 41,635,409
Due from other funds	-	-	115,698	(115,698)	-
Restricted investments, long-term portion	-	-	3,297,060	-	3,297,060
Capital assets, net	21,480,075	-	87,486,044	-	108,966,119
Total assets	38,451,160	105,147	115,457,979	(115,698)	153,898,588
Deferred outflows of resources	1,928,732	-	-	-	1,928,732
Current liabilities	5,429,118	-	4,603,168	-	10,032,286
Due to other funds	10,698	105,000	-	(115,698)	-
Long-term liabilities	23,490,794	-	46,713,618	-	70,204,412
Total liabilities	28,930,610	105,000	51,316,786	(115,698)	80,236,698
Deferred inflows of resources	4,634,892	-	568,233	-	5,203,125
Net investment in capital assets	21,480,075	-	40,206,251	-	61,686,326
Restricted for debt service	-	-	6,487,063	-	6,487,063
Unrestricted	(14,665,685)	147	16,879,646	-	2,214,108
Total net position	$ 6,814,390	$ 147	$ 63,572,960	$ -	$ 70,387,497

Note 2. Condensed Financial Information (Continued)

The following is the condensed combining detail for the statement of revenues, expenses and changes in net position for the year ended December 31, 2015:

	22nd District	RTLC	RTA	Eliminations	Total
Operating revenues:					
Operating revenues	$ 75,297,515	$ 2,595,000	$ 111,610	$ (244,218)	$ 77,759,907
Total operating revenues	75,297,515	2,595,000	111,610	(244,218)	77,759,907
Operating expenses:					
Operating expenses	70,182,779	-	7,492,641	(244,218)	77,431,202
Total operating expenses	70,182,779	-	7,492,641	(244,218)	77,431,202
Income (loss) from operations	5,114,736	2,595,000	(7,381,031)	-	328,705
Nonoperating revenues (expenses):					
Nonoperating revenues (expenses)	44,560	-	(1,929,965)	-	(1,885,405)
Total nonoperating revenues (expenses)	44,560	-	(1,929,965)	-	(1,885,405)
Changes in net position before transfers	5,159,296	2,595,000	(9,310,996)	-	(1,556,700)
Transfers in	-	-	6,461,247	(6,461,247)	-
Transfers out	(3,866,247)	(2,595,000)	-	6,461,247	-
Change in net position	1,293,049	-	(2,849,749)	-	(1,556,700)
Net position, beginning of year, as restated	5,521,341	147	66,422,709	-	71,944,197
Net position, end of year	$ 6,814,390	$ 147	$ 63,572,960	$ -	$ 70,387,497

The following is the condensed combining detail for the statement of cash flows for the year ended December 31, 2015:

	22nd District	RTLC	RTA	Total
Net cash provided by operating activities	$ 3,248,580	$ -	$ 3,785,246	$ 7,033,826
Net cash provided by (used in) capital and related financing activities	(1,131,986)	-	13,734,726	12,602,740
Net cash provided by investing activities	44,747	-	3,031,694	3,076,441
Cash and cash equivalents, beginning of year	13,146,794	147	53,408	13,200,349
Cash and cash equivalents, end of year	$ 15,308,135	$ 147	$ 20,605,074	$ 35,913,356

Note 3. Joint Exercise of Power Agreements

California Construction Authority: The District is a member of the California Construction Authority (CCA), a joint powers authority created by a joint exercise of powers agreement between the counties of Solano and El Dorado and the 22nd, 32nd and 46th District Agricultural Associations. The governing body of CCA is composed of five directors appointed by member entities.

The primary purpose of CCA is to provide for central administration for the common interests of the members and associated members for the financing and construction of satellite wagering facilities and any other projects authorized by the agreement. Ownership of each of the satellite wagering facilities or other projects remains with the respective entity for which the project was constructed and financed.

Note 3. Joint Exercise of Power Agreements (Continued)

The joint exercise of powers agreement expires in May 2042. The District had no interest in CCA's assets or liabilities at December 31, 2015.

The RTA has not entered into any new contracts with CCA for construction management of various projects. Projects during 2015 included booths for show judges at Horsepark and installation of box seats in the covered arena at Horsepark. Costs incurred for the year ended December 31, 2015 were $25,773 and are recorded in environmental improvements and capital assets.

Note 4. Cash, Cash Equivalents and Investments

Cash and investments consisted of the following at December 31, 2015:

Cash on hand	$ 28,534
Cash in banks	1,454,625
Cash and cash equivalents	1,483,159
Investments	41,539,673
Total cash and cash equivalents	$ 43,022,832

Cash and investments are summarized on the financial statements as follows at December 31, 2015:

Cash and cash equivalents	$ 35,913,356
Investments	622,413
Current portion of restricted investments	3,190,003
Restricted investments, long-term portion	3,297,060
	$ 43,022,832

Investments: The state of California Government Code Section 53601 generally authorizes the District to invest unrestricted and board designated assets in obligations of the U.S. Treasury and certain U.S. government agencies, obligations of the state of California and local government entities, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements and mortgage securities. Certain of these investments may be purchased only in limited amounts, as defined in the Government Code.

During 2015 the Series 2005 Bonds were refinanced with the Series 2015 Bonds. As permitted by the Indenture dated August 1, 2015 (the Indenture), between the RTA and US Bank, National Association (the Trustee), in 2015, the project fund related to the Series 2015 Bonds (see Note 7) was invested in Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit and collateralized money market accounts. The rates of return for the money market accounts earned approximately 0.37 percent from October 2015 through December 2015.

Note 4. Cash, Cash Equivalents and Investments (Continued)

The California State Treasury makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Each governmental entity may invest up to $40,000,000 in the fund. The District is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments included in LAIF include primarily debt securities, including treasuries, commercial paper and agency debt, but also include real estate structured notes and asset-backed securities. As of December 31, 2015, the District had $34,430,197 invested in LAIF. As of December 31, 2015, the LAIF fair value factor was approximately the same as its cost, and therefore fair value approximates the amortized cost basis. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with state statute.

As of December 31, 2015, the District had investments and maturities as follows:

	Investment Maturities (in Years)	
Investment Type	Fair Value	Less Than One
LAIF (included in cash equivalents)	$ 34,430,197	$ 34,430,197
Money market accounts	3,812,416	3,812,416
Certificates of deposit	3,297,060	3,297,060
Total	$ 41,539,673	$ 41,539,673

Interest rate risk: Interest rate risk is the risk that the value of fixed-income securities will decline due to increasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

Credit risk: Fixed-income securities and investments in an external investment pool are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal when due. Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. LAIF is not rated.

Custodial credit risk, deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of December 31, 2015, the District had funds invested in First American Funds through US Bank, all of which are not FDIC insured. As of December 31, 2015, the District had money market accounts, which were fully collateralized. As of December 31, 2015, certificates of deposit are held at multiple financial institutions in increments of $250,000 or less, all of which are fully insured by the FDIC.

Concentration of credit risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the District to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as LAIF, are not considered subject to concentration of credit risk.

Note 5. Accounts Receivable

Accounts receivable as of December 31, 2015 are summarized as follows:

Accounts receivable	$ 1,497,173
Less allowance for doubtful accounts	(147,135)
Accounts receivable, net	$ 1,350,038

Note 6. Capital Assets

A summary of changes in capital assets, net, for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 6,322,333	$ -	$ -	$ -	$ 6,322,333
Construction in progress	2,018,620	2,659,793	(237,057)	(1,541,879)	2,899,477
Total capital assets not being depreciated	8,340,953	2,659,793	(237,057)	(1,541,879)	9,221,810
Capital assets being depreciated:					
Building and improvements	173,139,216	4,986	(49,144)	-	173,095,058
Equipment and fixtures	35,512,431	2,057,398	(481,360)	110,773	37,199,242
Land improvements	28,933,090	2,557,415	(5,088,400)	1,431,106	27,833,211
Total capital assets being depreciated	237,584,737	4,619,799	(5,618,904)	1,541,879	238,127,511
Less accumulated depreciation and amortization	(137,669,472)	(6,324,409)	5,610,679	-	(138,383,202)
Net capital assets being depreciated	99,915,265	(1,704,610)	(8,225)	1,541,879	99,744,309
Total capital assets, net	$ 108,256,218	$ 955,183	$ (245,282)	$ -	$ 108,966,119

Note 7. Bonds Payable

Activity of bonds payable during the fiscal year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Payments	Amortization of Premium	Ending Balance
Series 2005 Serial Bonds	$ 1,795,000	$ -	$ (1,795,000)	$ -	$ -
Series 2005 Term Bonds	23,665,000	-	(23,665,000)	-	-
2005 Unamortized Premium	654,564	-	(654,564)	-	-
Series 2015 Serial Bonds	-	885,000	-	-	885,000
Series 2015 Term Bonds	-	43,550,000	-	-	43,550,000
2015 Unamortized Premium	-	2,969,958	-	(70,985)	2,898,973
Total bonds payable	$ 26,114,564	$ 47,404,958	$ (26,114,564)	$ (70,985)	$ 47,333,973

Series 2005 Revenue Bonds: In 2005 the RTA issued $49,380,000 in Series 2005 Bonds at a premium of $2,149,783 and net of issuance costs of $789,829. The Series 2005 Bonds have fixed interest rates of 4.00 percent to 5.00 percent and were issued to advance refund $24,985,000 of outstanding Series 1996 Bonds with fixed interest rates of 6.00 percent to 6.45 percent, finance improvements at the Del Mar Fairgrounds, fund a debt service reserve account for the Series 2005 Bonds, and pay the costs of issuance relating to the Series 2005 Bonds. During the fiscal year ended December 31, 2015, these bonds were refunded with the issuance of the Series 2015 Revenue Bonds.

Note 7. Bonds Payable (Continued)

Series 2015 Revenue Bonds: On August 1, 2015, the RTA issued $44,435,000 in Series 2015 Bonds at a premium of $2,969,958 and net issuance costs of $666,741. The Series 2015 Bonds have fixed interest rates of 2.00 percent to 5.00 percent and mature annually on October 1 from 2016 to 2038. These bonds were issued for the purpose of refinancing the $25,460,000 outstanding principal amount of the Authority's Revenue Bonds, Series 2005 and to provide additional funds for grandstand improvements and other long-term improvements including electrical, sewer, roofing and elevator improvements. The refunding resulted in the recognition of an accounting net gain of $568,233 for the year ended December 31, 2015. The source of repayment of these bonds includes pledged revenues and the interest or profits from the investment of money in any account or fund established under the Indenture. Pledged revenues consist of race track net revenues, satellite wagering net revenues and concession net revenues.

Future scheduled principal and interest payments as of December 31 are as follows:

	Principal	Interest	Total
Years Ending December 31:			
2016	$ 885,000	$ 2,407,590	$ 3,292,590
2017	1,195,000	2,101,450	3,296,450
2018	1,230,000	2,065,600	3,295,600
2019	1,275,000	2,016,400	3,291,400
2020	1,330,000	1,965,400	3,295,400
2021-2025	7,575,000	8,894,700	16,469,700
2026-2030	9,650,000	6,818,500	16,468,500
2031-2035	12,320,000	4,151,750	16,471,750
2036-2038	8,975,000	912,250	9,887,250
	$ 44,435,000	$ 31,333,640	$ 75,768,640

Debt reserve requirement: The District is required to hold monies in a reserve fund based on bond covenants. At December 31, 2015, the District held monies in a reserve fund for the debt reserve requirement of $3,297,060 for the 2015 Series Revenue Bonds.

Source or repayment: Pursuant to the Series 2015 Bond Indenture between the RTA and the Trustee, the Trustee must establish and maintain a project fund and a bond fund. The bond fund contains an interest account, principal account, redemption account, reserve account and surplus account. All money in each of such accounts shall be invested by the Trustee and shall be used only for the purposes authorized by the Indenture. All money in the project fund must be used solely for the improvements at the Del Mar Fairgrounds. All money in the interest and principal accounts shall be used solely for the purpose of paying the interest and principal on the Series 2015 Bonds as it shall become due and payable. All money in the redemption account must be held in trust by the Trustee and will be applied, used and withdrawn either to redeem bonds pursuant to an optional redemption or extraordinary redemption. Any insurance or eminent domain proceeds, which are to be used to redeem bonds, will be deposited by the Trustee in the redemption account. All money in the reserve account shall be used solely for the purpose of paying the interest on, or principal of, or redemption premiums, if any, on the Series 2015 Bonds in the event that no other money of the RTA is lawfully available therefore, or for the retirement of all Series 2015 Bonds then outstanding. The Trustee, if the RTA is not then in default hereunder and upon the written request of the RTA, shall apply amounts in the surplus account to redeem Series 2015 Bonds, to pay for project costs as defined, or to pay for any lawful purpose of the RTA.

Note 7. Bonds Payable (Continued)

As of December 31, 2015, the total principal and interest remaining to be paid on the bonds is $75,768,640. The first interest and principal payment for the Series 2015 Bonds is due on April 1, 2016 and October 1, 2016, respectively, with the final payment occurring on October 1, 2018.

Upon issuance of the Series 2015 Bonds, a portion of the proceeds was required to be deposited in the reserve account with the Trustee and a minimum balance must be maintained in this account. Pledged revenues are deposited monthly into the bond fund accounts in a specific order and certain minimum balances are maintained, as indicated by the Indenture.

On or prior to January 15 of each Bond Year, commencing January 15, 2017, the District shall determine in writing and submit to the Trustee the total amount of Coverage Test Revenues for the preceding Bond Year. As such, no Coverage Test was performed in the current year as this is not required until the 2017 Fiscal Year.

Note 8. Operating Leases and Agreements

Del Mar Thoroughbred Club (DMTC): Under an operating agreement with the RTLC and District, the DMTC operates and controls the operation and control of the Del Mar race track and grandstand structures during the summer and fall race meets.

Revenues associated with the DMTC operating agreement totaled $3,820,000 for the year ended December 31, 2015. Included in the revenue associated with the DMTC operating agreement are the direct payment amounts noted below:

During 2010, through a competitive bidding process, a new five-year contract commencing January 1, 2011 was awarded to DMTC with the following terms, as amended:

- Direct payment of $800,000 per year to the District, to be used by the District for the annual fair or other authorized purpose for the 2011-2012 years.
- Direct payment of $825,000 to the District, to be used by the District for the annual fair or other authorized purpose for the 2013 year.
- Direct payment of $1,225,000 per year to the District, to be used by the District for the annual fair or other authorized purpose for the 2014-2015 years.
- Basic payment to the RTLC of 100 percent of net earnings (less amount of direct payment), as defined in the operating agreement.
- Additional payment equal to final net earnings less the sum of (1) any amount in excess of funds available to DMTC which, subject to the approval of the District, is sufficient to pay or provide for projected operating capital from January 1 through to the commencement of the next race meet; (2) the direct payment amount; and (3) the basic payment amount.

DMTC guarantees the performance of all of the terms, covenants and conditions of the operating agreement through a $500,000 letter of credit.

Note 8. Operating Leases and Agreements (Continued)

The RTLC may, at its sole discretion, elect to extend the new operating agreement for three five-year option periods. In February 2015, the RTLC elected to extend the operating agreement for the first five-year option period. In the event legislation is enacted by the California legislature authorizing a sale of the Del Mar Fairgrounds, the RTLC has the option to terminate the contract by giving at least 180 days' written notice. The termination would be effective on December 31 in the year the notice is given unless the notice is given less than 180 days before the end of the year. In that event, the termination would be effective December 31 of the following year.

DMTC is not included as part of the District's reporting entity because it is governed by a separate board of directors and is fiscally independent of the District.

Premier Food Services, Inc.: The District has a management agreement granting the use of food and beverage services equipment to Premier Food Services, Inc. (Premier). During 2011, through a competitive bidding process, a new four-year contract was awarded to Premier with up to two additional three-year terms upon approval of the District. The District retains control over the operations, the daily gross receipts are deposited in the name and interest of the District and the District reimburses Premier for all reimbursable costs, as defined in the agreement, and pays a management fee equal to 12.5 percent of all net profits from the food and beverage operation. In 2014 Premier was acquired by SMG and the existing management agreement was assumed by SMG. Management fees related to this contract were $950,567 for the year ended December 31, 2015.

Other: The District owns a recreational park that is operated by an unrelated management company. Under the terms of the management agreement, the District recognized net revenue of $257,971 for the year ended December 31, 2015.

Note 9. Other Liabilities

Other debt: On March 17, 2000, The District entered into an agreement with the San Elijo Joint Powers Authority (San Elijo) to purchase reclaimed water from San Elijo. The District performed retrofit work on their facility, in order to receive reclaimed water, which was financed by San Elijo as part of the agreement with an interest rate of 3.5 percent per annum. The District makes monthly payments for its usage of reclaimed water at potable water prices until the financing is repaid. The price difference between potable water and reclaimed water is first applied to interest and then to principal. The District paid off the remaining principal due of $58,066 during 2015.

During 2013 the State of California Department of General Services Office of Risk Insurance and Management allocated out to the State of California District Agricultural Associations the cost of a legal settlement. The District was allocated $103,625, which is to be repaid over 5 years. No interest is being charged on the unpaid balance. The amount due as of December 31, 2015 was $41,450.

Restoration and monitoring activities: The District has incurred an obligation under Consent Orders with the California Coastal Commission to restore specific areas of its property and engage a third party to monitor the restoration through 2020. At December 31, 2015, the liability recorded in the accompanying statement of net position for the total remaining estimated cost of this obligation is $2,478,432, which represent the estimated future costs attributable to the restoration and monitoring activities based on projections by the District. Such estimates could change based on variability in projected costs and other factors, including the ultimate approval of the restoration by the California Coastal Commission.

Note 9. Other Liabilities (Continued)

A majority of the unfinished work is expected to be completed in 2016 with maintenance costs expected to be incurred through 2020.

	Beginning Balance	Additions	Payments	Ending Balance
San Elijo Joint Powers Authority	$ 58,066	$ -	$ (58,066)	$ -
State of California DGS	62,175	-	(20,725)	41,450
Consent Order Liability	2,851,615	-	(373,183)	2,478,432
	$ 2,971,856	$ -	$ (451,974)	$ 2,519,882

Note 10. Public Employees' Retirement System

Plan description: The District participates in the State of California—Miscellaneous Plan, an agent multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan, part of the public agency portion of the CalPERS, acts as a common investment and administrative agent for participating member agencies within the state of California. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The state of California selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained by contacting the CalPERS Fiscal Services Division.

Benefits provided: All employees who work half-time or more are eligible to participate in the Plan. CalPERS provides retirement, death, disability and survivor benefits. Vesting occurs after five years. The benefit provisions are established by the Public Employees' Retirement Law (PERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA), and are summarized in Appendix B of the state's June 30, 2013 Actuarial Valuation Report, which may be found at www.CalPERS.ca.gov/docs/forms-publications/2013-state-valuation.pdf. In general, retirement benefits are based on a formula using a member's years of service credit, age at retirement and final compensation (average salary for a defined period of employment). Retirement formulas are based on membership category and specific provisions in the employees' contracts.

The three basic types of retirement are:

Service retirement: The "normal" retirement is a lifetime benefit. In most cases, employees become eligible for service retirement as early as age 50 with five years of service credit. If the employee became a member on or after January 1, 2013, he or she must be at least 52 years old with at least five years of service to retire. Second-tier employees become eligible at age 55 with at least ten years of service credit.

Vested deferred retirement: Vested members who leave employment but keep their contribution balances on deposit with CalPERS are eligible for this benefit.

Disability retirement: Vested members who can no longer perform the usual duties of their current position due to illness or injury may receive this credit.

Note 10. Public Employees' Retirement System (Continued)

Contributions: Participating employers and active members are required to contribute a percentage of covered salary to the Plan. Section 20814(c) of the Plan requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Those rates reflect Section 20683.2, which mandates that certain employees must contribute more as of July 1, 2013. Furthermore, any reduction in employer contributions due to the increase in employee contributions must be paid by the employer toward the unfunded liability.

The employee contribution rate for the year ended December 31, 2015 was 10 percent for the skilled craftsmen and 8 percent for all other employees. The employer contribution rate for the year ended December 31, 2015 was 25.15 percent and 25.278 percent for tier one and tier two employees, respectively. The required contributions and the amount paid by the District for the year ended December 31, 2015 was $2,543,143. The District's employer contributions were equal to the required employer contributions for the year ended December 31, 2015.

Pension liability: At December 31, 2015, the District reported a net pension liability of $23,470,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's portion of the net pension liability was based on a projection of the District's pensionable compensation relative to the pensionable compensation of all participating employers, as determined by CalPERS. At June 30, 2014, the District's proportion was 0.09858 percent, which was an increase of 0 percent from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the District recognized pension expense of $1,773,594. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 4,634,892
District contributions subsequent to the measurement date	1,928,732	-
	$ 1,928,732	$ 4,634,892

Note 10. Public Employees' Retirement System (Continued)

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date totaled $1,928,732 and will be recognized as a reduction of the net pension liability in the years ended December 31, 2016 and December 31, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	$ 1,158,723
2017	1,158,723
2018	1,158,723
2019	1,158,723
	$ 4,634,892

Actuarial methods and assumptions: The total pension liability was measured as of June 30, 2014 (measurement date), by rolling forward the total pension liability determined by the June 30, 2013 actuarial valuation (valuation date), based on the actuarial assumptions shown in the table below:

Valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65% net of pension plan investment expense but without reduction for administrative expenses; includes inflation
Mortality	Mortality rates are based on the 2014 CalPERS Experience Study adopted by the CalPERS Board and includes 20 years of mortality improvements using Scale BB published by the Society of Actuaries
Post-retirement benefit adjustments (COLAs)	Contract COLA up to 2.75% until the Purchasing Power Protection Allowance floor on purchasing power applies

Discount rate: The discount rate used to measure the total pension liability was 7.65 percent. 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 differ from the actuarially assumed discount rate. Results of the testing showed that none of the tested plans would exhaust assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in the "GASB Crossover Testing Report," which may be found on the CalPERS' website at www.CalPERS.ca.gov/docs/gasb-crossover-testing-2013.pdf.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle, scheduled to be completed in February 2018. Any changes to the discount rate will require action on the part of CalPERS' Board of Administration and proper stakeholder outreach.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense but without reduction for administrative expenses; including inflation) are developed for each major asset class.

Note 10. Public Employees' Retirement System (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short- and long-term market return expectation as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, CalPERS calculated expected compound (geometric) returns over the short-term (first 10 years) and the long-term (11 to 60 years) using a building-block approach. Using the expected nominal returns for both short- and long-term, the present values of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short- and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected geometric real rate of return by asset class is as follows:

	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global equity	47.0%	5.25%	5.71%
Global fixed income	19.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%
Private equity	12.0%	6.86%	6.95%
Real estate	11.0%	4.50%	5.13%
Infrastructure and forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
	100.0%		

(1) An expected inflation rate of 2.5 percent used for this period.
(2) An expected inflation rate of 3.0 percent used for this period.

Sensitivity of the District's proportionate share of the state's net pension liability to changes in the discount rate: The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65 percent) or one percentage point higher (8.65 percent) than the current rate.

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
District's proportionate share of the net pension liability	$ 34,526,749	$ 23,470,069	$ 13,982,595

Pension plan fiduciary net position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.

Note 11. Net Position Restatements

As a result of the implementation of GASB Statement No. 68 and GASB Statement No. 71, the beginning net position was restated for the net pension liability that was measured at June 30, 2014. The following is a summary of the effect of this restatement:

Beginning net position as previously reported at December 31, 2014	$ 98,275,564
Prior period adjustment, implementation of GASB 68 and GASB 71:	
Net pension liability (measurement date as of June 30, 2013)	(28,457,018)
Deferred outflow, District's contributions made from July 1, 2014 through December 31, 2015	2,125,651
Total prior period adjustment	(26,331,367)
Net position as restated, January 1, 2015	$ 71,944,197

Note 12. Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or emergency.

All amounts of compensation deferred under the plan are submitted to the state of California after each pay period. Thus, no assets or liabilities associated with the plan are included in the District's financial statements.

Note 13. Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance to cover these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District is subject to various claims and legal actions relating to a range of matters that are incidental to the conduct of its operations. Due to the preliminary nature of these claims, the amount of any potential loss is not determinable based on the information available at this time. The District's management believes, after reviewing such matters and consulting with the District's legal counsel, that any liability which may be ultimately incurred with respect to these matters will not have a material adverse effect on the District's financial position or results of operations.

Required Supplementary Information

22nd District Agricultural Association and its Blended Component Units

Proportionate Share of Net Pension Liability
State of California—Miscellaneous Plan
Last 10 Fiscal Years (1)

	December 31, 2015	December 31, 2014
District's proportion of net pension liability	0.09858%	0.09858%
District's proportionate share of net pension liability	$ 23,470,069	$ 28,457,018
District's covered-employee payroll	10,421,064	9,866,599
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	225.22%	288.42%
Plan's fiduciary net position as a percentage of the total pension liability	74.17%	67.52%

(1) The amounts presented for each year were determined as of June 30. Date for years ended December 31, 2006 through December 31, 2013 is not available in a comparable format.

22nd District Agricultural Association and its Blended Component Units

Schedule of Contributions
State of California—Miscellaneous Plan
Last 10 Fiscal Years (1)

	December 31, 2015	December 31, 2014
Contractually required contribution	$ 2,543,143	$ 2,149,623
Contributions in relation to the contractually required contribution	2,543,143	2,149,623
Contributions deficiency (excess)	$ -	$ -
District's covered-employee payroll contributions as a percentage of covered-employee payroll	24.40%	21.79%

(1) The amounts presented for each year were determined as of June 30. Date for years ended December 31, 2006 through December 31, 2013 is not available in a comparable format.

Supplementary Information

22nd District Agricultural Association and its Blended Component Units

Supplemental Schedule—Fair Revenues and Expenses
Year Ended December 31, 2015

Revenues:	
Concession/carnival	$ 18,805,150
Admission to grounds	9,593,445
Commercial space	3,793,939
Parking	2,961,997
Sponsorships	1,939,061
Exhibits	277,934
Other	259,980
Total revenues	37,631,506
Expenses:	
Payroll related and benefits	9,172,047
Entertainment/carnival	8,346,022
Maintenance and operations	3,782,453
Professional services	2,556,658
Marketing	970,759
Depreciation	398,049
Administrative	901,260
Prizes/premiums	413,984
Other	360,077
Total expenses	26,901,309
Fair revenues over expenses	$ 10,730,197

22nd District Agricultural Association and its Blended Component Units

Combining Statement of Net Position
December 31, 2015

	22nd District	RTLC	RTA	Eliminations	Total
Assets and Deferred Outflow of Resources					
Current assets:					
Cash and cash equivalents	$ 15,308,135	$ 147	$ 20,605,074	$ -	$ 35,913,356
Investments	-	-	622,413	-	622,413
Current portion of restricted investments	-	-	3,190,003	-	3,190,003
Accounts receivable, net	1,245,038	105,000	-	-	1,350,038
Due from other funds	-	-	115,698	(115,698)	-
Prepaid expenses and other	417,912	-	141,687	-	559,599
Total current assets	16,971,085	105,147	24,674,875	(115,698)	41,635,409
Restricted investments, long-term portion	-	-	3,297,060	-	3,297,060
Capital assets, net	21,480,075	-	87,486,044	-	108,966,119
Total assets	38,451,160	105,147	115,457,979	(115,698)	153,898,588
Deferred outflow of resources:					
Deferred outflow of pension liability	1,928,732	-	-	-	1,928,732
Total deferred inflow of resources	1,928,732	-	-	-	1,928,732
Total assets and deferred outflow of resources	$ 40,379,892	$ 105,147	$ 115,457,979	$ (115,698)	$ 155,827,320
Liabilities, Deferred Inflow of Resources and Net Position					
Current liabilities:					
Accounts payable	$ 941,060	$ -	$ 351,945	$ -	$ 1,293,005
Due to other funds	10,698	105,000	-	(115,698)	-
Accrued interest	-	-	748,897	-	748,897
Accrued liabilities and other	2,063,277	-	403,539	-	2,466,816
Accrued compensated absences	2,404,056	-	-	-	2,404,056
Current portion of other long-term liabilities	20,725	-	2,213,787	-	2,234,512
Current portion of bonds payable	-	-	885,000	-	885,000
Total current liabilities	5,439,816	105,000	4,603,168	(115,698)	10,032,286
Other long-term liabilities	20,725	-	264,645	-	285,370
Bonds payable, long-term portion	-	-	46,448,973	-	46,448,973
Net pension liability	23,470,069	-	-	-	23,470,069
Total liabilities	28,930,610	105,000	51,316,786	(115,698)	80,236,698
Deferred inflow of resources:					
Deferred loss on debt defeasance	-	-	568,233	-	568,233
Deferred inflow of pension liability	4,634,892	-	-	-	4,634,892
Total deferred inflow of resources	4,634,892	-	568,233	-	5,203,125
Net position:					
Net investment in capital assets	21,480,075	-	40,206,251	-	61,686,326
Restricted for debt service	-	-	6,487,063	-	6,487,063
Unrestricted	(14,665,685)	147	16,879,646	-	2,214,108
Total net position	6,814,390	147	63,572,960	-	70,387,497
Total liabilities, deferred inflow of resources and net position	$ 40,379,892	$ 105,147	$ 115,457,979	$ (115,698)	$ 155,827,320

22nd District Agricultural Association and its Blended Component Units

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015

	22nd District	RTLC	RTA	Eliminations	Total
Operating revenues:					
Food and beverage	$ 23,147,428	$ -	$ -	$ -	$ 23,147,428
Concessions/carnivals	18,494,593	-	-	-	18,494,593
Admissions	10,360,591	-	-	-	10,360,591
Facility rentals	7,751,446	-	-	-	7,751,446
Satellite wagering	1,670,999	-	-	-	1,670,999
Parking	4,366,233	-	-	-	4,366,233
Leases/operating agreement	1,682,114	2,595,000	-	-	4,277,114
Surf and turf	1,538,296	-	-	-	1,538,296
Sponsorships	2,930,654	-	-	-	2,930,654
Other	3,355,161	-	111,610	(244,218)	3,222,553
Total operating revenues	75,297,515	2,595,000	111,610	(244,218)	77,759,907
Operating expenses:					
Payroll related and benefits	22,783,094	-	-	-	22,783,094
Food and beverage	16,493,460	-	-	-	16,493,460
Entertainment	9,133,859	-	-	-	9,133,859
Maintenance	7,095,274	-	1,813,149	(199,934)	8,708,489
Facilities and related supplies	2,572,945	-	-	-	2,572,945
Insurance	1,154,181	-	138,899	-	1,293,080
Depreciation	1,383,778	-	4,940,631	-	6,324,409
Professional services	5,216,424	-	118,460	-	5,334,884
Marketing	2,117,228	-	-	-	2,117,228
Other	2,232,536	-	481,502	(44,284)	2,669,754
Total operating expenses	70,182,779	-	7,492,641	(244,218)	77,431,202
Income (loss) from operations	5,114,736	2,595,000	(7,381,031)	-	328,705
Nonoperating revenues (expenses):					
Interest income	44,747	-	36,620	-	81,367
Interest expense	(987)	-	(1,294,910)	-	(1,295,897)
Bond issuance cost	-	-	(666,741)	-	(666,741)
Other	800	-	(4,934)	-	(4,134)
Total nonoperating revenues (expenses)	44,560	-	(1,929,965)	-	(1,885,405)
Income (loss) before transfers	5,159,296	2,595,000	(9,310,996)	-	(1,556,700)
Transfers in	-	-	6,461,247	(6,461,247)	-
Transfers out	(3,866,247)	(2,595,000)	-	6,461,247	-
Change in net position	1,293,049	-	(2,849,749)	-	(1,556,700)
Net position, beginning of year, as restated	5,521,341	147	66,422,709	-	71,944,197
Net position, end of year	$ 6,814,390	$ 147	$ 63,572,960	$ -	$ 70,387,497