

# 14<sup>th</sup> District Agricultural Association

## SANTA CRUZ COUNTY FAIR

Established 1885



### FINANCE COMMITTEE MEETING MINUTES

#### Finance Committee Meeting

2601 East Lake Avenue, Watsonville, CA

Tuesday, November 22, 2011

The Board Room

**CALL TO ORDER:** 12:45 PM

**DIRECTORS PRESENT:** Patrice Edwards, Chair; Loretta Estrada, Director; Jody Belgard Akimoto, Director; Bruce Oneto, Director.

**DIRECTORS ABSENT/EXCUSED:** None.

**OTHERS PRESENT:** Michael Bethke, Fair Manager; Emily Grunewald, Office Manager; John Prentice, Ocean Speedway.

**PUBLIC COMMENT:** None.

#### FINANCIALS:

##### 1. Review October 2011 Financials with Recommendations to the Board of Directors.

**Balance Sheet:** Director Edwards noted that at this time last year we had \$629,924 as total cash assets, and today we have \$355,651. Out of that, \$27,821 is for Junior Livestock with approximately \$93,000 set aside for Master Planning and construction in process at \$16,177. Fixed assets last year were at \$1,885,651, and this year we have \$2,134,667 due to capital improvements on the grounds. Director Edwards inquired about the \$10,494 in Accounts Payable, and it was clarified that this was for quarterly payroll taxes that CFSA has not paid yet. Ms. Grunewald clarified that guaranteed deposits are damage deposits for rentals. Director Edwards inquired about the placement of the Master Planning funds, and Manager Bethke clarified that it is in the LAIF account. Director Edwards also clarified that a motion had been passed a few months ago by the Board that the Master Planning funds were to be placed in a restricted fund to be used only for Master Planning. Director Edwards inquired about the negative Operating Rabobank cash figure at [\$24,709], and Manager Bethke clarified that this was covered by savings on the same day these statements were run. Director Oneto requested that a reconciliation of the LAIF account be performed.

**Check Register:** Director Edwards noted that she has requested a recent listing of Accounts Payable from Anne, and the total is \$94,809.38 which Manager Bethke clarified includes all billing for the rest of the year minus payroll and PG&E. Director Edwards will also be requesting the June, July and August invoices as well. Manager Bethke estimated that payroll will be approximately \$9000 for November and \$8000 for December since there will only be two 119-day employees included. She further requested that checks be identified in September and October for expenditures related to the 9-11 event. Director Edwards also inquired about the expenditures to Ed Bogner for a total of \$35,425, Preferred Plumbing for \$20,759 and RCM Electric for a total of \$11,986. Manager Bethke clarified that \$6500 to RCM is a contract for electrical

services during Fair time that was approved on the Consent Agenda. Director Edwards calculated that we have paid these three firms a total of \$195,663 this year which she stated amounts to a lot of money for services that might have been done in-house or not done at all which Director Edwards also noted may have been expended during a spending freeze. Manager Bethke clarified that these expenditures indeed predate the spending freeze. Ms. Grunewald clarified that the reimbursed booth space funds to the vendor affected by the sewage spill are in turn being reimbursed to us by Preferred Plumbing since it was their liability; however, Preferred Plumbing did pay the vendor directly for her damaged goods. Director Oneto clarified with Manny that he was not present when this accident happened. Manager Bethke stated that the expenditure to Legend Theatrical is for the new PA system at the Horse Arena, the expenditure of \$4805 to Aptos Landscape Supply is for compost for the Floriculture exhibits, and the expenditure to Quality Lapel Pins is for the Fair pins. Ms. Grunewald noted that she has located a company in Salinas that will do our pins for next year. Ms. Grunewald also noted that the billing that CFSA currently handles is going to be brought in-house starting in January 2012, using the same software, so that there is not a delay in payments as there is now and save us the processing fees as well. CFSA will continue to process payroll, however. Manager Bethke also noted that the firm doing the Master Plan will be submitting a proposal for \$40,000, since they will be able to incorporate work from previous Master Plans, and this will free up more funds for the general fund.

**Statement of Operations:** Director Edwards noted that we had budgeted \$419,000 for admissions, and we realized \$370,000 in admissions. Director Oneto also noted that the admission numbers for the children were based on number of tickets sent out through the Department of Education which does not reflect a true number of attendees, the 2100 tickets sold through Groupon were 50 cents on the dollar, and the 9-11 attendees were lumped in with the Fair attendance; therefore, the attendance numbers presented in the press were likely not entirely accurate. Director Edwards noted that the only number higher this year than the 2010 Fair was for concessions which were at 108% with commercial space at 89%, exhibits at 69%, Horse Show at 61%, miscellaneous Fair at 62%, and interim revenue at 84%. Total interim revenue in 2010 was \$519,925, and year-to-date in 2011 is \$484,063. Current overall year-to-date figures show that we are at 87% of projected operating revenue. Director Edward reiterated that with revenue down and spending up that this is not a healthy way to proceed financially. Director Edwards also noted that net operating profit and loss before depreciation (actual cash) year-to-date is -\$305,034, and 291% of the budget has been used. Ms. Grunewald noted that the classification of some payroll line items will be changing, but the bottom line will still be the same. Manager Bethke noted that he can also prepare an income projection for the remainder of the year.

*Director Edwards moved and Director Belgard-Akimoto seconded the motion that a spending freeze be enacted immediately and until further notice for everything except basic operating and utility expenses, with the use of the debit card suspended. The motion was carried.*

*Director Belgard-Akimoto moved and Director Estrada seconded the motion to recommend approval of the October Financials as presented. Director Edwards suggested that Lewis Ridgeway review the October and November Financials in order to get a precise picture of our present financial status with projections as well. The motion was carried.*

**ADJOURNMENT:** The meeting was adjourned at approximately 1:18 PM.