

CAMERON PARK AIRPORT DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2012

CAMERON PARK AIRPORT DISTRICT

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LARRY BAIN, CPA

An Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cameron Park Airport District
Cameron Park, CA

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cameron Park Airport District as of and for the fiscal year ended June 30, 2012 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Cameron Park Airport District, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 17, 2014 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. The purpose of that report is to describe the scope of testing on internal control over financial reporting and compliance and the results of that testing and not to provide an opinion of the internal control over financial reporting or on compliance.

The Cameron Park Airport District has not presented the Management Discussion and Analysis, that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information other than MD&A, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

{*Signature on File*}

Larry Bain, CPA,

An Accounting Corporation

September 17, 2014

CAMERON PARK AIRPORT DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 186,361	\$ 54,335	\$ 240,696
Fuel inventory		53,218	53,218
Accounts receivable	2,045	45,167	47,212
Deposits with others	650		650
Due from other funds	2,500		2,500
Capital assets:			
Land		210,000	210,000
Buildings and improvements	3,514	197,738	201,252
Site improvements	503,945	2,618	506,563
Equipment	11,650	128,953	140,603
Infrastructure	2,002,948		2,002,948
Less: accumulated depreciation	(413,529)	(160,676)	(574,205)
Total Assets	<u>\$ 2,300,084</u>	<u>\$ 531,353</u>	<u>\$ 2,831,437</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 5,442	\$ -	\$ 5,442
Accrued payroll	1,074		1,074
Due to other funds	1,954	2,500	4,454
Deposit liability	2,455		2,455
Accrued interest payable		7,512	7,512
Noncurrent liabilities:			
Due within one year		40,515	40,515
Due in more than one year		127,048	127,048
Total Liabilities	<u>10,925</u>	<u>177,575</u>	<u>188,500</u>
Net Assets			
Invested in capital assets, net of related debt	105,580	211,070	316,650
Unrestricted	<u>2,183,579</u>	<u>142,708</u>	<u>2,326,287</u>
Total Net Assets	<u>\$ 2,289,159</u>	<u>\$ 353,778</u>	<u>\$ 2,642,937</u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Airport operations	\$ 140,146	\$ 60,355	\$ 10,000	\$ (69,791)	\$ -	\$ (69,791)
Total Governmental Activities	140,146	60,355	10,000	(69,791)		(69,791)
Business-type activities:						
Fixed base airport operations	291,442	308,794			17,352	17,352
Interest on long-term debt	5,747				(5,747)	(5,747)
Total Business-type Activities	297,189	308,794			11,605	11,606
Total Government	\$ 437,334	\$ 369,149	\$ 10,000	(69,791)	11,605	(58,186)
General Revenues:						
Taxes and assessments:						
Property taxes				13,425		13,425
ERAF				10,150		10,150
Investment income				72	117	189
Interfund transfers				(18,856)	18,856	
Total general revenues				4,791	18,973	23,763
Change in net assets				(65,000)	30,578	(34,422)
Net assets - beginning				2,353,509	323,200	2,676,709
Prior period adjustment				650		650
Net assets - ending				\$ 2,289,159	\$ 353,778	\$ 2,642,937

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Cash and investments	\$ 186,361	\$ 186,361
Accounts receivable	1,023	1,023
Prop 1A receivable	1,022	1,022
Deposits with others	650	650
Due from other funds	<u>2,500</u>	<u>2,500</u>
Total Assets	<u>\$ 191,556</u>	<u>\$ 191,556</u>
Liabilities and Fund Equity		
Liabilities		
Claims payable	\$ 5,442	\$ 5,442
Accrued payroll	1,074	1,074
Due to other funds	1,954	1,954
Deposit liability	<u>2,455</u>	<u>2,455</u>
Total Liabilities	<u>10,925</u>	<u>10,925</u>
Fund Equity		
Fund balances		
Unreserved		
General fund	<u>180,631</u>	<u>180,631</u>
Total Fund Equity	<u>180,631</u>	<u>180,631</u>
Total Liabilities and Fund Equity	<u>\$ 191,556</u>	<u>\$ 191,556</u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund Balances of Governmental Funds	\$ 180,631
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	<u>2,108,528</u>
Net assets of governmental activities	\$ <u><u>2,289,159</u></u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues		
Property taxes	\$ 23,575	\$ 23,575
Intergovernmental revenue	10,000	10,000
Charges for current services	20,355	20,355
Special assessments	40,000	40,000
Use of money and property	71	71
	<u>94,001</u>	<u>94,001</u>
Expenditures		
Salaries and benefits	18,127	18,127
Services and supplies	33,535	33,535
Capital outlay	-	-
	<u>51,662</u>	<u>51,662</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>42,339</u>	<u>42,339</u>
Other Financing Sources (Uses)		
Operating transfers in		-
Operating transfers (out)	<u>(18,856)</u>	<u>(18,856)</u>
Total Other Financing Sources (Uses)	<u>(18,856)</u>	<u>(18,856)</u>
Change in Fund Balances	<u>23,484</u>	<u>23,484</u>
Fund Balances, July 1, 2011	156,497	156,497
Prior Period Adjustment	<u>650</u>	<u>650</u>
Fund Balances, June 30, 2012	<u>\$ 180,631</u>	<u>\$ 180,631</u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 23,484

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This and the net effect of various other transactions involving capital assets increased net assets as follows:

General government capital outlay expenditures	-
Depreciation expense	(88,484)
	<u> </u>

Change in net assets of governmental activities \$ (65,000)

CAMERON PARK AIRPORT DISTRICT

**PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>Airport</u> <u>Fixed Base Operation</u>	<u>Totals</u>
Current assets:		
Cash	\$ 54,335	\$ 54,335
Fuel inventory	53,218	53,218
Accounts receivable	<u>45,167</u>	<u>45,167</u>
Total current assets	<u>152,720</u>	<u>152,720</u>
Noncurrent Assets		
Capital assets:		
Nondepreciable capital assets:		
Land	210,000	210,000
Depreciable capital assets		
Building and hangars	197,738	197,738
Site improvements	2,618	2,618
Fuel Equipment	128,953	128,953
Less accumulated depreciation	<u>(160,676)</u>	<u>(160,676)</u>
Total capital assets (net of accumulated depreciation)	<u>378,633</u>	<u>378,633</u>
Total noncurrent assets	<u>378,633</u>	<u>378,633</u>
Total Assets	<u>\$ 531,353</u>	<u>\$ 531,353</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ -	\$ -
Accrued interest	7,512	7,512
Due to other funds	2,500	2,500
Current portion of long-term debt	<u>40,515</u>	<u>40,515</u>
Total current liabilities	<u>50,527</u>	<u>50,527</u>
Noncurrent liabilities:		
Long-term portion leases payable	<u>127,048</u>	<u>127,048</u>
Total noncurrent liabilities	<u>127,048</u>	<u>127,048</u>
Total Liabilities	<u>177,575</u>	<u>177,575</u>
Net assets:		
Invested in capital assets, net of related debt	211,070	211,070
Unrestricted	<u>142,708</u>	<u>142,708</u>
Total Net Assets	<u>\$ 353,778</u>	<u>\$ 353,778</u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES NET ASSETS
JUNE 30, 2012**

	<u>Airport</u> <u>Fixed Base Operation</u>	<u>Totals</u>
Operating Revenues		
Fuel sales	\$ 262,743	\$ 262,743
Hangar rent	45,879	45,879
Pilot supplies	172	172
	308,794	308,794
Total Operating Revenues	308,794	308,794
Operating Expenses		
Wages	18,126	18,126
Maintenance, operation and administration	26,252	26,252
Cost of goods sold	231,701	231,701
Depreciation expense	15,363	15,363
	291,442	291,442
Total Operating Expenses	291,442	291,442
Operating Income	17,352	17,352
Non-operating Revenue (Expense)		
Interest revenue	117	117
Interest expense	(5,747)	(5,747)
Total Non-operating Revenue (Expense)	(5,630)	(5,630)
Net Income Before Other Financing Sources (Uses)	11,722	11,722
Other financing sources and (uses)		
Operating transfers in	18,856	18,856
Total Other Financing Sources and (Uses)	18,856	18,856
Change in net assets	30,578	30,578
Net Assets, July 1, 2011	323,200	323,200
Net Assets, June 30, 2012	\$ 353,778	\$ 353,778

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
JUNE 30, 2012**

	Airport Operations	Totals
Cash Flows from Operating Activities		
Cash received from customers	\$ 288,861	\$ 288,861
Cash payments to suppliers	(258,123)	(258,123)
Cash payments to employees	(18,126)	(18,126)
	12,612	12,612
Net Cash Provided By Operating Activities		
Cash Flows from Non-Capital Financing Activities		
Interfund activity	21,592	21,592
	21,592	21,592
Net Cash Used For Non-Capital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Reductions of debt	(36,794)	(36,794)
Interest expense	(10,323)	(10,323)
Purchase of capital assets	-	-
	(47,117)	(47,117)
Net Cash Used For Capital and Related Financing Activities		
Cash flows from investing activities:		
Interest received on investments	117	117
	117	117
Net Increase (Decrease) in Cash and Cash Equivalents	(12,796)	(12,796)
Cash and Cash Equivalents, July 1, 2011	67,131	67,131
	67,131	67,131
Cash and Cash Equivalents, June 30, 2012	\$ 54,335	\$ 54,335
Reconciliation of Cash and Cash Equivalents:		
Cash and investments	\$ 54,335	\$ 54,335
Reconciliation of operating income to net cash flows from operating activities:		
Operating Income	\$ 17,352	\$ 17,352
Noncash items included in operating loss:		
Depreciation	15,363	15,363
Changes in:		
Accounts receivable	(19,933)	(19,933)
Fuel Inventory	(143)	(143)
Accounts payable	(27)	(27)
	(19,933)	(19,933)
	(143)	(143)
	(27)	(27)
Net Cash Provided By Operating Activities	\$ 12,612	\$ 12,612

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

**AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012**

ASSETS	<u>Assessment District</u>
Cash and investments	\$ 109,150
Due from other fund	1,954
Due from landowners	<u>1,021,961</u>
 Total Assets	 <u>\$ 1,133,065</u>
 LIABILITIES	
Accounts payable	\$ -
Accrued interest	16,286
Due to bondholders	<u>1,116,779</u>
 Total Liabilities	 <u>\$ 1,133,065</u>

The notes to the financial statements are an integral part of this statement

CAMERON PARK AIRPORT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies

Description of the Organization

Cameron Park Airport District (the "District") was established in 1987 pursuant to Public Utilities Code Section 22256 for the purpose of providing and maintaining a public airport and landing places for aerial traffic, and the power to utilize various public financing procedures for construction and maintenance. Revenues are derived primarily from the property taxes, a special assessment on parcels within the district, fuel sales, hanger leases, and tie down fees.

The District is administered by five Board of Directors that act as the authoritative and legislative body of the district. The Directors are required to be residents of the district and are elected by qualified electors residing within the district.

The accounting policies of the Cameron Park Airport District, California conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with U. S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with Governmental Accounting Standards Board Statements.

B. Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

CAMERON PARK AIRPORT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the District reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non exchange transactions or ancillary activities.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the District) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CAMERON PARK AIRPORT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

The District reports the following major enterprise fund.

Aiport Fixed Base Operation - accounts for the operation of the District's owned airport enterprise activities. Activities of this fund include administration, operation and maintenance of the fuel sales, pilot supply sales and hangars, including billing and collection activities. The Fund also accumulates resources for, and payment of long-term debt principal and interest for the hangars, land and fuel system assets. Operations are financed through charges made for fuel sales, hangar rents and pilot supply sales. Administrative costs, major repairs and other operating expenses are subsidized by the general fund with operating transfers.

The District also reports the following Fiduciary Fund type:

Agency Fund – is used to account for resources held by the District in an agency capacity that are used to pay special assessment debt with no government commitment.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CAMERON PARK AIRPORT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

E. Inventory

Inventory for fuel is valued at the lower of cost or market using the first-in, first-out method of valuation.

F. Fixed Assets

Capital assets are capitalized at acquisition cost; donated equipment is recorded at the fair market value at the time of donation. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation for the business-type activities on the government wide financial statements is calculated using the straight-line method over the estimated life of the asset.

The District has determined the straight-line method of depreciation of 5 to 30 year lives of the capital assets in the governmental activities on the government wide financial statement. Depreciation and accumulated depreciation has been recorded from assets acquired after 2003.

G. Cash Equivalents

For purpose of the statement of cash flows, the District considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes bank accounts and deposits with the State of California Local Agency Investment Fund (LAIF).

H. Transfers

The District transfers funds from the Governmental activities to the Business activities as needed to subsidize these activities. The amount transferred during the 2011-12 fiscal year was \$18,856.

I. Property Tax and Assessments

El Dorado County, through the Auditor-Controller's Office and the Treasurer-Tax Collector, is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Property taxes, in general, attach as an enforceable lien on property on January 1. Taxes are levied on July 1 and are payable in two installments, November 1 and February 1. The County apportions property taxes according to the alternative method of distribution known as the Teeter Plan. Under the Teeter Plan, the current year's secured property tax levy is distributed to participating agencies within the County without consideration of delinquency factors. The district recognizes property taxes as revenue when the County distributes them.

The parcel assessment is a voter approved special tax of \$300 per year on parcels within the District. Parcel assessments are allocated to the District when the taxes are paid. The parcel assessments were approved by the voters in 1988 and are exempt from the taxation limits imposed by Proposition 13 and are not required to comply with Proposition 218, unless increases to the assessment are needed in future years.

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1: Summary of Significant Accounting Policies (Continued)

Note 2: Cash and Investments

Cash and investments are reported on the balance sheet as follows:

Primary government	\$	240,696
Agency fund		109,150
Total cash and investments	\$	349,846

Cash and investments at June 30, 2012 consisted of the following

Checking account	\$	303,564
Certificate of deposit		41,537
Imprest cash		409
Cash with County		4,336
Total cash and investments	\$	349,846

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

The table below identifies the **investment types** that are authorized for the Cameron Park Airport District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 2: Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of all investments. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

Investment Type	Totals	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-36 Months	37-48 Months
El Dorado County*	\$ 4,336	\$ 4,336	\$ -	\$ -	\$ -
Totals	\$ 4,336	\$ 4,336	\$ -	\$ -	\$ -

*Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2012, the District's deposits balance, including certificates of deposit, was \$347,648 and the carrying amount was \$345,235. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by the Federal Depository Insurance and/or by collateral held in the pledging bank's trust department in the District's name.

E. Investment in Investment Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the El Dorado County Investment Pool at fair value based on quoted market information obtained from the County if the change is material to the financial statements.

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 3: Property and Equipment

Activity for general fixed assets capitalized by the District is summarized below:

	Balance July 1, 2011	Additions	Retirements/ Adjustments	Balance June 30, 2012
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -		\$ -
Capital assets, being depreciated:				
Buildings and improvements	3,514			3,514
Site improvements	505,911			505,911
Equipment	11,650			11,650
Infrastructure	2,002,948			2,002,948
Total capital assets, being depreciated	2,522,057	-		2,524,023
Less accumulated depreciation for:				
Buildings and improvements	(2,364)	(50)		(2,414)
Site Improvements	(165,562)	(19,073)		(184,635)
Equipment	(11,650)	-		(11,650)
Infrastructure	(145,469)	(69,361)		(214,830)
Total accumulated depreciation	(325,045)	(88,484)		(413,529)
Total capital assets, being depreciated, net	2,197,012	(88,484)		2,110,494
Governmental activities capital assets, net	\$ 2,197,012	\$ (88,484)	\$ -	\$ 2,110,494

Business-Type Activities

Capital assets, not being depreciated:

Land	\$ 210,000	\$ -	\$ -	\$ 210,000
Capital assets, being depreciated:				
Buildings and improvements	197,738			197,738
Site improvements	2,618			2,618
Equipment	128,953			128,953
Total capital assets, being depreciated	329,309	-	-	329,309

Less accumulated depreciation for:

Buildings and improvements	(73,916)	(6,591)		(80,507)
Site improvements	(1,295)	(175)		(1,470)
Equipment	(70,102)	(8,597)		(78,699)
Total accumulated depreciation	(145,313)	(15,363)	-	(160,676)
Total capital assets, being depreciated, net	183,996	(15,363)	-	168,633
Business- type activities capital assets, net	\$ 393,996	\$ (15,363)	\$ -	\$ 378,633

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 4: Long-Term Debt – Enterprise Fund

At June 30, 2012, business-type long-term debt consisted of the following:

FBO loan

On July 6, 1998, the District entered into an agreement with the State of California Department of Transportation to obtain a loan in the amount of \$405,000 for the purchase of hangars, the fuel facility, and land at Cameron Air Park Airport. The loan has a maturity of 17 years with successive annual payments, including interest accruing at 5.0498% per year starting in August 1999. Interest for this loan is expensed directly to the proprietary fund.

Hangar Loan

On May 9, 2003, the District entered into an agreement with the State of California Department of Transportation to obtain a loan in the amount of \$90,000 for the purchase of a hangar at Cameron Air Park Airport. The loan has a maturity of 14 years with an annual successive payment and interest accruing at 5.0569% per year starting in August 2004. Interest for this loan is expensed directly to the propriety fund.

Future maturities of long – term debts are as follows:

For Year Ended June 30,	FBO Loan	Hangar Loan	Total
2013	\$ 31,531	\$ 7,123	\$ 38,654
2014	32,933	7,582	40,515
2015	34,334	8,041	42,375
2016	19,367	8,500	27,867
2017		8,959	8,959
Thereafter		9,193	9,193
Total	<u>\$ 118,165</u>	<u>\$ 49,398</u>	<u>\$ 167,563</u>

Note 5: Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Receivables and Payables:

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as “due from/due to other funds” (amounts due within one year).

Interfund transactions for the fiscal year ended June 30, 2012 are summarized as follows:

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Fund Type	Due To Other Funds	Due From Other Funds	Operating Transfers In	Operating Transfers Out
General	\$ 1,954	\$ 2,500	\$ -	\$ 18,856
Agency Fund		1954		
Enterprise	2500		18,856	
Total	\$ 4,454	\$ 4,454	\$ 18,856	\$ 18,856

Note 6: Special Assessment Debt with No Government Commitment

The Cameron Park Airport District’s Board and management are responsible for the administration of the Assessment District (Assessment District No. 2009-1) formed under the provisions of Municipal Improvement Act of 1913, Division 12 of the Streets and Highways Code of California. The District is not obligated to repay the special assessment debt to the special assessment debt holders. Special assessments collected from property owners within the assessment district are used to repay the debt holders. The assets and liabilities of the assessment district are accounted for in the basic financial statements agency fund.

The amount of special assessment debt with no government commitment at June 30, 2012, is:

Assessment District #2009-1 \$1,116,779

Note 7: Lease Income

The District derives a portion of its revenue from the rental of hangars based on a fixed lease amount. All leases of the District are treated as operating leases for accounting purposes. Lease terms are for a period of twelve months. Because the lease term does not exceed one year, we do not present the operating revenue over the term of the lease.

Note 8: Insurance

The District maintains a commercial package policy covering general and auto liability, public officials’ and employees’ errors and omissions and employment general practices. The policy provides combined single limits of liability per occurrence and with variable deductibles.

Note 9: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City’s ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 10: Prior Period Adjustments

A prior period adjustment was made increasing general fund, fund equity and governmental activities net assets \$650 to adjust prior year deposits recorded to business-type activities.

Note 11: Gann Limit

CAMERON PARK AIRPORT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

Amount of subject proceeds for 2011-2012	\$ 33,828
Gann limit for 2011-2012	<u>46,923</u>
Amount under/(over) the limit	<u><u>\$ 13,095</u></u>

Note 12: Commitments and Contingencies

Grants

Amounts received or receivable from grant and lending agencies are subject to audit and adjustment by grantor and lending agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor or lender cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In the normal course of business, the District is a defendant in various lawsuits. Defence of lawsuits are typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

CAMERON PARK AIRPORT DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Property taxes	\$ 15,200	\$ 15,200	\$ 23,575	\$ 8,375
Intergovernmental revenues	10,000	10,000	10,000	-
Charges for current services	19,680	19,680	20,355	675
Special assessments	40,500	40,500	40,000	(500)
Use of money and property	-	-	71	71
Other revenues and reimbursements	6,492	6,492		(6,492)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	91,872	91,872	94,001	2,129
Expenditures				
Salaries and benefits	18,000	18,000	18,127	(127)
Services and supplies	41,671	41,671	33,535	8,136
Capital outlay	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	59,671	59,671	51,662	8,009
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>32,201</u>	<u>32,201</u>	<u>42,339</u>	<u>10,138</u>
Other Financing Sources (Uses)				
Operating transfers in (out)			(18,856)	(18,856)
			<u> </u>	<u> </u>
Total Other Financing Uses			(18,856)	(18,856)
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ <u>32,201</u>	\$ <u>32,201</u>	23,484	\$ <u>(8,717)</u>
Fund Balances, July 1, 2011			156,497	
Prior period adjustment			<u>650</u>	
Fund Balances, June 30, 2012			\$ <u>180,631</u>	

CAMERON PARK AIRPORT DISTRICT

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

Note 1: Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year end.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.

LARRY BAIN, CPA

An Accounting Corporation

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Directors:

Cameron Park Airport District

Cameron Park, CA

We have audited the financial statements of the Cameron Park Airport District as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 17, 2014. In our report, our opinion was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Cameron Park Airport District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the significant deficiencies described in the schedule of findings as FS 12-1 through FS 12-4 constitute material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the significant deficiencies described in the schedule of findings as FS 12-5 through FS 12-12 to be significant deficiencies and not material weaknesses.

Cameron Park Airport District's responses to the findings identified in our audit (if any) are described in the accompanying schedule of findings and questioned costs. We did not audit Cameron Park Airport District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, Board of Director's, the State of California Controller's Office and the El Dorado County Auditor Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

{Signature on File}

Larry Bain, CPA,
September 17, 2014

CAMERON PARK AIRPORT DISTRICT
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

INTERNAL CONTROL FINDINGS

Significant Deficiencies Deemed Material Weaknesses

FS 12-1 (Prior Year FS 10-1): During our setup of the auditor's trial balance we noted the District's general ledger does not have a self balancing set of accounts for the general fund and the enterprise fund. While the District records activity for each fund in separate checking accounts and in separate revenue and expense accounts there are instances where one fund pays expenses for the other fund and one legged entries are recorded in each fund. Significant adjustments need to be made through accounts receivable and operating transfers in order to balance the funds. In the aggregate the District trial balance does balance.

Current year follow up: Condition still exists.

Recommendation: We recommend either obtaining an accounting program that will create a self balancing set of accounts for each fund, or modify the existing accounting program and procedures. The District should also create a year-end schedule to reconcile ending fund equity with beginning fund equity and current year activity.

FS 12-2 (Prior Year FS 10-3): During our audit we noted the District did not have a written financial and accounting policy/manual that included internal control procedures. The District should create the financial and accounting policies that demonstrate how transactions are processed from beginning to end. The policy should include the processes for internal controls that are designed to provide reasonable assurance that objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations are met. This also should include documenting controls over processing transactions, authorizing transactions and for maintaining and safeguarding assets.

The District also relies on the external auditor to ensure its financial statements are in accordance with GAAP. In addition, the District relies on the external auditor to ensure that all necessary disclosures are included in the notes to the financial statements. The District does not employ a staff member with the necessary knowledge and training to prepare governmental financial statements. In accordance with Statement of Auditing Standards No. 115 external auditors cannot be part of an entity's internal controls over preparation of the financial statements and are prohibited from auditing their own work, which would impair their independence.

Recommendation: We recommend the District create a written financial and accounting policy. The District should also consider training staff in preparing GAAP financial statements or hire an external qualified accountant to prepare the GAAP financial statements. The District could opt to take no action if it considers the cost will outweigh the benefit.

Current year follow up: Condition still exists.

CAMERON PARK AIRPORT DISTRICT
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Significant Deficiencies Deemed Material Weaknesses (Continued)

FS 12-3 (Prior Year FS 11-3): During our audit we detected material misstatements as a result of audit procedures.

Current year follow up: The material misstatements that were corrected during the current year audit were to reduce accumulated depreciation in the enterprise fund \$282,117 to agree with the prior year audit, eliminate \$38,919 depreciation expense recorded in the general fund, fund financial statements, reclassify \$49,723 interest expense that was recorded as a reduction to the USDA loan, reclassify \$10,000 to grant revenue that was miscoded, and we recorded a reclassification entry to enterprise interest expense for \$16,665.

Recommendation: The above condition is a material weakness because the auditor cannot be a part of the District internal controls and make material adjustments to the client trial balance detected during the audit. We recommend the district review the accounts prior to the audit and either reconcile the accounts to the underlying supporting documentation or inform the auditor about all known misstatements.

FS 12-4 (Prior Year FS 11-7): During our audit we noted several accounts on the aged accounts receivables ledger that were over two years old.

Current year follow up: During the current year audit we noted several accounts on the aged accounts receivables ledger that were over two years old. We also noted for tie down B-6 each month there was a charge, but then the charge was voided. We could not determine that a payment had been received and there was no indication, based on testing and inquiry, as to why each monthly charge was subsequently voided. We would consider this condition to be an irregularity.

Recommendation: We recommend the District accountant analyze the receivables ledger to determine collectability of the older accounts. The list of delinquent receivables should then be brought to the board for review and guidance on collection procedures or writing the accounts off. The District should also have procedures to review and establish an allowance for doubtful accounts when collectability is uncertain.

We also recommend reviewing why tie down B-6 charges were voided and determine if an amount is owed by the renter of this tie down or what happened to the payment if a payment had been made.

Significant Deficiencies Not Deemed Material Weaknesses:

FS 12-5 (Prior Year FS 11-5): The District did not implement the provisions of Government Accounting Standards Board Statement 54 as required by U.S. generally accepted accounting policies. This new standard went into effect for fiscal year ending June 30, 2011. The new requirement categorizes fund balances into five separate categories and sets a new definition for special revenue funds.

Recommendation: We recommend the District review the provisions of GASB 54 and take action to adopt the new standard.

FS 12-6: We noted the District has a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have noted this finding in our prior audit.

CAMERON PARK AIRPORT DISTRICT
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Significant Deficiencies Not Deemed Material Weaknesses (Continued):

FS 12-7 (Prior Year FS 11-9): During our testing of disbursements we noted one payment that was not supported by an outside invoice. The payment was to the Growlerburg Conservation Camp for \$800 and was supported by a letter to the Conservation Camp written on Cameron Park Airport District letterhead. Furthermore no agreement outlining services to be performed, cost, workers compensation coverage etc. was provided.

Current year follow up: In the current year there was a payment to Camino Outdoor Power for \$400 attached to the Growlerburg Conservation Camp agreement without an invoice. The agreement did have a email attached with a list of fees, however there was not enough information to determine what the \$400 was for.

We also noted an \$87.66 invoice from El Dorado Irrigation District coded to #8010 accounting services where the correct account was #7200 utilities. We also noted a \$45.22 reimbursement for printer ink coded to #5073 repairs and maintenance where account #8155 office expense would have been more appropriate.

We noted a \$226.41 expenditure for petty cash without invoices attached describing what the petty cash reimbursement was for and a \$69.94 expenditure paid to WorldSmart without an invoice attached.

Recommendation: We recommend the District obtain an authorized agreement for all work performed on District grounds. We also recommend obtaining an invoice from the payee prior to paying bills and maintaining all invoices to support petty cash reimbursements.

FS 12-8 (Prior Year FS 11-10): During the 2010/11 audit we noted during the Board of Directors was not properly reviewing and amending the District budget. We noted negative variances in salary and wages, service and supply and capital outlay accounts.

Current year follow up: Condition still exists with a minor negative variance in the salary and benefits account and no budget established for operating transfers to the enterprise fund where the general fund is paying for expenditures of the enterprise fund and transferring the expenditures through operating transfers.

Recommendation: The board of directors should review the budget to actual information periodically and amend the budget prior to incurring negative variances. The Board of Directors should also establish a budget in the general fund for operating transfers to the enterprise fund. It has been District practice for the general fund to pay all salary and benefit costs, but transfer half of the cost to the enterprise fund.

FS 12-9: During our testing of the USDA loan activity, we noted on 3/2/12 the USDA make an attempt to withdraw the preauthorized agreed payment from the District's Assessment Redemption Fund Account, however there were insufficient funds available from the account and the payment rejected. Although the USDA was able to successfully withdraw from the District account on 3/13/12 the District incurred a \$28 overdraft fee. Additionally, when reviewing the transfer from the District's main checking account to the Assessment Redemption Fund Account we note the transfer check was dated 2/23/12, but the deposited was not executed until 3/7/12.

Recommendation: We recommend that the District ensure that the proper funds are available for the USDA preauthorized withdrawal prior to the payment date.

CAMERON PARK AIRPORT DISTRICT
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Significant Deficiencies Not Deemed Material Weaknesses (Continued):

FS 12-10: Government Code section 26909 requires the District audit to be completed within 12 months after fiscal year end and for a copy to be submitted to the County Auditor Controller and to the State Controller's Office. We were given access to the records more than 12 months after fiscal year end.

Recommendation: Recommendation: We recommend the District ensure that records are provided to the auditor allowing enough time to complete the audit within the prescribed deadline and submit the reports to the State Controller's Office and the El Dorado County Auditor Controller within 12 months after fiscal year end.

FS 12-11: During our audit we noted the General Manager's most recent contract expired on 8/15/11.

Recommendation: We recommend that a current contract be executed for the General Manager position.

FS 12-12: During our audit we did not observe a fee ordinance for charging hangar rents, tie downs and any other charges for services.

Recommendation: We recommend the District review current law in establishing fees for services and take action to comply. The District should consult with legal counsel to ensure compliance with Proposition 218 and any other applicable laws in establishing rates