



November 14, 2013

F2013-05

TO: All Fair CEOs & Accounting Staff

SUBJECT: 2013 STATEMENT OF OPERATIONS

The Division of Fairs & Expositions (F&E) is pleased to present the 2013 Statement of Operations (STOP) instruction package. We will be including Schedule 7 (Property, Plant & Equipment – Acquisitions/Dispositions) back into the STOP as Section 12460 of the Government Code requires the State Controller's Office (SCO) to prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). To fulfill this requirement, the SCO prepares the State of California's *Comprehensive Annual Financial Report* (CAFR), the State's audited financial statements. F&E will be completing the District Agricultural Association's portion of this report on your behalf and will need Schedule 7 to complete this report. As previously stated in the 2012 STOP package, we have thoroughly revised the content of the STOP to meet the oversight needs of the Department while providing reporting relief for the fairs. The following STOP sections have been removed:

- Pages 3-10 (Account Detail)
- Schedule 2 (Schedule of Accounts Receivables/Payables)
- Schedule 3 (Reconciliation of Bank Accounts)
- Schedule 5 (Interim Attendance)
- Schedule 8A (Non-Fair Funds Reconciliation for Capitalized Projects)
- Schedule 8B (Reconciliation of F&E Funds used for Operating Purposes)
- Junior Livestock Auction
- Satellite Wagering Accounting/Labor Detail/Statistics
- Motorized Racing Accounting/Labor Detail

While a majority of the STOP has been removed, F&E may request details on specific accounts during the review process. Furthermore, while the above sections have been removed, F&E highly recommends that the DAA still track and monitor the information. Please read the enclosed instructions prior to submitting your STOP. All necessary worksheets are available for immediate download on the F&E website at [www.cdfa.ca.gov/fe](http://www.cdfa.ca.gov/fe).

### **Submittal Deadline**

All STOP submittals must be postmarked to F&E by **Monday, March 3, 2014**. If your fair is on a Fiscal Year cycle, the FY 2012/13 STOP package will be sent in June 2014.



2013 STOP

Page 2 of 2

**Enclosed Resources**

Enclosed is information and instructions to facilitate the completion of the fair's 2013 STOP.

To better assist the fairs in completing the STOP, F&E has highlighted (in gray) the cells that have formulas on the STOP worksheets. These cells do not require data entry.

**Fairs on the Watch - Additional Reporting Requirements**

Additional reporting requirements may be required fairs with negative reserves. Fairs with reserves between 0% and 5% will continue to be assessed on a case-by-case basis, while additional reporting requirements will be mandatory for fairs reporting negative reserves. If additional reporting requirements are deemed necessary, F&E will contact the fair in approximately January or February of each year to discuss the details.

If you have any questions regarding this package please contact John Quiroz at 916-900-5025, or email at [John.Quiroz@cdfa.ca.gov](mailto:John.Quiroz@cdfa.ca.gov).

Sincerely,



Jim Houston  
Deputy Secretary

Enclosures

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE  
DIVISION OF FAIRS & EXPOSITIONS  
**2013 STATEMENT OF OPERATIONS**

CONTENTS

Enclosed Documents

- 2013 Statement of Operations Cover Letter
- 2013 Statement of Operations Preparation Guide
- 2013 Statement of Operations Preparation Guide Exhibit I
- 2013 Statement of Operations Contents Check Sheet (due March 3, 2014)
- Statement of Operations Review Check Sheet
- Reminders for Adjusting and Closing Entries

California Department of Food & Agriculture  
Division of Fairs & Expositions  
**2013 STATEMENT OF OPERATIONS**

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## Preparation Guide

This guide is designed to assist fairs with the preparation of their 2013 Statement of Operations (STOP). All STOPS must be submitted in accordance with the policies in these instructions.

Please provide all information requested and attach additional pages to explain or list other relevant information as needed. Be sure to reference the attachment with the correct account number and the name of the account. *If a particular section or area does not apply to your fair, please note "not applicable" to indicate it was not overlooked in error.* Refer to Exhibit I to assist with the completion of page 1 of the STOP. Please include your fair's 2013 theme, if any, on the bottom of page one.

### Deadline

All STOPS should be **complete and postmarked no later than Monday, March 3, 2014**. Please do not request extensions.

### What to Submit

Fairs must submit to F&E the original signed and completed Statement of Operations with appropriate schedules and attachments. Also include a December 31, 2013 *pre-closing* trial balance (after all adjusting entries have been made, but prior to closing revenues and expenses) and a *post-closing* trial balance (after revenues and expenses have been closed out). For a detailed listing of what to submit, see the Statement of Operations checklist included in this package.

All necessary worksheets are available for immediate download on the Division's website at <http://www.cdfa.ca.gov/fe/>.

# SCHEDULES

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The following schedules are part of the completed STOP package:

## Schedule 1 Statement of Financial Condition

The Statement of Financial Condition reflects all asset, liability and net resources (i.e., reserve) account balances after the revenue and expenditure accounts are closed for 2013. In other words, the details of the post-closing trial balance are summarized and recorded on this schedule.

Effective for calendar year 2010, the new accounting and reporting requirements for intangible assets take effect to comply with Governmental Accounting Standard Board Statement No. 51 (GASB 51) - *Accounting and Financial Reporting for Intangible Assets*. The new policy requires capitalization of not only purchased intangible assets, but also internally generated intangible assets. New general ledger accounts have been added to Schedule 7 to reflect intangible assets. For additional information, please refer to the circular letter F2010-03 mailed to all fairs in October 2010.

## Schedule 4 2013 Fair Statistics

Please include all line item details requested, including free attendance breakdown and pass information. The total paid admission must agree with the amount reported on page 2, Account 41000. Likewise, the total parking information must agree with the parking revenue reported in Account 47100 on page 4. If necessary, attach and label additional pages and be sure to note "See attachments" and record totals on the schedule where indicated.

## Schedule 6 Permanent Positions on Payroll for 2013

Please provide the information requested, including account number, class title, number of months employed, and pay rate for each permanent position. District Agricultural Associations should use the exact civil service class title.

## Schedule 7, Property, Plant & Equipment Acquisitions & Dispositions

This form is designed to capture all property, plant & equipment (PP&E) acquisitions and dispositions during 2013, and provides the year-end amount of investment in capital assets. This total automatically carries to page 1 and Schedule 1 as "Net Resources: Investment in Capital Assets, Net of Related Debt." For step-by-step instructions on completing this form, please see Exhibit I to this preparation guide.

Note that "Construction in Progress" (CIP) is used to record capital expenditures for projects that are "in progress" and not yet complete. To simplify the accounting of CIP for fairs, F&E only requires fair-funded CIP expenditures to be recorded (i.e., capitalized) in

the general ledger during the year incurred. CIP expenditures paid for by California Construction Authority (CCA) on behalf of the fair for multi-year projects are not required to be capitalized until the project is completed as evidenced by a CCA project closeout summary. While CIP is an asset account and increases the Fair's investment in capital assets, depreciation of the assets do not commence until the project is fully completed and CIP is reclassified to appropriate capital asset account.

## SPECIAL REPORTS

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### Questions?

Please direct any questions regarding preparation of the Statement of Operations to:

Linda Saelee  
Division of Fairs & Expositions  
(916) 900-5367 (office)  
(916) 999-3001 fax  
E-mail: [Linda.Saelee@cdfa.ca.gov](mailto:Linda.Saelee@cdfa.ca.gov)

California Department of Food & Agriculture  
Division of Fairs & Expositions

# 2013 STATEMENT OF OPERATIONS

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## **Preparation Guide Exhibit 1**

**PAGE 1: Please refer to the sample page 1**

- A1** Beginning 2013 Unrestricted Net Resources as of January 1<sup>st</sup> should equal Actual 2012 Unrestricted Net Resources at December 31<sup>st</sup> as shown on your 2012 STOP.
- A2** Beginning 2013 Restricted Net Resources as of January 1<sup>st</sup> should equal any restricted net resources held by the fair as of December 31, 2012. Some fairs account for restricted net resources in separate general ledger sub-accounts (e.g., account 29300). While this is an acceptable option for fairs, it is important that all such accounts roll into total net resources, account 29100, on both Schedule 1 and Page 1 of the 2013 STOP.
- A3** Beginning 2013 Investment in Capital Assets, Net of Related Debt as of January 1<sup>st</sup> should equal Actual 2012 Investment in Capital Assets, Net of Related Debt at December 31<sup>st</sup> as shown on your 2012 STOP.
- B** This number is automatically calculated by the template and should match December 31, 2012 amount shown on your 2012 STOP.
- C** This number carries from page 2. No manual entry is required.
- D** Enter the total amount of your 2013 State (Local/Base) Allocation.
- E** Enter the total amount of Fiscal & Administrative assistance received from F&E in 2013.
- F** Enter the total amount of capital project reimbursement funds received in 2013.
- G** New account number to show one-time revenue sources.
- H** Enter the total amount of governmental funds (excluding F&E funds) received in 2013. These funds include county contributions, funds from other State agencies, etc.
- I** Enter account #34000 balance from the general ledger as of December 31, 2013.
- J** This number is automatically calculated by the template and requires no manual entry.
- K** This number is automatically carried forward by the template and represents total operating expenses excluding depreciation expense.
- L** Enter any other operating expenditure not shown in "K" above (e.g. audit adjustments made directly to total net resources). Do not include depreciation expense.
- M** This number is automatically calculated by the template and represents the total amount of operating expenditures, excluding depreciation expense. This number is used by the template to calculate the fair's Unrestricted Reserve Percentage.
- N** This number is automatically carried forward by the template and represents annual depreciation expense.

- O** This number is automatically calculated by the template and represents total expenditures for the year.
- P** This number is automatically calculated by the template and represents total ending net resources (restricted, unrestricted and Investment in Capital Assets).
- P1** This number is automatically calculated by the template and represents the amount of ending unrestricted (or available) net resources. The template calculates this number by subtracting the ending Investment in Capital Assets (carried from Schedule 1) and Restricted Net Resources (see "P2" below) from the total ending net resources, account 29100.
- P2** This number must be manually entered and represents any balance remaining in restricted net resources. If general ledger sub-accounts are used for restricted net resources, then this number represents the aggregate of the sub-accounts.
- P3** This number is automatically carried forward from Schedule 1 and represents the ending Investment in Capital Assets.
- Q** This number is automatically calculated by the template and should be used as a check number to verify the accuracy of the breakdown of Total Net Resources. This check number should equal the number from step "P."
- R** The reserve percentage is automatically calculated by dividing the ending unrestricted resources by the Subtotal - Operating Expenditures (Excluding Depreciation) ( $P1 \div M$ ).

## **SCHEDULE 7: Please refer to the sample Schedule 7**

- 1 This number is manually entered using the following formula:
  - Account 19000 (Construction in Progress) + Account 19100 (Land) + Account 19200 (Buildings & Improvements) + Account 19300 (Equipment) + Account 19400 (Leasehold Improvements) as of January 1, 2013.
  - Amount entered should match your PP&E Before Depreciation, December 31 from Schedule 7 of your 2012 STOP.
- 2 List all acquisitions (purchases, new construction, etc.) occurring in 2013. Include all F&E/CCA funded projects, projects funded by outside entities (county, Friends of the Fair, etc.), and projects funded by the fair. Completed project amounts for F&E/CCA projects may be pulled from Project Close-Out sheets provided to the fair at completion of projects.
- 3 List all assets disposed of in 2013. Dispositions include lost, salvaged, sold and stolen assets, plus destruction of buildings.
- 4 This number is automatically calculated by the template and represents the total Property, Plant and Equipment as of December 31, 2013, before depreciation.
- 5 This number is manually entered using the following formula:
  - Account 19201 (Accumulated Depreciation–Buildings & Improvements) + Account 19301 (Accumulated Depreciation–Equipment) + Account 19401 (Accumulated Depreciation–Leasehold Improvements) as of January 1, 2013
  - Amount entered should match your Accumulated Depreciation, December 31 from Schedule 7 of your 2012 STOP.
- 6 Enter the Accumulated Depreciation on disposition of fixed assets, if any.
- 7 Enter the Annual Depreciation Expense, if any.
- 8 This number is automatically calculated by the template and represents the total accumulated depreciation as of December 31, 2013. This number should match the total of Account 19201 (Accumulated Depreciation–Buildings & Improvements) + Account 19301 (Accumulated Depreciation–Equipment) + Account 19401 (Accumulated Depreciation–Leasehold Improvements) from your Schedule 1 (Balance Sheet) as of December 31, 2013.
- 9 This number is automatically calculated by the template and represents the total Property, Plant & Equipment less depreciation (i.e., net book value), as of December 31, 2013.
- 10 Enter the total liability balance of any long-term debt associated with fixed assets as of December 31, 2013.
- 11 This number is automatically calculated by the template and represents the total Investment in Capital Assets as of December 31, 2013. This number automatically carries forward to Page 1 and Schedule 1 of the template as the ending Investment in Capital Assets.

**STATEMENT OF OPERATIONS - OPERATING FUND**

Legal name of fair \_\_\_\_\_

Location \_\_\_\_\_

	Account Number	Actual XXXX
SUMMARY: January 1, XXXX to December 31, XXXX		
TOTAL NET RESOURCES, January 1	29100	
Unrestricted Net Resources		A1
Restricted Net Resources		A2
Investment in Capital Assets, Net of Related Debt		A3
Subtotal		B
RESOURCES ACQUIRED:		
Operating Revenues (from page 2)		C
Section 19630, Business & Professions Code		
State (Local/Base) Allocations (to Page 2):	31200	D
Fiscal & Administrative Assistance (F&E) (to Page 2):	31300	E
Capital Project Reimbursement Funds (from Sched 8A)	31900	F
One-time Revenue Sources (fire camp, sale of property, capital project audit adj)	32500	G
Contributions from Other Gov't (non-F&E) Sources (to Page 2)	33000	H
Other (e.g., Flex Capital used for oper.) (From Sched 8B & to Page 2)	34000	I
TOTAL RESOURCES		J
RESOURCES APPLIED:		
Operating Expenditures (from page 2)		K
Other Operating Expenditures (e.g., audit adjustments)		L
Subtotal - Operating Expenditures (Excluding Depreciation)		M
Depreciation Expense	90000	N
TOTAL EXPENDITURES		O
TOTAL NET RESOURCES, December 31	29100	P
Unrestricted Net Resources Available for Operations		P1
Restricted Net Resources		P2
Investment in Capital Assets, Net of Related Debt (from Sched 7)		P3
Total Net Resources (check figure - should equal #29100)		Q
UNRESTRICTED RESERVE PERCENTAGE		R

Please list the theme of your fair for this reporting period: \_\_\_\_\_

\_\_\_\_\_  
CEO

\_\_\_\_\_  
Date

**PROPERTY, PLANT & EQUIPMENT  
ACQUISITIONS & DISPOSITIONS**

0  
(Legal Name of Fair)

	XXXX	
<b>PROPERTY, PLANT &amp; EQUIPMENT (PP&amp;E), January 1:</b>	<b>0.00</b>	<b>1</b>
<b>ACQUISITIONS OF FIXED ASSETS:</b>		
Land	0.00	} <b>2</b>
Buildings & Improvements:		
Major Maintenance (MMP) Projects	0.00	
ADA Projects	0.00	
Building Improvements	0.00	
Land Improvements	0.00	
Leasehold Improvements	0.00	
New Construction	0.00	
Construction in Progress	0.00	
Equipment	0.00	
Intangible Assets	0.00	
Other Fixed Assets	0.00	
Other:	0.00	
<b>TOTAL ACQUISITIONS OF FIXED ASSETS</b>	<b>0.00</b>	
<b>TOTAL PP&amp;E BEFORE DISPOSITIONS &amp; DEPRECIATION</b>	<b>0.00</b>	
<b>DISPOSITION OF FIXED ASSETS (Salvaged, Sold, etc.):</b>		
Land	0.00	} <b>3</b>
Buildings & Improvements	0.00	
Equipment	0.00	
Other Fixed Assets	0.00	
Other:	0.00	
<b>TOTAL DISPOSITIONS OF FIXED ASSETS</b>	<b>0.00</b>	
<b>PP&amp;E BEFORE DEPRECIATION, December 31</b>	<b>0.00</b>	<b>4</b>
<b>DEPRECIATION:</b>		
Accumulated Depreciation, January 1	0.00	<b>5</b>
Less A/D on Dispositions of Fixed Assets above	0.00	<b>6</b>
Annual Depreciation Expense	0.00	<b>7</b>
Accumulated Depreciation, December 31	0.00	<b>8</b>
<b>PP&amp;E, NET OF DEPRECIATION, December 31</b>	<b>0.00</b>	<b>9</b>
<b>LONG-TERM DEBT (ASSOCIATED WITH FIXED ASSETS)</b>	<b>0.00</b>	<b>10</b>
<b>INVESTMENT IN CAPITAL ASSETS, DECEMBER 31: (to page 1 and Schedule 1)</b>	<b>0.00</b>	<b>11</b>

NOTE: Enter all numbers as a positive.

California Department of Food & Agriculture  
Division of Fairs & Expositions  
2013 STATEMENT OF OPERATIONS  
DUE MONDAY, MARCH 3, 2014

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2013 Statement of Operations:

- Pages 1-2 (**Signature required on page 1**)
- Schedule 1, Statement of Financial Condition
- Schedule 4, 2013 Fair Statistics
- Schedule 6, Permanent Positions on Payroll for 2013
- Schedule 7, Property, Plant & Equipment – Acquisitions/Dispositions

DAAs only:

- Federal Labor Standard Act (FLSA) Recreational Exemption (**2 COPIES**)

Reports:

- December 31, 2013 Pre-closing Summary Trial Balance
- December 31, 2013 Post-closing Summary Trial Balance

**For ease of processing, do not staple pages together; instead please use a binder clip on the completed package.**

California Department of Food & Agriculture  
Division of Fairs & Expositions  
FY 2013 STATEMENT OF OPERATIONS

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## Review Check Sheet

You can avoid some of the most common errors associated with Statement of Operations (STOP) preparation by double checking the following:

- Page 1 – Jan 1 Unrestricted Net Resources, Restricted Net Resources, and Investment in Capital Assets matches last year's STOP ending reserves
- Schedule 1 – Total Net Resources matches page 1 ending resources
- Schedule 1 – Unrestricted, Restricted and Inv. in Cap Assets matches page 1 ending resources
- Schedule 1 – Total Assets equals Total Obligations and Resources
- Schedule 1 – Subtotal property accounts minus any long-term debt related to fixed assets equal Investment in Capital Assets, Net of Related Debt
- Schedule 4 – Number of Admission tickets sold multiplied by sales price equals amount shown
- Schedule 4 – Number of parking tickets sold multiplied by sales price equals amount shown
- Schedule 7 – Beginning PP&E matches ending PP&E, before depreciation from prior year STOP Schedule 7
- Schedule 7 – PP&E, Net of Depreciation, December 31 matches Sub-total Property accounts on Schedule 1
- Schedule 7 – Ending A/D matches the total of A/D for Buildings and Improvements, Equipment, and Leasehold Improvements on Schedule 1
- Schedule 7 – Annual Depreciation Expense matches Depreciation Expense on Page 1 and 2
- Schedule 7 – Ending Investment in Capital Assets matches Page 1 and Schedule 1

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## Reminders for Adjusting & Closing Entries

- Analyze any asset account that contains a credit balance – there may be posting errors.
- Analyze any liability account that contains a debit balance – there may be posting errors.
- Accrue 4<sup>th</sup> quarter interest on all savings accounts.
- Accrue all bank fees.
- Accrue all revenue earned but not received as of 12/31/13.
- Accrue expenses incurred but not paid as of 12/31/13.
- Adjust compensated absence liability to actual at 12/31/13: If account 24500 in the general ledger is greater than actual liability, debit account 24500 and credit account 50300; if the general ledger account is less, debit account 50300 and credit account 24500.
- Verify that all depreciation expense for current year has been posted to account 90000.
- Close JLA accounts to auction reserve, account 25100.
- Close local base (State) allocations, account 31200, to net resources, account 29100.
- Close all general operating revenue and expense accounts to account 29100.
- Analyze special project revenue and expense accounts and make appropriate adjusting entries. Close any balance of these accounts to net resources, account 29100.