CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE
A. G. Kawamura, Secretary

May 18, 2010

TO: FY Reporting Fair CEO's & Accounting Staff

SUBJECT: FY 2009/10 STATEMENT OF OPERATIONS

We are pleased to present the FY 2009/10 Statement of Operations (STOP) instruction package. The package remains unchanged from the prior year except for a new general ledger account number to be used for any one-time revenue sources. Additional information is included in the preparation guide. Please read the enclosed instructions prior to submitting your STOP.

All necessary forms and worksheets are available for immediate download on the Division's website at www.cdfa.ca.gov/fe. However, forms and worksheets are available on disk upon request. Requests can be made by calling our main telephone line at (916) 263-2955.

Submittal Deadline

All STOP submittals **must be postmarked to F&E by Wednesday, September 1, 2010**. The payment of any state funds is contingent upon receipt of a satisfactory budget and STOP in addition to compliance with other state requirements.

Enclosed Resources

Enclosed is information and instructions to facilitate the completion of the FY 2009/10 Statement of Operations (STOP) for your fair.

Priority Fair's Reporting Requirements

The purpose of the priority reporting program is to identify ways of reversing negative trends so that the fair organization can continue to meet community needs and pursue success at the local level. Priority reporting requirements (e.g. submission of monthly financial reports) may be required of fairs with negative reserves, low cash availability, history of decreasing reserves, and history of exceeding budgeted expenses without corresponding increases in revenue. Fairs with reserves between 0% and 5% will continue to be assessed on a case-by-case basis. If priority reporting requirements are

deemed necessary, F&E will notify the fair in the STOP acceptance letter. Be assured that F&E's primary interest is seeing that priority fairs succeed and remain financially solvent. As such, the priority reporting will serve as a tool to adequately monitor the fair's financial condition and ensure that the fair remains a going concern.

If you have any questions regarding this package, please contact Mae Constantino at 916-263-2953 or email at mconstantino@cdfa.ca.gov.

Sincerely,

Rebecca Desmond
Assistant Director
Division of Fairs and Expositions

Enclosures

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
DIVISION OF FAIRS & EXPOSITIONS

FY 2009/10
STATEMENT OF OPERATIONS

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Documents

- FY 2009/10 Statement of Operations Cover Letter
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- Reminders for Adjusting and Closing Entries

California Department of Food & Agriculture
Division of Fairs & Expositions

FISCAL YEAR 2009/10 STATEMENT OF OPERATIONS

Preparation Guide

This guide is designed to assist fairs with the preparation of their FY 2009/10 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.* Please include your fair's FY 2009/10 theme, if any, on the bottom of page one.

Deadline

All STOPs should be **complete and postmarked no later than Wednesday, September 1, 2010**. 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 June 30, 2010 *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.

One-time Revenue Sources – Account 32500 *NEW*

Account 32500, One-time Revenue Sources is reflected on Page 1 of the STOP. This new account number should be used to classify any revenue that is not a regular or expected source of revenue such as fire camp, sale of property, or audit adjustments related to capital projects.

SCHEDULES

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 FY 2009/10. In other words, the details of the post-closing trial balance are summarized and recorded on this schedule.

Schedule 2, Accounts Receivable and Accounts Payable

Provide details [year, individual(s), and amount] for outstanding revenue due to the fair as of 6/30/10; include uncollected junior livestock auction amounts. Record this information in the top portion of the form—the total must agree with the amount reflected on Schedule 1 as accounts receivable. (Remember to deduct your "Allowance for Doubtful Accounts" from total accounts receivable.)

Record the details of accounts payable (amounts owed by the fair) as of June 30, 2010 on the bottom portion of this form. Again, the total must agree with the corresponding line item on Schedule 1.

For either section, a computer printout of the information is acceptable, providing you note on the schedule "See attached printout" <u>and</u> show total(s) in spaces provided on Schedule 2.

Schedule 3, Reconciliation of Bank Accounts

Each bank account must be shown separately on Schedule 3. This includes all checking, payroll and savings accounts, as well as the premium and junior livestock auction accounts and any other special cash accounts reflected in the general ledger. Make sure to include the general ledger amounts for petty cash and change funds at the bottom of the page. The total of all accounts shown on Schedule 3 must agree with the amount recorded as "Sub-Total Cash Accounts" on Schedule 1. Make additional copies of this schedule as necessary to report all accounts.

Schedule 4, FY 2009/10 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 3, 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 5, FY 2009/10 Events Not Sponsored by the Fair

Please provide the information requested regarding interim rentals held on your grounds. If your organization contracts for other events in other major categories, you may add them to this form. Also, please include totals at the bottom of the "Estimated Attendance" column. Please try and be as accurate as possible.

Schedule 6, Permanent Positions on Payroll for FY 2009/10

Please provide the information requested, including account number, class title, number of months employed, and pay rate for each permanent position. District Agricultural Associations are to use the exact civil service class title, but county & non-profit fair associations may use the position working title. This information will be used in the annual fair classification evaluations.

Schedule 7, Property, Plant & Equipment Acquisitions & Dispositions

This form is designed to capture all property, plant & equipment (PP&E) acquisitions and dispositions during FY 2009/10, 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.

Schedule 8A, Non-Fair Funds Reconciliation for Capitalized Projects

Please enter all resources received to "Capital Project Reimbursements," account 31900, on this schedule. Separate them out into the appropriate categories as listed on the form.

Enter the corresponding capital investment in the appropriate section of the form. If the project funds were run through the fair's books (i.e., if the fair paid the vendors directly), enter this information under "Resources Applied (Run through Fair's Accounting System)." If the capital expenditures were paid directly by outside sources (i.e., CCA), enter this information under "Resources Applied (Paid directly by CCA)." Do not include fair funded expenditures.

“Resources appropriated in prior year” (top of schedule) should be used to reflect resources acquired in a prior year that were previously recorded as deferred revenue, but is now being recognized as revenue in the current year. Deferred revenue is recorded when a fair receives resources in one year, but does not expect to expend the funds on a capital project until a subsequent year. The recognition of the revenue takes place when such funds are ultimately spent on the capital project for which the funds were designated.

Total Resources received less funds remaining (deferred revenue) from this schedule are automatically carried to page 1.

Schedule 8B, Reconciliation of F&E Funds Used for Operating Purposes

This schedule should be used to summarize F&E funds received and spent on operating activities that are not related to capital projects (e.g. Flex Capital, etc.) and posted to account #34000, Other Resources Acquired. Other non-fair funds (funds from non-profit arm of the fair, non-governmental grants or contributions, etc.) received for operating purposes should no longer be included on Schedule 8B, nor posted to account #34000. Such receipts should be posted to the appropriate operating revenue account such as other revenue, donations, etc. Do not include fair funded expenses.

Since there were no spending restrictions on flex capital funding in 2009/10, F&E has decided to use the Schedule 8B for information purposes only. There will no longer be a general ledger account #94500. Fairs should book the expenses incurred to the respective expense accounts but should also list the expenses on Schedule 8B for information purposes only.

Totals from this schedule are not automatically carried to page 1 and 10. Account #34000, Other Resources Acquired on Page 1 should be entered manually from the balance on your general ledger account #34000.

SPECIAL REPORTS

Junior Livestock Auction (JLA)

Report the FY 2009/10 JLA activity on the separate STATEMENT OF OPERATIONS – JUNIOR LIVESTOCK AUCTION form. **Do not include the totals on pages 1 through 10 of the regular STOP.** At year-end, JLA revenue and expense accounts are closed to account 25100, JLA Reserve. The June 30th adjusted balance in the general ledger must agree with the amount reported on Schedule 1 under Net Resources, Reserve for Junior Livestock Auction.

Satellite Wagering

Provide all satellite wagering revenue and expense details on the separate "Summary of Satellite Wagering" form (SW1). Satellite Wagering Labor Detail (SW2) will capture the detail behind the satellite wagering salary account. Satellite Wagering Statistics (SW3) is designed to capture all admission and parking statistics.

Motorized Racing (Fair Produced)

Provide all motorized racing (fair-produced only) revenue and expense details on the separate "Summary of Motorized Racing" form (MR). Motorized Racing Labor Detail (MRL) will capture the detail behind the motorized racing salary account.

Questions?

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

Mae Constantino
Division of Fairs & Expositions
(916) 263-2953 (office)
(916) 263-2969 fax
E-mail: mconstantino@cdfa.ca.gov

California Department of Food & Agriculture
Division of Fairs & Expositions

FY 2009/10
STATEMENT OF OPERATIONS

Preparation Guide
Exhibit 1

PAGE 1: Please refer to the sample page 1

A1 Beginning FY 2009/10 Unrestricted Net Resources as of July 1st should equal Actual FY 2008/09 Unrestricted Net Resources at June 30th as shown on your FY 2008/09 STOP.

A2 Beginning FY 2009/10 Restricted Net Resources as of July 1st should equal any restricted net resources held by the fair as of June 30, 2009. 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 FY 2009/10 STOP.

A3 Beginning FY 2009/10 Investment in Capital Assets, Net of Related Debt as of July 1st should equal Actual FY 2008/09 Investment in Capital Assets, Net of Related Debt at June 30th as shown on your FY 2008/09 STOP.

B This number is automatically calculated by the template and should match amount shown on your FY 2008/09 STOP.

C This number carries from page 2. No manual entry is required.

D Enter the total amount of your FY 2009/10 State (Local/Base) Allocation.

E Enter the total amount of Fiscal & Administrative Assistance received from F&E in FY 2009/10.

F This number carries from Schedule 8A. No manual entry is required.

G New account number to show one-time revenue sources. See preparation guide.

H Enter the total amount of governmental funds (excluding F&E funds) received in FY 2009/10. These funds include county contributions, funds from other State agencies, etc.

I Enter account #34000 balance from the general ledger as of June 30, 2010.

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 7) 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 7 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 ÷ M).

STATEMENT OF OPERATIONS - OPERATING FUND

Legal name of fair _____ Location _____

SUMMARY: July 1, XXXX to June 30, XXXX	Account Number	Actual XXXX/XX
TOTAL NET RESOURCES, July 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 (from page 10)	90000	N
TOTAL EXPENDITURES		O
TOTAL NET RESOURCES, June 30	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 _____

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 July 1, 2009
- Amount entered should match your PP&E Before Depreciation, June 30 from Schedule 7 of your FY 2008/09 STOP

2 List all acquisitions (purchases, new construction, etc.) which occurred in FY 2009/10. 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 FY 2009/10. 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 June 30, 2010, 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 July 1, 2009
- Amount entered should match your Accumulated Depreciation, June 30 from Schedule 7 of your FY 2008/09 STOP

6 Enter the Accumulated Depreciation on disposition of fixed assets, if any.

7 This number carries from Page 10. No manual entry is required.

8 This number is automatically calculated by the template and represents the total accumulated depreciation as of June 30, 2010. 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 June 30, 2010.

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 June 30, 2010.

10 Enter the total liability balance of any long-term debt associated with fixed assets as of June 30, 2010.

11 This number is automatically calculated by the template and represents the total Investment in Capital Assets as of June 30, 2010. This number automatically carries forward to Page 1 and Schedule 1 of the template as the ending Investment in Capital Assets.

PROPERTY, PLANT & EQUIPMENT
ACQUISITIONS & DISPOSITIONS

0
(Legal Name of Fair)

	XXXX/XX	
PROPERTY, PLANT & EQUIPMENT (PP&E), July 1:	**0.00**	**1**
ACQUISITIONS OF FIXED ASSETS:		
Land	0.00	
Buildings & Improvements:		
Major Maintenance (MMP) Projects	0.00	
ADA Projects	0.00	
Building Improvements	0.00	
Land Improvements	0.00	
Leasehold Improvements	0.00	**2**
New Construction	0.00	
Construction in Progress	0.00	
Equipment	0.00	
Other Fixed Assets	0.00	
Other:	0.00	
TOTAL ACQUISITIONS OF FIXED ASSETS	0.00	
TOTAL PP&E BEFORE DISPOSITIONS & DEPRECIATION	**0.00**	
DISPOSITION OF FIXED ASSETS (Salvaged, Sold, etc.):		
Land	0.00	
Buildings & Improvements	0.00	
Equipment	0.00	**3**
Other Fixed Assets	0.00	
Other:	0.00	
TOTAL DISPOSITIONS OF FIXED ASSETS	0.00	
PP&E BEFORE DEPRECIATION, June 30	0.00	**4**
DEPRECIATION:		
Accumulated Depreciation, July 1	0.00	**5**
Less A/D on Dispositions of Fixed Assets above	0.00	**6**
Annual Depreciation Expense (from page 10)	0.00	**7**
Accumulated Depreciation, June 30	0.00	**8**
PP&E, NET OF DEPRECIATION, June 30	0.00	**9**
LONG-TERM DEBT (ASSOCIATED WITH FIXED ASSETS)	0.00	**10**
INVESTMENT IN CAPITAL ASSETS, June 30: (to page 1 and Schedule 1)	**0.00**	**11**

NOTE: Enter all numbers as a positive.

California Department of Food & Agriculture
Division of Fairs & Expositions
FY 2009/10 STATEMENT OF OPERATIONS
DUE WEDNESDAY, SEPTEMBER 1, 2010

FY 2009/10 Statement of Operations:

___ Pages 1-10 **(Signature required on page 1)**

___ Schedule 1, Statement of Financial Condition

___ Schedule 2, Schedule of Accounts Receivable and Accounts Payable

___ Schedule 3, Reconciliation of Bank Accounts

___ Schedule 4, FY 2009/10 Fair Statistics

___ Schedule 5, FY 2009/10 Events Not Sponsored by the Fair

___ Schedule 6, Permanent Positions on Payroll for FY 2009/10

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

___ Schedule 8A, Non-Fair Funds Reconciliation for Capitalized Projects

___ Schedule 8B, Reconciliation of F&E Funds Used for Operating Purposes

___ Statement of Operations – Junior Livestock Auction **(Signature required)**

Fair organizations with Satellite Wagering Facilities:

___ SW1, Summary of Satellite Wagering

___ SW2, Satellite Wagering Labor Detail

___ SW3, Satellite Wagering Statistics

Fair organizations with Motorized Racing (fair-produced):

___ MR, Summary of Motorized Racing

___ MRL, Motorized Racing Labor Detail

DAAs only:

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

Reports:

___ June 30, 2010 Pre-closing Summary Trial Balance

___ June 30, 2010 Post-closing Summary Trial Balance

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

California Department of Food & Agriculture
Division of Fairs & Expositions

FY 2009/10 STATEMENT OF OPERATIONS

Review Check Sheet

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

- ☐ Is the STOP complete and mathematically correct?
- ☐ Does the beginning reserve for FY 2009/10 agree exactly with the ending reserve on the FY 2008/09 STOP as submitted to Fairs & Expositions?
- ☐ Do the supporting schedules appropriately "roll up" to summary pages?
- ☐ Does the ending reserve on page 1 match account 29100 as shown on Schedule 1?
- ☐ Does the Junior Livestock Summary reserve amount match the 25100 account on Schedule 1?
- ☐ Is Schedule 1 in balance (Total Assets equal Total Obligations and Resources?
- ☐ Does the subtotal cash on Schedule 1 match the total on Schedule 3?
- ☐ Schedule 1: Does the subtotal property accounts minus any long-term debt related to fixed assets equal to Investment in Capital Assets, Net of Related Debt?
- ☐ Do the accounts receivable and accounts payable amounts shown on Schedule 1 match the detail totals on Schedule 2?
- ☐ Schedule 3: Are all bank accounts in balance? Did you remember to include petty cash and change funds in spaces provided at bottom?
- ☐ Schedule 4: Does the total amount for tickets sold match account 41000 on page 3? Does the total parking revenue match account 47100 on page 4?

California Department of Food & Agriculture
Division of Fairs & Expositions
FY 2009/10 STATEMENT OF OPERATIONS

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 4th quarter interest on all savings accounts.
- ☐ Accrue all bank fees.
- ☐ Accrue all revenue earned but not received as of 6/30/10.
- ☐ Accrue expenses incurred but not paid as of 6/30/10.
- ☐ Adjust compensated absence liability to actual at 6/30/10: 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.