



December 29, 2016

F2016-12

TO: All Fair CEOs & Accounting Staff

SUBJECT: 2016 STATEMENT OF OPERATIONS

We are pleased to present the 2016 Statement of Operations (STOP) instruction package. Please read the enclosed instructions prior to submitting your STOP. All necessary worksheets are available for immediate download on Fairs & Expositions' (F&E) website at www.cdfa.ca.gov/fe.

The submission of an annual STOP maintains the fairs' eligibility to receive funds and is a requirement if the fair is utilizing state assets (B&P 19622). In addition, the information from the STOP is compiled in the annual STOP publication, which is a document that includes all STOP financial information by class size. Fairs use the publication for budgeting and networking purposes. Furthermore, the financial information in the STOP for the District Agricultural Associations (DAAs) is compiled into a set of financial statements and submitted to the State Controller's Office for the annual Comprehensive Annual Financial Report (CAFR). The CAFR is a set of governmental financial statements comprising the financial report of the state.

With new accounting and reporting requirements (e.g. GASB 68), several modifications has been made to the STOP template. Please read the enclosed instructions prior to submitting your STOP.

Submittal Deadline

All STOP submittals must be emailed or postmarked to F&E by **Monday, March 6, 2017**.

Fairs on the Watch - Additional Reporting Requirements

Additional reporting requirements will be required for all DAAs with negative reserves as stated on the 2016 STOP. F&E will contact the DAAs with negative reserves in April or May of each year to outline additional reporting requirements.

If you have any questions regarding this package please contact Joji Kume at 916-900-5367, or via email at joji.kume@cdfa.ca.gov.

Sincerely,

John Quiroz
Branch Chief

Enclosures



CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
FAIRS & EXPOSITIONS BRANCH
2016 STATEMENT OF OPERATIONS

CONTENTS

Enclosed Documents

- 2016 Statement of Operations Cover Letter
- 2016 STOP Template
- 2016 Statement of Operations Preparation Guide
- 2016 Statement of Operations Preparation Guide Exhibit I
- 2016 Statement of Operations Contents Check Sheet
- Statement of Operations Review Check Sheet

California Department of Food & Agriculture
Fairs & Expositions Branch
2016 STATEMENT OF OPERATIONS

Preparation Guide

This guide is designed to assist fairs with the preparation of their 2016 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 2016 theme, if any, on the bottom of page 1.

Deadline

All STOPS should be **completed and submitted to Fairs & Expositions (F&E) no later than Monday, March 6, 2017**. Please mail a copy to F&E or email STOPS to joji.kume@cdfa.ca.gov. F&E's mailing information is as follows: CA Department of Food & Agriculture, Fairs & Expositions Branch 1220 N Street Sacramento, CA 95814.

Please do not request extensions.

What to Submit

Fairs must submit to F&E signed and completed Statement of Operations with appropriate schedules and attachments. Also include a December 31, 2016 **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 F&E's website at <http://www.cdfa.ca.gov/fe/>.

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 2016. In other words, the details of the post-closing trial balance are summarized and recorded on this schedule.

Schedule 2 - FY 2015/2016 General Allocation

Class I-X to IV+ fairs are eligible for general allocation funding. If your fair received an allocation during calendar year 2016, please list all uses of general allocation funding monies with respective dollar amounts.

Schedule 3 - FY 2015/2016 Training Allocation

Class I-X to IV+ fairs are eligible for training allocation funding. If your fair received training reimbursements during calendar year 2016, please list all training uses with respective dollar amounts.

Schedule 4 - 2016 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. 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 2016

Please provide the information requested, including account number, class title, number of months employed, pay rate, and compensated leave liability 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 2016, and provides the year-end amount of investment in capital assets. 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. 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 9 – Employer’s Share of Contributions towards Pension Plan (New in 2016 – Only Required by DAAs)

This schedule is designed to identify the monthly contribution of the employer’s share of the contribution made towards the pension plan. The dates for the contributions are for 18 months starting on July 1, 2015 to December 31, 2016.

Questions?

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

Joji Kume
Financial Analyst
Fairs & Expositions Branch
Phone: (916) 900-5367
E-mail: joji.kume@cdfa.ca.gov

California Department of Food & Agriculture
Fairs & Expositions Branch

2016 STATEMENT OF OPERATIONS

Preparation Guide Exhibit 1

PAGE 1: Please refer to the sample page 1

- A1** Beginning 2016 Unrestricted Net Resources (also referred to as Net Resources-Unrestricted) as of January 1st should equal Actual 2015 Unrestricted Net Resources at December 31st as shown on your 2015 STOP.
- A2** Beginning 2016 Restricted Net Resources (also referred to as Net Resources-Restricted) as of January 1st should equal any restricted net resources held by the fair as of December 31, 2015. 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 2016 STOP.
- A3** Beginning 2016 Investment in Capital Assets, Net of Related Debt (also referred to as Net Resources-Capital Assets, less related debt) as of January 1st should equal Actual 2015 Investment in Capital Assets, Net of Related Debt at December 31st as shown on your 2015 STOP.
- A4** Enter any prior year audit adjustments.
- B** This number is automatically calculated by the template and should match the December 31, 2015 amount shown on your 2015 STOP (with the exception of any prior year audit adjustments).
- C** This number is automatically carried forward by the template and represents Operating Revenues.
- D** Enter the total amount of your 2016 State (Local/Base) Allocation(s).
- E** Enter the total amount of F&E Training Allocation and Other Fiscal & Administrative assistance received from F&E in 2016.
- F** Enter the total amount of capital project reimbursement funds received in 2016.
- G** Enter the total amount of one-time revenue sources.
- H** Enter the total amount of governmental funds (excluding F&E funds) received in 2016. These funds include county contributions, funds from other State agencies, etc.
- I** Enter account #34000 balance from the general ledger as of December 31, 2016.
- 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. This number is used by the template to calculate the fair's Unrestricted Reserve Percentage.
- L** This number is automatically carried forward by the template and represents annual depreciation expense

- M** This number is automatically carried forward by the template and represents annual pension expense. **(GASB 68 Requirement)**
- N** This number is automatically calculated by the template and requires no manual entry.
- O** This number is automatically calculated by the template and requires no manual entry.
- P** This number is automatically carried forward by the template and represents the amount of ending unrestricted (or available) net resources (also referred to as Net Resources-Unrestricted).
- Q** This number is automatically carried forward by the template and represents any balance remaining in the unrestricted net position account (also referred to as Unrestricted Net Position-Pension). **(GASB 68 Requirement)**
- R** This number is automatically carried forward by the template and represents any balance remaining in restricted net resources (also referred to as Net Resources-Restricted). If general ledger sub-accounts are used for restricted net resources, then this number represents the aggregate of the sub-accounts.
- S** This number is automatically carried forward by the template and represents ending investments in capital assets (also referred to as Net Resources-Capital Assets, less related debt).
- T** This number is automatically calculated by the template and requires no manual entry. This number should be used as a check figure to verify the accuracy of the breakdown of Total Net Resources.
- U** The reserve percentage is automatically calculated by dividing Net Resources Unrestricted by Operating Expenditures (“P”÷”K”).

Fair Name _____
Fair Name

DAA # or fair name abbreviation _____
Fair Code

City _____
Location

STATEMENT OF OPERATIONS - OPERATING FUND	Reference	Account Number(s)	Jan 1 to Dec 31, 2016
TOTAL NET RESOURCES, January 1			
Net Resources-Unrestricted	Prior Year	29100	A1
Net Resources-Restricted	Prior Year	29300	A2
Net Resources-Capital Assets, Less Related Debt	Prior Year	29000	A3
Prior Year Audit Adjustment(s)	Prior Year	various	A4
TOTAL NET RESOURCES, JANUARY 1			B
RESOURCES ACQUIRED:			
Operating Revenues	from page 2	various	C
State (Local/Base) Allocation(s) (F&E)	to page 2	31200	D
Training Allocation & Other Fiscal & Admin Assistance (F&E)	to page 2	31300	E
Capital Project Reimbursement Funds	to page 2	31900	F
One-time Revenue Sources	to page 2	32500	G
(fire camp, sale of property, capital project audit adj)			
Contributions from Other Gov't (non-F&E) Sources	to page 2	33000	H
Other (e.g. Flex Capital)	to page 2	34000	I
TOTAL RESOURCES ACQUIRED			J
RESOURCES APPLIED:			
Operating Expenditure	from page 2	various	K
Depreciation Expense	from page 2	90000	L
Pension Expense	from page 2	96000	M
TOTAL RESOURCES APPLIED			N
INCREASE/(DECREASE) IN NET RESOURCES DURING THE YEAR			O
TOTAL NET RESOURCES, December 31			
Net Resources-Unrestricted	from Sch 1	29100	P
Unrestricted Net Position-Pension	from Sch 1	29400	Q
Net Resources-Restricted	from Sch 1	29300	R
Net Resources-Capital Assets, Less Related Debt	from Sch 1	29000	S
TOTAL NET RESOURCES, DECEMBER 31			T
Unrestricted Reserve Percentage			U
CEO's Signature _____	Date _____	2016 Fair Theme	

PAGE 2: Please refer to the sample page 2

Area(s) Affected by GASB 68

Pension Expense is a new line item on Page 2.

A This entry should match the figure provided by F&E. This entry transfers to Page 1.

SCHEDULE 1: Please refer to the sample schedule 1

Area(s) Affected by GASB 68

A This entry should be the sum of two items:

- The figures for Deferred Outflow of Resources provided by F&E
- 6 months of Employer's Share of Contribution towards the Pension Plan (7/1/2016 to 12/31/2016)

B This entry should match the Deferred Inflow of Resources figure provided by F&E.

C This entry should match the Net Pension Liability figure provided by F&E.

D This number is automatically calculated by the template and requires no manual entry. This entry represents the amount of net resources affected by GASB 68 affects.

SUMMARY OF OPERATIONS	Reference	Account Number	Jan 1 to Dec 31, 2016
OPERATING REVENUES:			
Admissions to Grounds		41000	
Industrial and Commercial Space		41500	
Carnivals		42100	
Concessions		42200	
Exhibits		43000	
Horse Show		44000	
Horse Racing (Fairtime Pari-Mutuel)		45000	
Horse Racing (Satellite Wagering)		45005	
Fair Attractions		46000	
Motorized Racing		46109	
Interim Attractions		46009	
Miscellaneous Fair		47000	
Miscellaneous Non-Fair Programs		47005	
Interim Revenue		48000	
Prior Year Revenue Adjustment		49000	
Other Operating Revenue		49500	
TOTAL OPERATING REVENUES	to page 1		
OPERATING EXPENDITURES:			
Administration		50000	
Maintenance & General Operations		52000	
Publicity		54000	
Attendance Operations		56000	
Miscellaneous Fair		57000	
Miscellaneous Non-Fair Programs		57005	
Premiums (For Exhibit programs only)		58000	
Exhibits		63000	
Horse Show		64000	
Horse Races (Fairtime Pari-Mutuel)		65000	
Horse Races (Satellite Wagering)		65005	
Fair Entertainment Expense		66000	
Motorized Racing		66109	
Interim Entertainment Expense		66009	
Equipment (Funded by Fair)		72300	
Prior Year Expense Adjustment		80000	
Cash (over/under)		85000	
Other Operating Expense		94000	
TOTAL OPERATING EXPENDITURES	to page 1		
NET OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION & PENSION			
Depreciation Expense	to page 1 & sch 7	90000	
Pension Expense	to page 1	51600	A
NET OPERATING PROFIT/(LOSS) AFTER DEPRECIATION & PENSION			
State (Local/Base) Allocation	from page 1	31200	
Training Allocation & Other Fiscal & Admin Assistance (F&E)	from page 1	31300	
Capital Project Reimbursements	from page 1	31900	
Other Funds (e.g. County, Supplemental, Fiscal Ass't)	from page 1	Various	
NET PROFIT/(LOSS) BEFORE DEPRECIATION & PENSION			
PROFIT MARGIN RATIO BEFORE DEPRECIATION & PENSION			
NET PROFIT/(LOSS) AFTER DEPRECIATION & PENSION			
PROFIT MARGIN RATIO AFTER DEPRECIATION & PENSION			

DAA # or fair name abbreviation

Fair Name:

Fair Name

Fair Code:

Schedule 1

STATEMENT OF FINANCIAL CONDITION		Account Number(s)	Dec 31, 2016
ASSETS			
Cash-Unrestricted	11100-11800 *		
Cash-Restricted	11000		
Total Cash			
Accounts Receivable, Net of Allowance for Doubtful Accounts	13100-13300		
Deferred Charges	14300		
Deferred Outflows of Resources	16000		A
Other Assets	14100, 14700-16200		
Property, Plant & Equipment:			
Construction in Progress	19000		
Land	19100		
Buildings & Improvements	19200		
Less Accumulated Depreciation-Buildings & Improvements **	19201		
Equipment	19300		
Less Accumulated Depreciation-Equipment **	19301		
Leasehold Improvements	19400		
Less Accumulated Depreciation-Leasehold Improvements **	19401		
Total Property, Plant & Equipment			
Total Accumulated Depreciation			
Net Property, Plant & Equipment			
Intangibles:			
Computer Software, Land Use Rights, Patents, Copyrights, Trademarks, etc.	19500		
Less Accumulated Amortization **	19501		
Non-Amortizable Intangible Assets	19600		
Net Intangibles			
TOTAL ASSETS			
LIABILITIES			
Insurance Fees Payable	21100		
Accounts Payable	21200 & 21250		
Payroll Liabilities	22100-22600		
Deferred Revenue	22800		
Deferred Inflows of Resources	25600		B
Other Liabilities	21300, 22700, 22900 & 23000		
Guaranteed Deposits	24100		
Compensated Absences Liability	24500		
Long Term Debt (current and long-term portions)	25000		
Net Pension Liability	26000		C
TOTAL LIABILITIES			
NET RESOURCES			
Junior Livestock Auction Reserve	25100		
Total Net Resources (without JLA Reserve):			
Net Resources-Unrestricted	29100		
Unrestricted Net Position-Pension	29400	D	
Net Resources-Restricted	29300		
Net Resources-Capital Assets, Less Related Debt	29000		
Total Net Resources (without JLA Reserve):			
TOTAL NET RESOURCES			
TOTAL LIABILITIES & NET RESOURCES			
Debt ratio (total liabilities/total assets)			
Ratio of Leave Liability Covered by Cash***			
Debt-to-equity ratio (total liabilities/total net resources)			

* If restricted funds are included in cash accounts #11100 through #11800, these funds must be disclosed in a footnote to this report.

** Accumulated depreciation and accumulated amortization should be entered in this form as negative amounts.

*** If number is under 1.0, the Fair has insufficient funds to fully payout leave.

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, 2016.
 - Amount entered should match your PP&E Before Depreciation, December 31 from Schedule 7 of your 2015 STOP.

- 2 List all acquisitions (purchases, new construction, etc.) that occurred in 2016. Include all CFFA funded projects, projects funded by outside entities (county, Friends of the Fair, etc.), and projects funded by the fair. Completed project amounts for CFFA projects may be pulled from Project Close-Out sheets provided to the fair at completion of projects.

- 3 List all assets disposed of in 2016. 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, 2016, 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, 2016
 - Amount entered should match your Accumulated Depreciation, December 31 from Schedule 7 of your 2015 STOP.

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

- 7 This number is automatically carried forward by the template and represents annual depreciation expense.

- 8 This number is automatically calculated by the template and represents the total accumulated depreciation as of December 31, 2016. 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, 2016.

- 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, 2016.

- 10 Enter the total liability balance of any long-term debt associated with fixed assets as of December 31, 2016.

- 11 This number is automatically calculated by the template and represents Net Resources-Capital Assets, less related debt as of December 31, 2016.

Fair Name _____
 Fair Name

DAA # or fair name abbreviation _____
 Fair Code

Schedule 7

PROPERTY, PLANT & EQUIPMENT ACQUISITIONS & DISPOSITIONS	Reference	Jan 1 to Dec 31, 2016	Jan 1 to Dec 31, 2016	
PROPERTY, PLANT & EQUIPMENT, January 1:	Prior Year			1
ACQUISITIONS OF FIXED ASSETS:				
Land				
Buildings & Improvements:				
Major Maintenance Projects (MMP)				
ADA Projects				
Building Improvements				
Land Improvements				
Leasehold Improvements				
New Construction				
Construction in Progress				
Net Buildings & Improvements			0	
Equipment				
Other Fixed Assets				
Other (provide description):				
TOTAL ACQUISITIONS OF FIXED ASSETS			0	
DISPOSITIONS OF FIXED ASSETS (Salvaged, Sold, etc.):				
Land				
Buildings & Improvements				
Equipment				
Other Fixed Assets				
Other (provide description):				
TOTAL DISPOSITIONS OF FIXED ASSETS			0	
PROPERTY, PLANT & EQUIPMENT, December 31			0	4
DEPRECIATION:				
Accumulated Depreciation, January 1	Prior Year			5
Less: A/D on Dispositions of Fixed Assets above				6
Add: Annual Depreciation Expense	from page 2			7
ACCUMULATED DEPRECIATION, December 31			0	8
PROPERTY, PLANT & EQUIPMENT, NET OF DEPRECIATION, December 31			0	9
DEBT (ASSOCIATED WITH FIXED ASSETS)				10
NET RESOURCES-CAPITAL ASSETS (less related debt), DECEMBER 31:	from Sch 1		\$0	11

NOTE: Enter all numbers as positive.

California Department of Food & Agriculture
Fairs & Expositions Branch
2016 STATEMENT OF OPERATIONS
Contents Check Sheet
DUE MONDAY, MARCH 6, 2017

2016 Statement of Operations:

- Pages 1-2 (**Signature required on page 1**)
- Schedule 1, Statement of Financial Condition
- Schedule 2, FY 2015/2016 General Allocation (**Only required by Class I-X to IV+ fairs that received FY 2015/2016 general allocation funds during calendar year 2016**)
- Schedule 3, FY 2015/2016 Training Allocation (**Only required by Class I-X to IV+ fairs that received FY 2015/2016 general allocation funds during calendar year 2016**)
- Schedule 4, 2016 Fair Statistics
- Schedule 6, Permanent Positions on Payroll for 2016
- Schedule 7, Property, Plant & Equipment – Acquisitions/Dispositions
- Statement of Operations - Junior Live Stock Auction (JLA), (**REINTRODUCED**)

DAAs only:

- Federal Labor Standard Act (FLSA) Recreational Exemption
- Schedule 9, Employer's Share of Contribution towards Pension Plan (**NEW schedule**)

Reports:

- December 31, 2016 Pre-closing Summary Trial Balance
- December 31, 2016 Post-closing Summary Trial Balance

California Department of Food & Agriculture
Fairs & Expositions Branch
2016 STATEMENT OF OPERATIONS
Review Check Sheet-Fair

Some of the most common errors associated with Statement of Operations (STOP) preparation may be avoided by double checking the following:

Page 1 - Statement of Operations

- Jan 1 Unrestricted Net Resources, Restricted Net Resources, and Investment in Capital Assets matches last year's STOP ending reserves
- Ending Total Net Resources equals the Beginning Total Net Resource plus the Change in resources

Page 2 - Summary of Operations

- Trace Admissions to Grounds and Depreciation Expense accounts to Pre-closing Trial Balance
- Recalculate totals

Schedule 1 – Statement of Financial Condition

- Total Net Resources matches page 1 Ending Resources
- Unrestricted, Restricted and Inv. in Cap Assets matches page 1 Ending Resources
- Total Assets equals Total Obligations and Net Resources
- Subtotal of Property accounts minus any Long-Term Debt related to Fixed Assets equals Investment in Assets, Net of Related Debt
- Trace Cash, A/R-Net, Net PP&E, Accounts Payable, Long-Term Debt and Net Resources to Post-closing Trial Balance
- Recalculate totals

Schedule 2 – FY 2015/2016 General Allocation

- Use(s) of general allocation funding listed.

Schedule 3 – FY 2015/2016 Training Allocation

- Use(s) of training allocation funding listed.

Schedule 4 – 2015 Fair Statistics

- Number of admission tickets sold multiplied by sales price equals amount shown and agrees to Page 2.
- Number of parking tickets sold multiplied by sales price equals amount shown

Schedule 7 - Property, Plant & Equipment Acquisitions & Dispositions

- Beginning PP&E matches ending PP&E, before depreciation from prior year STOP Schedule 7
- PP&E, Net of Depreciation, December 31 matches Sub-total Property accounts on Schedule 1
- Ending A/D matches the total of A/D for Buildings and Improvements, Equipment, and Leasehold Improvements on Schedule 1
- Annual Depreciation Expense matches Depreciation Expense on Pages 1 and 2
- Ending Investment in Capital Assets matches Page 1 and Schedule 1
- Recalculate totals

JLA – Statement of Operations - Form Included

- Ending Resources matches JLA Reserve on Schedule 1

Fairs on the Watch Program

- Prior year participant? Check box for yes and provide reserve % for current year: _____