

California Department of Food and Agriculture
Division of Fairs & Expositions
FAIRS ON THE WATCH PROGRAM

Purpose of the Fairs on the Watch Program

The purpose of the Fairs on the Watch 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. The Division of Fairs & Expositions (F&E) reviews all additional financial reports on a monthly basis to identify financial trends and/or areas of importance.

During the annual budget and Statement of Operations (STOP) review, F&E attempts to identify fiscally challenged fairs. Identifying the “red flags” during the annual budget review cycle allows F&E to recognize those fairs that require monitoring, may need assistance, or require intervention by F&E.

Some of the fairs identified may already be a participant in F&E’s Monitored Fairs program, while other fairs may be required to participate in the program for the very first time. Fiscal monitoring by F&E will dictate what actions are ultimately necessary to help challenged fairs remain solvent and a viable community institution.

Criteria used to identify prospective fairs

- A negative reserve percentage.
- Declining reserves over a three year period or a significant drop in reserves over the latest two year period
- Low cash availability
- Trends showing expenditures exceeding budget
- Trends showing revenues decreasing
- Excessive liabilities, considering assets
- Insufficient budget control
- Insufficient administrative control
- Trends showing direction toward insolvency
- Operating circumstances such as a new fair manager

Notification of Addition or Removal to the Fairs on the Watch Program

Fairs will be notified about their status when the fair’s STOP has been reviewed and approved. A notification letter will be sent to the fair stating the addition, continuation, or removal to the Fairs on the Watch Program. If the fair is new to the Fairs on the Watch Program, a preparation guide will be sent out no later than one month following the STOP Approval Letter.

Criteria for removal from the Fairs on the Watch Program

Fairs will be recommended to be removed from the Fairs on the Watch Program if the fairs financials show substantial increasing resources based on the STOP over a two year period and/or reserve percentage increases to 5% or more.

Fair Intervention

Once F&E exhausts all efforts to assist a fair and the fair is still fiscally insufficient and/or lacks administrative control then F&E will determine the best way to assess the fair's operations and develop an action plan. Based on the results of the operational assessment and action plan F&E will determine whether or not to begin the intervention process. According to Business & Professions code 19622.2 section (c) - Notwithstanding any other law, and in order to protect the integrity of the Fair and Exposition Fund, the department may assume any or all rights, duties, and powers of the board of directors of a district agricultural association if the department reasonably determines that there is insufficient fiscal or administrative control.