



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

October 26, 2012

F2012-01

TO: All Fair CEOs, Board Members, and Staff

SUBJECT: Updated Fair Reporting Requirements

As General Fund support for the Fair Industry was eliminated in 2011/2012 budget, the Division of Fairs & Expositions requested the CDFA legal office to research statute reporting requirements as the network of fairs are no longer receiving an annual apportionment. The CDFA legal office researched reporting requirements in Food and Agriculture Code (FAC) code and Business and Professions Code (BPC) specifically for the annual operating budget, annual Statement of Operations (STOP), and annual fiscal and periodic compliance audits.

Requirement to submit an annual operating budget

Under FAC section 4482, when fairs receive an appropriation of State money they are required to submit an annual budget to the California Department of Food and Agriculture (CDFA). An example of State money includes appropriations, loans, etc. Therefore, it follows that if a fair is no longer receiving an apportionment of money from the State, they are not required to submit an annual budget to CDFA. To further clarify, as the 2013 budget package has already been sent out, fairs will not have to submit a 2013 budget to CDFA. While fairs are currently not receiving a State apportionment and do not have to submit an annual operating budget, F&E highly recommends the fairs continue to develop and monitor an approved operating budget.

Requirement to submit an annual Statement of Operations

According to BPC section 19622(a)(1), in order to maintain their eligibility to receive funds or to utilize State assets, the fairs specified in BPC section 19418 shall do the following: (1) File an annual STOP with CDFA. State assets may include, but are not limited to, State vehicles, real property, and buildings. Therefore, fairs that utilize State assets will be required to submit an annual STOP to CDFA.

As stated in FAC 4505, the content and form of the STOP shall be prescribed by the department. F&E is currently revising the STOP to meet the oversight needs of CDFA and reduce the format to a summarized report. The revised STOP report will be released in November of 2012.

Annual fiscal audits and compliance audits

According to BPC 19620 (3), fairs are required to conduct an annual fiscal audit and periodic compliance audit. For CDFA to maintain its oversight responsibility as stated in BCP 19620 (b), CDFA must continue to require fairs to conduct annual fiscal audits and periodic compliance audits. The fiscal and compliance audits are not dependent on the fairs receiving State funds, but



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part of the CDFA's oversight function. CDFA will notify fairs in advance when the periodic compliance audit will need to be conducted.

Please share this information with your staff and board of directors. CDFA appreciates your efforts and if you have any questions please contact John Quiroz at John.Quiroz@cdfa.ca.gov or at 916-900-5025.

Sincerely,



Nate Dechoretz
Deputy Secretary