

Joint Committee on Fairs Allocation and Classification

Network of California Fairs 2007/2008 Expenditure Plan



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California Department of Food and Agriculture
Division of Fairs and Expositions

Table of Contents

Executive Summary.....	i
Report on 2007/2008 Expenditure Plan.....	1
Revenue and Expenditure Plan.....	22
<i>Combined Revenue & Expenditure Plan (191 & 192)</i>	
<i>Fair and Exposition Fund (191)</i>	
<i>Satellite Wagering Account (192)</i>	
New Funding Strategy and Program Descriptions.....	25
California Fair Listing.....	30



People, food and thrills on the midway define a night at the Lake County Fair in Lakeport.

Executive Summary

The following report presents the 2007/2008 Network of California Fairs Expenditure Plan to the Joint Committee on Fairs Allocation and Classification.



Enjoying the festivities and competitive spirit at the San Benito County Saddle Horse Show and Rodeo

2007/2008 Expenditure Plan Highlights

The 2007/2008 Expenditure Plan represents the most significant change in fair funding strategy in more than 15 years. With increased competition from neighboring venues, an ever-decreasing fund source from horse racing, and deteriorating fair facilities, the Department of Food and Agriculture's Division of Fairs and Expositions (F&E) was compelled to rethink its funding allocation strategy and devise a plan that revolves around fund growth and sustainability.

The revised funding program is designed to generate significant working capital during the next ten years and beyond to address deferred maintenance and urgently needed capital infrastructure projects at California's aging fairgrounds. At the heart of the funding strategy are an infrastructure sinking fund and a replenishment model,

which leverages the sinking fund resources to create a perpetual fund source for fairs.

The proposed plan continues to include baseline allocations to fairs, but is revamped in virtually all other areas. This long-range funding strategy utilizes an investment approach to spending that is more focused and includes the leveraging of existing resources to create perpetual funding sources. The fairs' efforts to secure matching funds and local contributions will be highly encouraged and rewarded. Resources will be consolidated within fewer programs to allow F&E to fund larger projects that traditionally have not been feasible due to the dilution of dollars over a larger number of programs and fairs.

Economic Impact

Fairs have a significant impact on California's economy. A 2002 economic impact study revealed the following:

- ✚ Spending by all participants at fair time and interim events results in a positive economic impact on California in excess of \$2.55 billion annually.



Draft horses are a big draw at the Nevada County Fair.

- ✚ Jobs created by fairs through direct employment and multiplier impacts reach nearly 28,000 annually.

- ✚ State and local governments collect in excess of \$136 million in tax revenues from fair-related activities annually.

Social Impact

Emergency Preparedness & Response

California fairs are regularly called upon by federal, state and local public health and safety agencies to assist with emergency preparedness and response. Fairgrounds are an invaluable resource during emergencies such as earthquakes, floods, fires, and other natural or unnatural disasters. The roles fairs play during these exercises and emergencies vary significantly and occur frequently. Examples of current and past fairground usage include mobilization and emergency staging sites, evacuation centers for animals and humans, fire camps, emergency preparedness training locations, and temporary homeless shelters.



Mother and baby enjoy the warmth of the sun at the Merced County Fair.

Community Groups – California fairs are major venues for community groups and nonprofit organizations to raise money and public awareness.

- ✚ Nonprofit groups raise in excess of \$8 million at California fairs for their community programs. Add in the approximate \$21 million raised at junior livestock auctions, and a total of \$29

million is raised annually for community benefits.

- ✚ One nonprofit organization, the Turlock Lions Club, raises approximately 85 percent of its annual budget from fundraising events held at the Stanislaus County Fairgrounds. Proceeds from these events go to fund scholarships for local high school students, eye exams and glasses for needy children, youth sport teams, youth attendance at camps for the hearing impaired, and school playground equipment.

Funding

Revenue Source

Fair funding that is not self-generated is derived entirely from California's pari-mutuel wagering system, which was made possible by a constitutional amendment in 1933 to encourage agriculture, and to generate income for California's fair system. In the beginning, horse racing revenues were generated solely from live racing at California tracks, where state horse racing license fees were designated to support the network of California fairs. Today, off-track wagering at satellite wagering facilities and via advance deposit wagering (ADW) combined have surpassed live racing as the preferred means of wagering. While live racing and wagering at satellite wagering facilities continue to generate license fee revenue, which directly benefits the fair network, ADW does not.

Expenditures

Administrative Oversight

As detailed on page 22, 34% of the expenditure budget is earmarked for the operational budgets of the Horse Racing Board (\$9.3 million) and the Department of Food and Agriculture (\$4.3 million).

Fair Local Assistance

66% of the expenditure budget (\$26 million) is earmarked for the direct support of California's fair network.

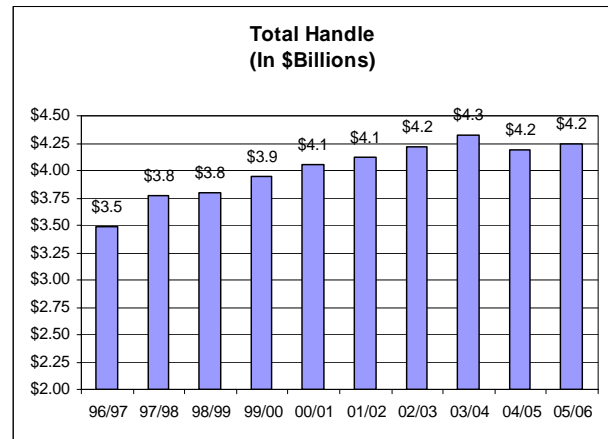
- ✚ *Baseline Funding and General Fair Programs* - 49% of the local assistance budget is earmarked for baseline operational support for fairs and incentive programs.
- ✚ *Operational Support* - 18% of the local assistance budget is earmarked for bond debt service, construction services and property insurance.
- ✚ *Horse Racing Support* - In addition to the support of the Horse Racing Board, 13% of the local assistance budget is earmarked for improvements to live horse racing and satellite wagering programming and facilities, supplemental horse racing purses at California racing fairs and race track preparation costs.
- ✚ *Infrastructure / Health & Safety* - Two percent of the local assistance budget is earmarked for the health department program, a cooperative effort between F&E and the Department of Health Services to conduct health and safety inspections at fair facilities. Funding is also allocated for phase one planning costs of the Division's new funding model, the costs of which include project scoping and budgeting, preliminary plans, construction documents and bidding.
- ✚ *Training & Education* - Two percent of the local assistance budget is earmarked for the development and delivery of training seminars and workshops on emerging fair issues, and professional development for fair personnel and boards of directors.
- ✚ *Infrastructure Sinking Fund *New** - 16% of the local assistance budget will be allocated towards F&E's new infrastructure sinking fund, which is

intended to generate significant capital to address aging infrastructure at California fairgrounds. See pages 25 through 29 for details.

Fiscal Trends & Challenges

Since 2004/2005, the F&E Fund has experienced unprecedented revenue shortfalls of approximately \$3 million each year from horse racing wagering activities, which directly impacted valuable programs and resources that benefit California's network of fairs.

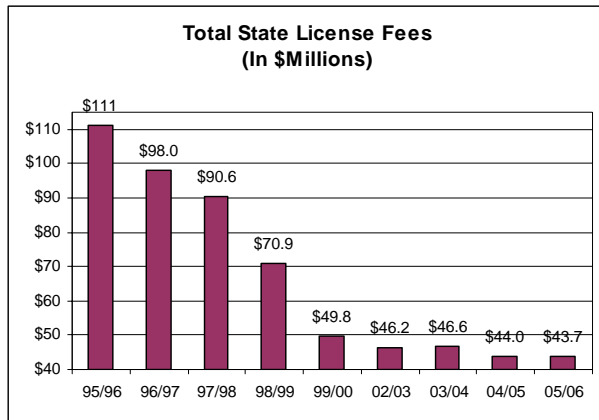
While the total amount wagered on horse racing continues to increase steadily, state license fees available to fund the fairs and other designated beneficiaries, such as the state's General Fund, continue to decline. The charts on the following page show the inverse correlation between the total horse racing handle generated to the total state license fees available over the past decade.



Source: CHRB Annual Reports

The shortfalls in fair funding during the years 2004/2005 through 2006/2007 occurred because annual total state license fees were inadequate to fully fund all designated beneficiaries to the extent allowed by law (see chart below). Fairs have absorbed the full impact of the annual shortfalls totaling approximately \$9 million in the aggregate since 2004/2005. Should future license fee revenue continue to

decline, or be consumed by increased operational budgets for existing fund beneficiaries, the inadequacies of this fund source will only be further highlighted. Other primary beneficiaries of state license fee revenue include the Kenneth L. Maddy Equine Research Center at U.C. Davis and the General Fund.



Source: CHRB Annual Reports, 2000/01 – 2001/02 data omitted to display significance of 1995/96 revenue levels.

While the vast majority of fair funding is generated by the fairs themselves, fairs still rely heavily on monies received from horse racing. Approximately \$27 to \$28 million from state license fees annually has historically been available to support the network of California’s 78 active fairs. This fund source continues to deteriorate. The 2007/2008 proposed local assistance budget totals \$25 million.

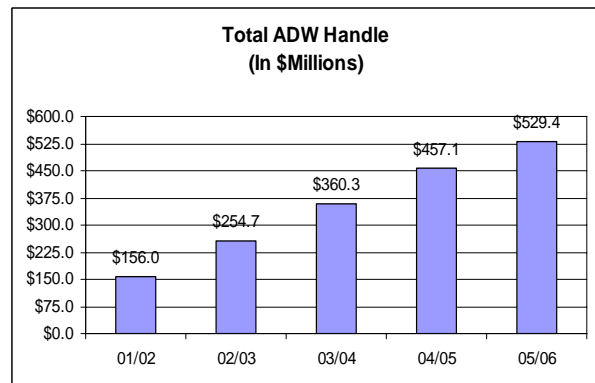


Speed and grace at the horse races in Sonoma County.

These local entities receive no General Fund support; instead they rely on horse racing to supplement their budgets. While nearly 63% of Californians take part in some form of gaming, revenues from horse racing have eroded as a result of a highly competitive marketplace, which includes the evolution of Indian gaming facilities, lotteries and other wagering outlets.

In addition, with the advent of ADW, as discussed on page 18, the correlation between the increased popularity of ADW and the reduction in horse racing license fees, which support local California fairs, is evident.

While the full impact of ADW is yet to be determined, we do know that state license fee revenue, which benefits the F&E Fund and fairs, is not generated from this activity. Should state income from racing continue to decline as bettors move toward ADW and other forms of gaming, the solvency of the F&E Fund and the future of California fairs will continue to be at risk.



Source: CHRB Annual Reports

Introduction

This report presents the 2007/2008 Expenditure Plan to the Joint Committee on Fairs Allocation and Classification within the California State Legislature. This publication includes an overview of the network of California fairs, the roles and responsibilities of various state, county and private organizations, an explanation of the new funding strategy for fairs, and a comprehensive program list explaining the full range of programs supported by the Expenditure Plan.

Authority

The California Department of Food and Agriculture (CDFA) provides fund administration and broad policy oversight to the network of California fairs through the application of law; development of policies,

procedures and regulations; and broad supervision over fair fiscal and administrative matters.

Business and Professions (B&P) Code Sections 19620 and 19606.1 authorize CDFA oversight of the Fair and Exposition Fund and Satellite Wagering Account, respectively. B&P Code Sections 19621(c) and 19606.1(c) require CDFA to prepare an annual expenditure plan for review and approval by the Joint Committee on Fairs Allocation and Classification. The annual plan also incorporates input from the California fair industry and fair business partners to ensure its relevancy and support by key stakeholders.

Table 1 shows a sample of the various types of expenditures authorized and approved for each account in past years.

Table 1

Fair and Exposition Fund (Acct. 191) (B&P Code § 19620.1, 19630)	Satellite Wagering Account (Acct. 192) (B&P Code § 19605.9(b), 19606.1, 19606.3)
Local (Base) Allocations to Fairs – operational support	Bond Debt Service
Unemployment Insurance	Health and Safety Projects
Capital Outlay and Deferred Maintenance Projects	Pari-mutuel Improvement
Professional Development and Training	Live Fair Racing Improvements and Track Preparation
Agricultural Education	Supplemental Purses
California Horse Racing Board (CHRB) Support	Revenue Generating Program
CDFA (F&E) Support	Accessibility Upgrade Projects
CDFA Support – Fair Audit Program	California Construction Authority (CCA) Baseline Budget

The Division of Fairs and Expositions

CDFA’s Division of Fairs & Expositions (F&E) provides fiscal and policy oversight of the network of California fairs and ensures the best use of available funding and other services.

Fair Network Oversight

This oversight responsibility includes the following (B&P Code Section 19620):

- ✚ Manage and monitor the solvency of the Fair and Exposition Fund and the Satellite Wagering Account.
- ✚ Distribute available state resources to the network of California fairs for local (base) allocations, health and safety repair projects, revenue generating projects, pari-mutuel facility improvement, and other fair programs.

- ✚ Create a framework for administration of the network of California fairs, allowing for maximum autonomy and local decision making authority.
- ✚ Provide incentives to fairs to seek matching funds and generate new revenue from a variety of sources.
- ✚ Support continuous improvement of fair programs to ensure California fairs remain highly relevant community institutions.
- ✚ Ensure that annual fiscal audits and biennial compliance audits are performed.

F&E provides varying levels of oversight depending on the fair type. Table 2 provides examples of the type of oversight provided to District Agricultural Associations (DAA) and non-DAA fair organizations.

Table 2

Oversight of DAAs	Oversight of Non-DAAs
Approve annual operating budgets	Approve annual operating budgets
Conduct fiscal and compliance audits	Conduct or review fiscal and compliance audits
Review annual end-of-year statements of operations	Review annual end-of-year statements of operations
Define the criteria and reporting requirements for funding programs	Define the criteria and reporting requirements for funding programs
Provide consultation to boards of directors and staff on state policies and procedures	Provide consultation to boards of directors and staff on applicable state policies and procedures
Analyze fair-related legislation	Approve carnival bid packages
Facilitate personnel transactions	Review contractual agreements between the fair organization and host county
Approve contracts and carnival bid packages	
Intervention Authority – provide oversight to fairs experiencing managerial, fiscal, or operational challenges	

Network of California Fairs

Overview

B&P Code Section 19622.1 defines a state-supported fair organization as any fair that conducts an annual fair and adheres to the CDFA's reporting requirements, which include but are not limited to the submittal of an annual operating budget and statement of operations. The generic term of "fairs" refers to DAAs, county fairs, citrus fruit fairs, and the California Exposition and State Fair.

The network of California fairs includes 80 fairs divided into four categories (the latter three are non-DAA organizations):

- ✚ 54 DAAs – state government entities
 - 52 active DAAs
 - 2 DAAs were deactivated during fiscal year 1997/98
- ✚ 23 county fairs – county government or not-for-profit organizations
- ✚ 2 citrus fruit fairs – not-for-profit organizations
- ✚ The California Exposition and State Fair (Cal Expo) – a state department



A G Kawamura, Secretary of Food and Agriculture, enjoys a day at the California State Fair in Sacramento.

Map of California Fairs



LEGEND

- Fair Site
 - + Fairs with Live Racing
 - Satellite Wagering Facility
 - Special Event Centers
 - OES Mobilization Sites
- DAA= District Agricultural Association

Fair Organization Classifications

California's fairs are expected to operate within their annual budgets. In order to receive state funding, their budgets must first be approved by F&E.

To ensure equitable distribution of local (base) allocations, F&E established an allocation policy providing support to fairs within seven budget-related classifications. The result is that the *smallest* fairs, those in classes I-IV, receive the largest annual (base) allocation of horse racing license fee revenues (\$105,000 - \$180,000). Classes I through IV fairs have annual operating budgets of less than \$3 million. Many of these fairs are located in small communities with minimal opportunities for sponsorships or increased attendance. The

fairs are truly the heart of the community and maintaining state support is critical to their success. For some class I fairs, the annual allocation represents up to 70 percent of their annual budget.

This year, class V (base) allocations have been reduced from \$40,000 to \$20,000, while (base) allocations for the *largest* fair organizations, those in classes VI and VII, have been eliminated. Class level V through VII fairs, however, will continue to benefit from other funding programs and opportunities.

Local (Base) Allocations for 2007/2008 are shown in Table 3 below.

Table 3

Profile of Fair Class Levels and 2007/2008 Local (Base) Allocations						
Allocation Criteria						
Class Level	Operating Revenue (\$1,000's)	Fair Attendance (1,000's)	Perm/Temp Staff	# of Fairs Per Class	Local (Base) Allocation	Total Allocation Per Class Level
I	Up to 200	Up to 20	Up to 7	14	\$180,000	\$2,520,000
II	200 - 450	20 - 40	7 - 10	21	150,000	3,150,000
III	450 - 1,000	40 - 80	10 - 20	19	124,000	2,356,000
IV	1,000 - 3,000	80 - 175	20 - 40	9	105,000	945,000
V	3,000 - 6,000	175 - 250	40 - 80	6	20,000	120,000
VI	6,000 - 10,000	250 - 400	80 - 120	6	0	0
VII	Over 10,000	Over 400	Over 120	3	0	0
Special Events (Supplemental Allocation):						
Grand National Rodeo (1-A DAA)					140,000	140,000
Great Western Livestock Show (24th DAA)					50,000	50,000
San Benito County Saddle Horse Show					50,000	50,000
					Total	\$9,001,000

Benefits of California Fairs

Fairs entertain, but they also educate people about each other and the contributions that all segments of our society make to California. Through this vital education comes the understanding, appreciation and social harmony so necessary for a healthy and productive society.



A toddler naps peacefully while Mom checks out the craft exhibits.

Fairs provide a location for cultural and social interaction as well as a focal point for community members to:

- ✚ Celebrate their heritage
- ✚ Compete in a variety of events
- ✚ Hold family reunions
- ✚ Display and view artwork
- ✚ Learn about other cultures
- ✚ Demonstrate new technology
- ✚ Showcase the best of California

In addition to providing facilities and activities for educational purposes and broad community services; fairs also provide valuable community activities such as the following:

- ✚ Field trips
- ✚ Agriculture in the Classroom

- ✚ Cultural events
- ✚ Concerts
- ✚ Head Start programs
- ✚ Pre-school programs
- ✚ Before/after school programs
- ✚ Charitable activities
- ✚ Weddings
- ✚ Auto Shows
- ✚ Livestock events
- ✚ Farmers markets

State and local government agencies use fairs to disseminate vital information regarding the protection of California's natural, industrial, and agricultural resources. These public outreach efforts offer communities a first-hand look at California agriculture and the essential role of this \$30 billion-a-year industry.

As an added benefit, California fairs promote awareness of the Golden State's cultural diversity. Approximately 33 million people attend fairground events held in rural, suburban, and urban settings annually. These events attract people from various ethnic and age groups, creating a diverse cultural representation.



The Nevada County Fair in Grass Valley draws the young and the young at heart.

Emergency Preparedness & Response

California fairs are regularly called upon by federal, state and local public health and safety agencies to assist with emergency preparedness and response. The roles fairs play during these exercises and emergencies vary significantly and occur frequently. Examples of current and past fairground use for emergency preparedness and response include:

- ✚ Command center, mobilization and emergency staging sites (e.g., Office of Emergency Services, U.S. Dept. of Defense, Dept. of Homeland Security, local police and fire)
- ✚ Evacuation centers for animals and humans
- ✚ Fire camps
- ✚ Emergency preparedness training (e.g., police, fire, SWAT, county health, post-9/11 drills)
- ✚ Temporary homeless shelters
- ✚ Strategic National Stockpile



Stephen Rucker Memorial, Southern California Fires, Marin County Fair, San Rafael, November 12, 2003.

- ✚ Cooling and warming centers
- ✚ Military staging site for hurricane Katrina response
- ✚ Life-flight staging site
- ✚ Mass vaccination training and county inoculation sites



Four hundred eighteen fire trucks from throughout California, 3,300+ firefighters and 4,800 people were in attendance to pay tribute to fallen firefighter Stephen Rucker.

Environmental Leadership

Because of its network of fairs, California once again leads the way in renewable energy sources through solar power generation.

By converting the Golden State's plentiful sunlight into solar power, a dozen California fairs already generate 4.1 megawatts of electricity statewide, enough to power 3,200 homes. The photovoltaic systems, which convert light into electricity, are mounted on the expansive roofs of the fairs' exhibit buildings and barns.

By the end of 2007, another 16 fairs will rely on the renewable power of the sun for 40 percent of the fairgrounds' energy requirements. When the program goal of 50 fairs is met, those fairs will save more than \$40 million annually, producing electricity that would power about 10,000 homes or a city of 35,000 people.

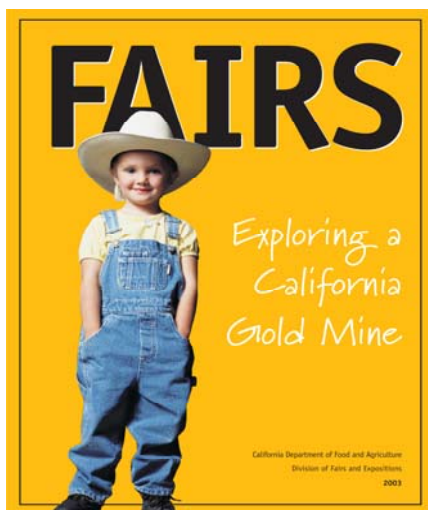
The photovoltaic project, which was initiated in 2001, is a joint effort of the State of California and its network of California fairs, with grants from the California Energy Commission, local electrical utilities, and the Fair & Exposition Fund.



Solar panels line the rooftops at the Colorado River Fair in Blythe.

California Fairs Statewide Social Economic Impact Report

In 2002, the California Department of Food and Agriculture’s Division of Fairs and Expositions engaged the international firm of KPMG LLP to measure the social and economic impacts of the statewide fair system, and to produce a report detailing their findings. The resulting report *Fairs – Exploring a California Gold Mine* demonstrates that the economic and job impacts of California fairs are significant.



Further, cultural aspects of the fair industry add an intangible human element to the impressive quantitative findings. The report discusses these various impacts and concludes that, for its investment, the return for Californians is invaluable. The fair network receives approximately \$27 million annually from a license fee assessed against wagers on horse racing. The following highlights from the economic impact study provide quantifiable answers to the question, “What is California’s return on this \$27 million investment into the fair network?”



The San Diego County Fair midway in Del Mar.

Economic Impact Highlights

Fairs have a significant impact on California’s economy. A 2002 economic impact study revealed the following:

- ✚ Spending by all participants at fair time and interim events results in a positive economic impact on California in excess of \$2.55 billion annually.
- ✚ Attendee direct spending at fair time and interim events exceeds \$963 million annually.
- ✚ Annual income impact from attendee, fair organization and fair-related business spending exceeds \$791 million.
- ✚ Jobs created by fairs through direct employment and multiplier impacts reach nearly 28,000 annually.
- ✚ State and local governments collect in excess of \$136 million in tax revenues from fair-related activities annually.

- ✚ For each worker the fair organization and related business employ, an estimated 2.62 jobs are created. For each dollar that economic participants pay their employees, an estimated \$2.10 in income is produced.



The competitive exhibiting program at fairs brings out the imagination in old and young alike. Amador County Fair in Plymouth.

- ✚ Each dollar spent by fairs and interim event participants generates an estimated 39 cents of additional spending in the state, for a total impact of \$1.39 per dollar spent.

Agriculture – A central feature of fairs is to educate the public about the importance of agriculture in California.

- ✚ Sixty-nine percent of fairgoers surveyed felt that they knew more about agriculture after going to a fair.



4-H boys and girls are a vital part of the California program at the Butte County Fair in Gridley.

- ✚ Fairs are a critical part of the junior livestock program, which educates young people about the breeding, raising and grooming of farm animals. Junior livestock auctions at fairs gross more than \$21 million annually. In 2002, 42,000 animals were purchased by nearly 19,000 buyers. Students receive 95 percent of auction proceeds.

Community Groups – California’s fairs are major venues for community groups and nonprofit organizations to raise money and awareness of their programs.

- ✚ Nonprofit groups raise in excess of \$8 million at California fairs for their community programs. Add in the approximate \$21 million raised at junior livestock auctions, and a total of \$29 million is raised annually for community benefits.



Two cool dudes talk it over at the California Exposition and State Fair in Sacramento.

- ✚ One nonprofit organization, the Turlock Lions Club, raises approximately 85 percent of its annual budget from fundraising events held at the Stanislaus County Fairgrounds. Proceeds from these events go to fund scholarships for local high school students, eye exams and glasses for needy children, youth sport teams, youth attendance at camps for the hearing impaired, and school playground equipment.

Attendees – Californians love their fairs and fairground events.

- Annual paid fair time attendance exceeds 11 million, and interim events attract another 21 million people. Total annual attendance on fairgrounds is almost 33 million people—roughly the same as California’s population of nearly 35 million.
- Paso Robles—with a population of 25,200—hosts the California Mid-State Fair, which draws more than 475,000 attendees throughout the year. Ventura—with a population of 110,000—hosts the Ventura County Fair, which draws more than 721,000 attendees.
- The average visitor attends the fair 2.1 times per year and lives within 100 miles of the fair.

Fair-Related Businesses – provide many goods and services that are essential to the fair experience.

- Carnival companies generate more than \$41 million in total annual spending, \$18 million in personal income and \$2 million in state and local taxes.



Eager shoppers enjoy the variety of unique products at the Sonoma County Fair in Santa Rosa.

- Fair time and master concessionaires create \$131 million in total annual spending, \$66 million in personal income, and \$10 million

in state and local taxes. Attendee direct spending on food and beverages exceeds \$120 million annually, which generates more than \$5 million in state and local taxes.

- Commercial exhibitors generate in excess of \$491 million in total spending, \$219 million in personal income and nearly \$17 million in state and local taxes. Attendee spending on commercial exhibitor merchandise totals more than \$406 million, which generates \$32 million in state and local taxes.
- Entertainers at fairs create in excess of \$28 million in total annual spending, \$17 million in personal income, and \$1.6 million in state and local taxes.



Quilts like this one at the Marin County Fair in San Raphael are a crowd favorite at California fairs.

Social and Cultural Impacts

Giving Back

While the economic impact of fairs is noteworthy, it is the social and cultural impacts of fairs that may leave the most lasting impression on Californians.

- Fairs provide a focal point for community members to celebrate their heritage, compete in a variety of events, hold family reunions, display and view artwork, learn about other cultures, introduce new inventions and showcase the best of California.

- ✚ Ninety-five percent of attendees surveyed agreed that the fair they attended provided worthwhile community benefits.
- ✚ More than 1.2 million people, 11 percent of total fair time attendance, participates in fair events and organized activities such as shows, exhibit programs, stage performances and contests.



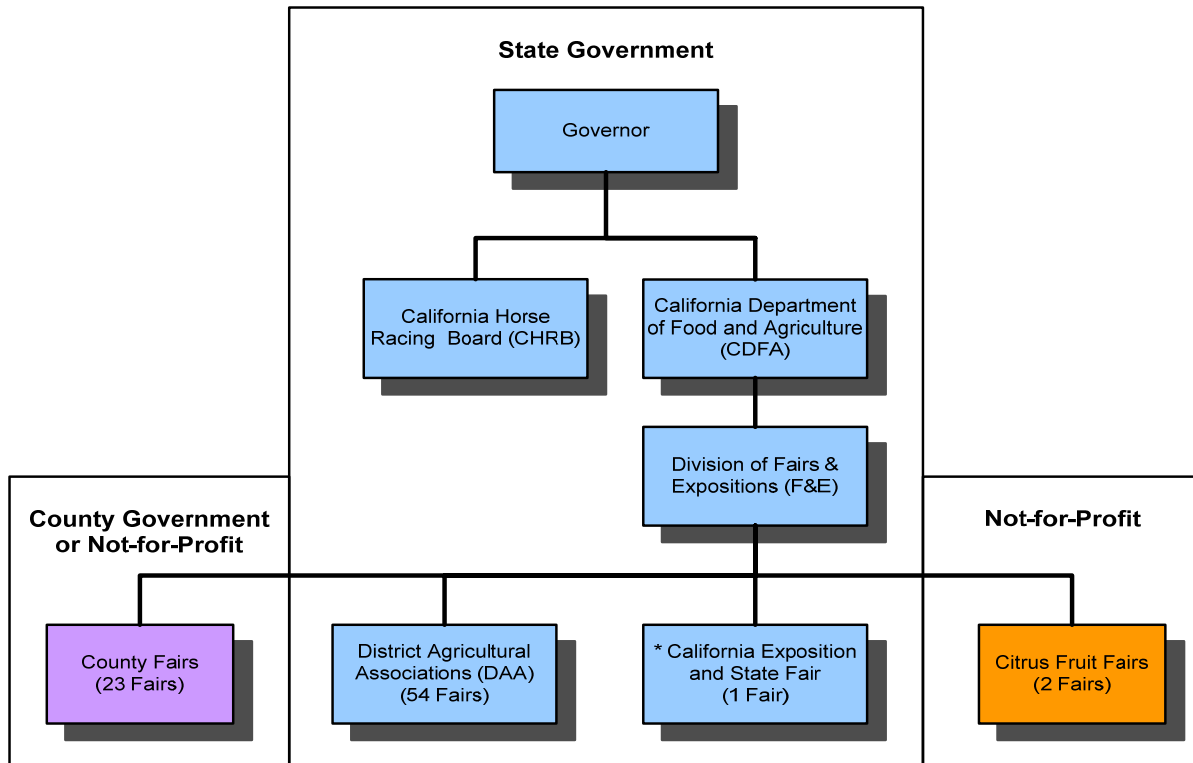
Historic tools of the trade on display at the Mendocino County Fair in Boonville.

- ✚ Many fairs offer free tours to schools, free youth admission on certain days, and valuable educational experiences throughout the year.

Guaranteed Return on Investment

California fairs have immense economic, educational, social and cultural impacts. In sum, fairs embody the entrepreneurial excellence, the knowledge seeking, the innovative drive, and the community spirit that is the Golden State.

Organizational Relationships



* California Exposition and State Fair is a state agency.

State Government

California Department of Food & Agriculture (CDFA) – A state department responsible for the oversight of California’s agricultural industry, including the network of California fairs.

Division of Fairs and Expositions (F&E) –

Division of CDFA that provides fiscal and policy oversight of the network of California fairs and ensures the best use of available funding and services.

California Horse Racing Board (CHRB) –

Regulates pari-mutuel wagering, promotes the horse racing and breeding industries and maximizes State of California tax revenues from horse racing. CHRB provides regulatory oversight to six privately owned racetracks, nine racing fairs, and 33 simulcast facilities.

District Agricultural Association (DAA) – Holds fairs, expositions, and exhibitions to showcase various industries, enterprises, resources, and products, and highlight California agriculture. Each DAA is governed by a nine-member gubernatorial appointed board of directors.

California Exposition and State Fair (Cal Expo) – A state department in Sacramento responsible for holding the annual California State Fair and exhibitions to highlight various industries, enterprises, resources, and products of the State.

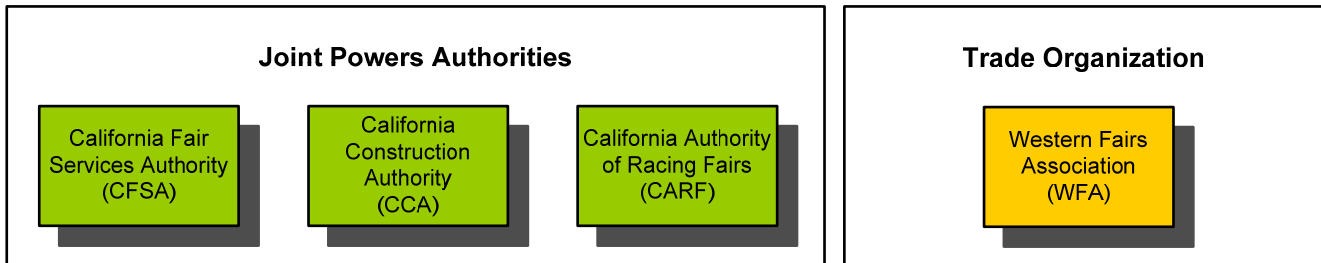
County Government or Not-for-Profit

County Fairs – Holds fairs to highlight a county’s agricultural and natural resources.

Citrus Fruit Fairs – Holds annual fairs to celebrate the citrus fruit harvest.

Other Organizations

In addition to state government, there are other organizations involved with fair operations and industry direction. Abbreviated descriptions of each organization's major roles are described below:



Joint Powers Authorities (JPA) – Three JPAs have been formed in California to provide specified services to the fair industry. CDFA is a party to the joint powers agreement that authorized the formation of each of the following JPAs:

California Authority of Racing Fairs (CARF) – Provides legislative and operational support and professional development services for its members, all of which are horse racing fairs; assists CDFA with site selection and development for satellite wagering facilities; manages the track preparation agreement; and recommends an annual Satellite Wagering Account and racing track improvement plan.

California Construction Authority (CCA) – Provides financing, design, and construction services for health and safety improvements, satellite wagering facilities, and other projects on fairgrounds. The proceeds from revenue bonds issued by CCA may be allocated by the Secretary of CDFA to provide partial funding for such projects. With the Secretary's approval of proposed scopes of work and budgets, additional projects may be funded by CDFA, or the fairs, and implemented by CCA.

California Fair Services Authority (CFSA) – Administers risk-sharing pools (general liability, workers' compensation, revenue protection and all-risk property) designed to

protect the Fair & Exposition Fund and local fair organizations; provides safety programs, facility and carnival ride inspections; and provides purchasing, computer, employee benefits, and management services.

Trade Organizations – The following not-for-profit association provides services to the fair industry:

Western Fairs Association (WFA)/ California Fairs Alliance (CFA) – Sacramento-based trade association representing 75 of California's 78 active fairs. Services include legislative advocacy, regional meetings, training, and an annual convention. Publications include a membership directory, mini date list, quarterly *Fair Dealer* magazine and *Update* newsletter.



Mariachi band delights fairgoers at the Redwood Empire Fair in Ukiah.

Funding & Programs

Fund Administration

F&E applies the following accounting principles to administer local assistance funding from the Fair and Exposition Fund (F&E Fund) and Satellite Wagering Account (SWA) on behalf of California's network of fairs.



Sweets for the sweet at the Del Norte County Fair in Crescent City.

- ✚ Since the F&E Fund and SWA are continuously appropriated, unencumbered reserves at fiscal year end will be included in the total available resources in the following year's expenditure plan. Therefore, total expenditures may exceed current year revenue projections. Expenditures may also be adjusted during the year to accommodate funding fluctuations among local assistance programs, upon approval by the Secretary of Food and Agriculture.
- ✚ Routine Expenditure Plan program costs, such as program specific materials and supplies, that are typically funded by F&E's state operations budget (i.e., the Division's

operational budget for office and staff expenses) may be funded by local assistance funding in the event state operations funding is inadequate to fully cover such costs.

New Funding Strategy for 2007/2008

The 2007/2008 Expenditure Plan represents the most significant change in fair funding strategy in over 15 years. With increased competition from neighboring venues, an ever-decreasing fund source from horse racing and deteriorating fair facilities, F&E was compelled to rethink its funding allocation strategy and devise a plan that revolves around fund growth and sustainability.

The revised funding program is specifically designed to generate significant working capital during the next ten years and beyond to address deferred maintenance and much needed capital infrastructure projects at California's aging fairgrounds. At the heart of the funding strategy is the establishment of an infrastructure sinking fund coupled with a replenishment model that leverages the sinking fund resources to create a perpetual fund source for fairs.

The proposed plan will continue to include baseline allocations to fairs, but will be revamped in virtually all other areas. This long-range funding strategy will utilize an investment approach to spending that is more focused and includes the leveraging of existing resources to create perpetual funding sources. The fairs' efforts to secure matching funds and local contributions will be highly encouraged and rewarded. Resources will be consolidated among fewer programs to allow F&E to fund larger projects that traditionally have not been feasible due to the spreading of dollars over a larger number of programs and fairs at one time.

The plan includes financing, investment capital and grant opportunities that will be applicable to fairs of all sizes.



Horse racing and fairs have had a long-standing relationship that dates back to the 1860s.

The genesis of the revised funding strategy resulted from extensive discussions with California fairs and fair business partners during the latter part of 2006 and early 2007, which focused on the “future vision” of the industry and F&E. The following goals and objectives were a direct product of these discussions:

- ✚ Address the fair industry’s aging infrastructure by generating significant capital via enhanced programs and fund sources.
- ✚ Incorporate a replenishment strategy in all fair funding programs to ensure future sustainability and self sufficiency.
- ✚ Encourage and support environmental leadership at California fairgrounds.
- ✚ Create an endowment presence in each fair’s community to gain assistance in enhancing the fairs’ role as a community asset.

Funding Methodology

The establishment of an infrastructure sinking fund with replenishment features was

determined to be the best strategy for raising much needed capital for infrastructure development at California fairgrounds.

- ✚ Key funding programs (e.g., local base allocations and flex capital) that primarily benefit small to medium-sized fairgrounds will remain intact in 2007/2008.
- ✚ An infrastructure sinking fund will be established in 2007/2008. Total projected license fee revenue receipts less funds allocated to fixed costs (e.g., state operations, bond debt service, and contractual obligations) will be allocated to the sinking fund in 2007/2008 and annually thereafter.
- ✚ Replenishment strategy includes principal and interest repayment by fairs on infrastructure loans, payback of “equity” capital related to strategic capital investments made by F&E at California fairgrounds, and required matching funds from fairs on capital project proposals.
- ✚ F&E is encouraging all fairs to seek matching funds from local sources (e.g. local government, local non-profits and interest groups, corporate sponsorships) through enhanced community relations. The fairs’ ability to secure local funding support will enhance their eligibility for competitive funding allocations and serve as a key performance measure.



This clown at the Butte County Fair in Gridley is as fetching as cotton candy.

New funding programs for 2007/2008

Annual infrastructure sinking fund resources will be allocated among the following new programs:

- ✚ *Investment Reserve Fund (Loan)* – provides loans for major capital improvements at all fairs.



Human cupcakes entertain guests at the 2007 Makers Faire, an inventors extravaganza, at the San Mateo County Fair.

- ✚ *Replenishment Fund (Investment Capital)* – F&E will serve as a “venture capitalist” by providing working capital for strategically identified projects at fairs with a demonstrated history of success. Program replenishment features are based partly on the success of the project.
- ✚ *Infrastructure Matching Fund (Grant)* – focuses on repairs and maintenance needs at all fairs and requires match funds from fair.

See pages 25 through 29 for further program details and related financial projections.

Revenue Source

Fair funding that is not self-generated is derived entirely from California’s pari-mutuel wagering system, which was made possible by a constitutional amendment in 1933 to promote agriculture and as a means to generate income for California’s fair system. During this time period, horse racing revenues were generated

solely from live racing at California tracks, where state license fees generated from this activity were designated to support the network of California fairs.

Over the last six decades, technological advances have created alternative means of horse racing wagering, such as satellite wagering and advance deposit wagering (ADW). Satellite wagering facilities appealed to the network of California fairs due to the potential increase in horse racing revenue and subsequent increase in state license fees. As a result, funding received from live track racing was used to construct numerous satellite wagering facilities throughout California. The introduction of satellite wagering in California created a second source of revenue (including out-of-state license fees) available to the horse racing industry, the network of California fairs, and the General Fund by broadcasting California races to other facilities throughout the satellite wagering system.

Today, off-track wagering at satellite wagering facilities and via ADW combined have surpassed live racing as the preferred means of wagering. While live racing and wagering at satellite wagering facilities continue to generate license fee revenue that directly benefits the fair network, ADW does not.

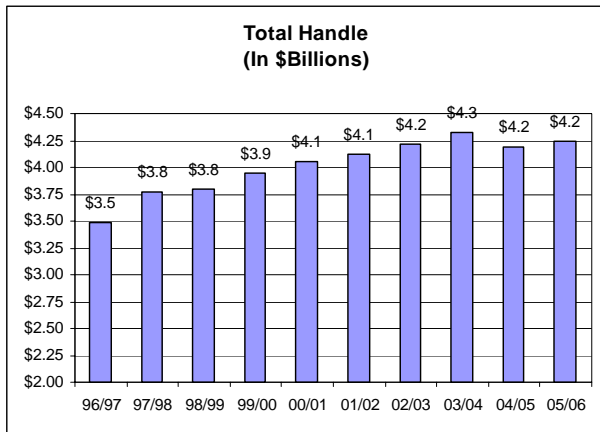


Thoroughbred horse racing excites the crowds at the California State Fair in Sacramento.

Fiscal Trends

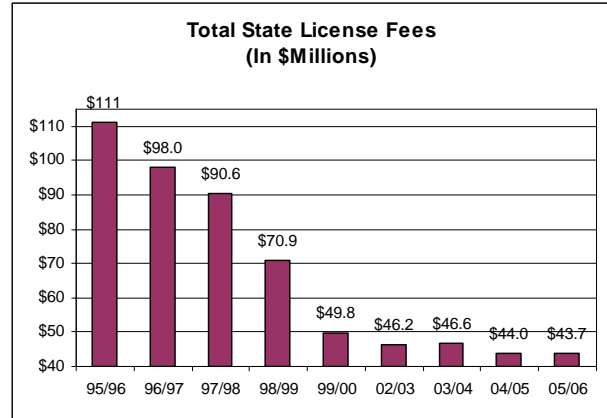
In 2004/2005 the F&E Fund experienced an unprecedented first-time revenue shortfall of approximately \$3 million from on-track live racing, which directly impacted valuable programs and resources that benefit California's network of fairs.

The California Horse Racing Board (CHRB) records indicate that the total amount wagered on horse racing increased steadily since fiscal year 1996/1997, while state license fees available to fund the fairs have declined. The following charts show the inverse correlation between the total horse racing handle generated to the total state license fees available over the past decade.



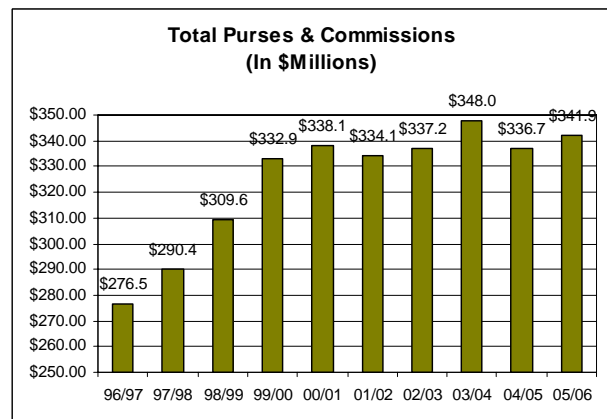
Source: CHRB Annual Reports

The aforementioned shortfall in 2004/2005 fair funding occurred because total state license fees that year of \$44 million were inadequate to fully fund all designated beneficiaries to the extent allowed by law. Since the priority of funding in law is unclear, funding to fairs absorbed the full impact of the 2004/2005 \$3 million shortfall. Should future license fee revenue continue to decline, or be consumed by increased operational budgets for existing fund beneficiaries, the inadequacies of this fund source will be only further highlighted. Other primary beneficiaries of state license fee revenue include the Kenneth L. Maddy Equine Research Center at U.C. Davis and the General Fund.



Source: CHRB Annual Reports, 2000/01 – 2001/02 data omitted to display significance of 1995/96 revenue levels.

In 1998, Senate Bill 27 (Maddy, Chapter 335, Statutes of 1998) provided a tax relief to the horse racing industry by significantly reducing state license fees by approximately \$40 million. The intent of the legislation was to help the horse racing industry remain viable and competitive in California, while ensuring sufficient revenues remained to support California fairs. The license fee reduction was redistributed to the racing industry in the form of owner purses and track commissions. The following chart depicts another inverse correlation, this time between total combined purses and commissions to the total state license fees available over the past decade.



Source: CHRB Annual Reports

Approximately \$27 to \$28 million from state license fees has historically been available to support the network of California's 78 active fairs. This fund source continues to deteriorate. The 2006/2007 proposed local assistance budget totals \$25 million.

This eroding fund source is due to a number of factors that include a decline in horse racing revenue deposited to the F&E Fund, legislation that has reduced state license fees significantly, and trends in bettors' preferred means of wagering.

These local entities receive no General Fund support; instead they rely on horse racing to supplement their budgets. While nearly 63% of Californians take part in some form of gaming, revenues from horse racing have eroded as a result of a highly competitive marketplace, which includes the evolution of Indian gaming facilities, lotteries and other wagering outlets.



Cultural diversity is on display during an energetic musical performance at the Napa Town and Country Fair.

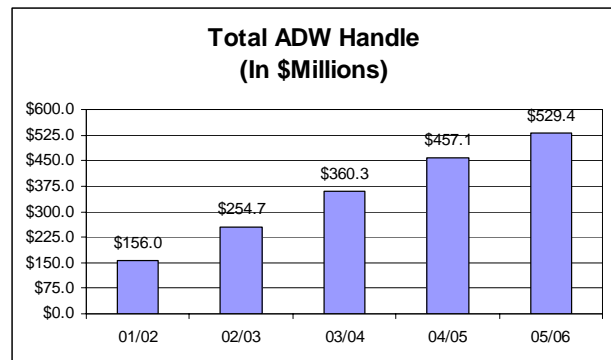
In addition, with the advent of ADW, as discussed below, the reduction in horse racing license fees that support local California fairs is evident.

Advance Deposit Wagering

In an effort to keep California's horse racing industry competitive, Assembly Bill 471

(Hertzberg) authorized ADW in 2001, which allows customers to deposit funds into accounts in order to wager online and over the telephone.

During ADW's first 10 months of operation in 2002, \$156 million in total handle was generated, which represents approximately 4% of the \$3.6 billion in total handle generated during the same 10 months. In 2006, total ADW handle increased to \$530 million, which represented a 240% increase since 2002 and 12% of the \$4.2 billion in total handle for 2006.



Source: CHRB Annual Reports

While the full impact of ADW is yet to be determined, we do know that state license fee revenue, which benefits the F&E Fund and fairs, is not generated from this activity. Should state income from racing continue to decline as bettors move toward ADW and other forms of gaming, the solvency of the F&E Fund and future of California fairs will continue to be at risk.

Program Descriptions

The following briefly describes programs recommended for funding in the 2007/2008 Network of California Fairs Expenditure Plan:

Administrative Oversight Total: \$13,600,140

California Horse Racing Board Support (CHRB)	Budget Act appropriation for operational support of the California Horse Racing Board (B&P Code Section 19620.1(b)).
CDFA Support – Fairs and Expositions (F&E)	Budget Act appropriation for operational support of F&E (B&P Code Sections 19620.1(b)). Operational support budget includes the assessment pro rata (share of State's overhead costs) imposed by the Department of Finance.
CDFA Support – Audit Program	Budget Act appropriation for annual fiscal and biennial compliance audits of all DAAs and selected county fairs. Assures individuals entrusted with public resources are accountable to the public and other levels and branches of government.

Local Assistance Total: \$25,931,000*

Operational Support - \$4,805,000

Bond Debt Service	Pays debt service on revenue bonds issued for the construction and maintenance of fair facilities (B&P Code Section 19606.1 (a)(1))
California Construction Authority (CCA)	Funds the operational support of CCA, a Joint Powers Authority, which provides design, engineering, construction, and master planning services to fairs.
Property Insurance	Provides funding for the purchase of property insurance to protect fair facilities.

General Fair Programs & Funding - \$12,771,000

Local (Base) Allocation	Provides funds for discretionary use by local fair organizations with classification criteria that assign greater support to smaller fairs.
Cal Expo Pro Rata Reimbursement	Reimburses Cal Expo pro rata costs (overhead), not to exceed \$265,000 annually.
Contingencies and Special Projects	Includes funding for legal billings (Department of Justice & CDFA); Administrative and Fiscal Assistance (Intervention) Program; Employee Assistance program cost for DAAs; policy development; transition costs associated with fair governance reform; and funding for economic uncertainties and liabilities.
Rural Healthcare Equity	F&E pays for additional health benefit costs incurred by DAAs for state employees living in rural areas with no available HMOs.

General Fair Programs & Funding (Cont'd)

Flex Capital	<p>An incentive program by which fairs are eligible to receive funding based on their annual performance rating. Funding is available for all fairs with an acceptable performance rating as established by F&E. Funds may be spent on a variety of items including:</p> <ul style="list-style-type: none">• Training for staff and board members• Information technology upgrades• Real estate analysis, development, and planning• Equipment purchases• Address audit concerns• Modernization of operations• Capital improvements• Health and safety projects
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Unemployment Insurance	Budget Act appropriation to offset fairs' unemployment costs (B&P Code section 19620.1(b)).
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Health & Safety - \$100,000

Health Department Program	Provides funding for inspection of fair facilities by the California Department of Health Services to ensure they meet recognized standards for health and safety including storm water runoff, backflow devices, and safe drinking water.
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Infrastructure - \$300,000

Phase I Planning – New Funding Model	Provides planning funds to the Division for implementation of its new funding model for California fairs. Costs are anticipated for project scoping and budgeting, preliminary plans, construction documents and bidding. Phase II of the implementation plan focuses on project construction and will commence in 2008/2009.
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Training & Education - \$485,000

Professional Development & Compliance	<p>Provides training funds for the development and delivery of seminars and workshops on emerging fair issues. The following is a listing of all training opportunities provided to the fair industry annually in which F&E provides training funds:</p> <ul style="list-style-type: none">• Annual Western Fairs Association Convention and Trade Show: Industry trends and issues and mandatory compliance training• Executive Development Program - fair management training program• California Fairs Alliance Fall Managers Conference: Industry trends and issues and mandatory compliance training• Nuts & Bolts: Hands-on accounting, contracts, personnel, insurance, and human resources training
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Training & Education (Cont'd)

- Exhibit Supers' School: Exhibit program ideas, techniques, and design
 - Livestock Training (alternates years with Exhibit Supers' School): Industry trends and issues
 - Satellite Wagering Facility Symposium: Update on industry trends and issues and planning for the year ahead
 - Maintenance Mania: Technical updates and proficiency training (CPR, Cal OSHA, forklift, networking, etc.)
 - Fair Provided Training
 - Fair internship program –provides training and employment opportunities for students interested in the fair industry
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Racing & Satellite Wagering Support - \$3,400,000

Race Track Preparation	Provides funds to supplement the purchase and installation of track preparation materials. Program ensures consistency in track preparation, reducing the risk of injury to horse and jockey.
Supplemental Purses	Provides appropriation to supplement purses at Northern California fairs and Los Angeles County area (B&P Code Sections 19605.9 and 19606.3).
Wagering Facility Improvements	Supports improvements to live horse racing and satellite wagering programming and facilities based upon the priorities identified in industry-wide facility surveys (backstretch, paddock, grandstand, etc.). Funding will focus on ensuring the nine racing fairs meet the California Horse Racing Board backstretch housing regulations.

Sinking Fund for New Programs in 2007/2008 - \$4,100,000

Investment Reserve Fund - <i>*New*</i>	Provides loans for major capital improvements at all fairs. Competitive financing terms and rates will be available. <i>See page 25 through 29 for details.</i>
Replenishment Fund - <i>*New*</i>	F&E will serve as a "venture capitalist" by providing working capital for strategically identified projects at fairs with a demonstrated history of success. <i>See page 25 through 29 for details.</i>
Infrastructure Matching Fund - <i>*New*</i>	Provides funding for repairs and maintenance, accessibility upgrades, revenue generating projects, emergency projects. <i>See page 25 through 29 for details.</i>

* Total local assistance expenditure budget of \$25,931,000 is net of \$30,000 in expected abatements.

Division of Fairs & Expositions
Fair & Exposition Fund (191) and Satellite Wagering Account (192)
2007/2008 Revenue and Expenditure Plan

	Actual 2005/2006	(a) Budgeted 2006/2007	Projected 2006/2007	(b) Proposed 2007/2008	(b - a) Variance
Beginning Balance					
Fairs and Expositions (F&E)	\$1,836,496	\$486,826	\$1,174,688	\$484,066	(\$2,760)
Revenues					
License Fees					
On Track - Live Racing (B&P 19620.1(a))	10,117,045	9,400,000	9,218,947	9,200,000	(200,000)
1.0% Live Racing Fair Handle (B&P 19614(a))	1,228,820	1,250,000	1,216,552	1,250,000	0
Off-Track - Satellite Wagering (B&P 19606.1 & 19620.1(a))	25,619,205	25,885,000	26,161,162	26,068,000	183,000
SMIF Interest Revenue	224,855	105,000	319,301	300,000	195,000
Total Revenues	<u>37,189,925</u>	<u>36,640,000</u>	<u>36,915,962</u>	<u>36,818,000</u>	<u>178,000</u>
Fund Transfers & Other Receipts					
Transfers in					
Project Cost Savings	2,054,000	1,200,000	1,166,000	2,500,000	1,300,000
Transfers to Other Funds					
Retired DAA Employee Benefits	(246,000)	(246,000)	(246,000)	(246,000)	0
Total Available Resources	<u>\$40,834,421</u>	<u>\$38,080,826</u>	<u>\$39,010,650</u>	<u>\$39,556,066</u>	<u>\$1,475,240</u>
Expenditures					
Administrative Oversight					
California Horse Racing Board Support (CHRB)	8,948,288	8,685,000	8,969,000	9,287,000	602,000
CDFR Support - Fairs & Expositions (F&E) ¹	3,101,150	2,942,000	3,186,084	3,188,140	246,140
Pro Rata Assessment	217,253	578,032	578,032	0	(578,032)
CDFR Support - Audit Program ¹	1,020,000	1,017,000	1,017,000	1,125,000	108,000
Total Administrative Oversight	<u>13,286,691</u>	<u>13,222,032</u>	<u>13,750,116</u>	<u>13,600,140</u>	<u>378,108</u>
Local Assistance					
Operational Support					
Bond Debt Service	2,486,647	2,570,000	2,451,369	2,600,000	30,000
California Construction Authority (CCA)	1,755,000	1,455,000	1,453,400	1,455,000	0
Property Insurance	450,000	450,000	450,000	750,000	300,000
	<u>4,691,647</u>	<u>4,475,000</u>	<u>4,354,769</u>	<u>4,805,000</u>	<u>330,000</u>
General Fair Programs & Funding					
Local (Base) Allocations	9,356,000	9,766,000	9,356,000	9,001,000	(765,000)
Cal-Expo Pro Rata Reimbursement	265,000	265,000	265,000	265,000	0
Contingencies and Special Projects	182,909	370,000	228,732	395,000	25,000
Flex Capital (Optional) ²	3,105,000	2,800,000	2,800,000	2,095,000	(705,000)
Rural Healthcare Equity Program	53,687	30,000	65,000	65,000	35,000
Unemployment Insurance (Optional) ²	950,000	950,000	950,000	950,000	0
	<u>13,912,596</u>	<u>14,181,000</u>	<u>13,664,732</u>	<u>12,771,000</u>	<u>(1,410,000)</u>
Health & Safety					
Accessibility Upgrades Fund ²	1,084,000	1,085,000	1,085,000	0	(1,085,000)
Health Department Program	160,000	165,000	165,000	100,000	(65,000)
Livestock Quality Assurance	0	50,000	0	0	(50,000)
Urgent Needs Fund (Optional) ²	100,000	150,000	150,000	0	(150,000)
	<u>1,344,000</u>	<u>1,450,000</u>	<u>1,400,000</u>	<u>100,000</u>	<u>(1,350,000)</u>
Infrastructure					
Asset Management (Optional) ²	100,000	100,000	100,000	0	(100,000)
Phase I Planning - New Funding Model	0	0	0	300,000	300,000
Revenue Generating (Optional) ²	600,000	400,000	400,000	0	(400,000)
	<u>700,000</u>	<u>500,000</u>	<u>500,000</u>	<u>300,000</u>	<u>(200,000)</u>
Training & Education					
Agricultural Education	26,000	0	0	0	0
Professional Development & Compliance	266,000	635,000	310,000	485,000	(150,000)
	<u>292,000</u>	<u>635,000</u>	<u>310,000</u>	<u>485,000</u>	<u>(150,000)</u>
Racing & Satellite Wagering Support					
Race Track Preparation	600,000	600,000	600,000	600,000	0
Supplemental Purses	1,369,187	1,400,000	1,338,502	1,400,000	0
Wagering Facility Improvements	1,900,000	1,500,000	1,500,000	1,400,000	(100,000)
	<u>3,869,187</u>	<u>3,500,000</u>	<u>3,438,502</u>	<u>3,400,000</u>	<u>(100,000)</u>
Abatements & Accrual Adjustments ³	(126,558)	0	698,592	(30,000)	(30,000)
Infrastructure Sinking Fund	0	0	0	4,100,000	4,100,000
Total Local Assistance	<u>24,682,872</u>	<u>24,741,000</u>	<u>24,366,595</u>	<u>25,931,000</u>	<u>1,190,000</u>
Total Current Year Expenditures	<u>37,969,563</u>	<u>37,963,032</u>	<u>38,116,711</u>	<u>39,531,140</u>	<u>1,568,108</u>
Total Prior Year Expenditures	<u>1,690,170</u>	<u>0</u>	<u>409,873</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$39,659,733</u>	<u>\$37,963,032</u>	<u>\$38,526,584</u>	<u>\$39,531,140</u>	<u>\$1,568,108</u> ⁴
Ending Balance	<u>\$1,174,688</u>	<u>\$117,794</u>	<u>\$484,066</u>	<u>\$24,926</u>	<u>(\$92,868)</u>

¹ Variance due to budget adjustments related to negotiated labor contracts for personnel salaries and benefits.

² Programs identified as "(Optional)" are those in which fairs have the option to request funding through submission of a program application.

³ Reflects expense reimbursements received, including fair loan payments, and prior year accrual adjustments.

⁴ Represents Total Expenditures variance only.

**Division of Fairs & Expositions
Fair & Exposition Fund (191)
2007/2008 Revenue and Expenditure Plan**

	Actual 2005/2006	Budgeted 2006/2007	Projected 2006/2007	Proposed 2007/2008
Beginning Balance				
Fairs and Expositions (F&E)	\$1,541,496	\$259,785	\$839,118	\$7,681
Prior Year Adjustments	0	0	0	0
	<u>1,541,496</u>	<u>259,785</u>	<u>839,118</u>	<u>7,681</u>
Revenues				
License Fees				
On Track - Live Racing (B&P 19620.1(a))	10,117,045	9,400,000	9,218,947	9,200,000
1.0% Live Racing Fair Handle (B&P 19614(a))	1,228,820	1,250,000	1,216,552	1,250,000
Off-Track - Satellite Wagering (B&P 19620.1(b))	13,046,000	13,485,000	13,668,000	13,668,000
SMIF Interest Revenue	<u>73,829</u>	<u>45,000</u>	<u>111,469</u>	<u>100,000</u>
Total Revenues	<u>24,465,694</u>	<u>24,180,000</u>	<u>24,214,968</u>	<u>24,218,000</u>
Fund Transfers & Other Receipts				
Transfers in				
Project Cost Savings	2,054,000	1,200,000	1,166,000	2,500,000
Transfers to Other Funds				
Retired DAA Employee Benefits	(246,000)	(246,000)	(246,000)	(246,000)
Total Available Resources	<u><u>\$27,815,190</u></u>	<u><u>\$25,393,785</u></u>	<u><u>\$25,974,086</u></u>	<u><u>\$26,479,681</u></u>
Expenditures				
Administrative Oversight				
California Horse Racing Board Support (CHRB)	8,948,288	8,685,000	8,969,000	9,287,000
CDFA Support - Fairs and Expositions (F&E) ¹	2,494,586	2,508,000	2,711,929	2,712,140
Pro Rata Assessment	217,253	323,691	323,691	0
CDFA Support - Audit Program ¹	1,020,000	1,017,000	1,017,000	1,125,000
Total Administrative Oversight	<u>12,680,127</u>	<u>12,533,691</u>	<u>13,021,620</u>	<u>13,124,140</u>
Local Assistance				
General Fair Programs & Funding				
Local (Base) Allocations	9,356,000	9,766,000	9,356,000	9,001,000
Cal-Expo Pro Rata Reimbursement	265,000	265,000	265,000	265,000
Contingencies and Special Projects	182,909	370,000	228,732	395,000
Flex Capital (Optional) ²	1,800,000	800,000	800,000	965,000
Rural Healthcare Equity Program	53,687	30,000	65,000	65,000
Unemployment Insurance (Optional) ²	950,000	950,000	950,000	950,000
	<u>12,607,596</u>	<u>12,181,000</u>	<u>11,664,732</u>	<u>11,641,000</u>
Training & Education				
Agricultural Education	26,000	0	0	0
Professional Development & Compliance	266,000	635,000	310,000	485,000
	<u>292,000</u>	<u>635,000</u>	<u>310,000</u>	<u>485,000</u>
Abatements & Accrual Adjustments ³	(141,117)	0	697,291	(30,000)
Infrastructure Sinking Fund	0	0	0	1,250,000
Total Local Assistance	<u>12,758,479</u>	<u>12,816,000</u>	<u>12,672,023</u>	<u>13,346,000</u>
Total Current Year Expenditures	<u>25,438,606</u>	<u>25,349,691</u>	<u>25,693,643</u>	<u>26,470,140</u>
Total Prior Year Expenditures	<u>1,537,466</u>	<u>0</u>	<u>272,762</u>	<u>0</u>
Total Expenditures	<u><u>\$26,976,072</u></u>	<u><u>\$25,349,691</u></u>	<u><u>\$25,966,404</u></u>	<u><u>\$26,470,140</u></u>
Ending Balance	<u><u>\$839,118</u></u>	<u><u>\$44,094</u></u>	<u><u>\$7,681</u></u>	<u><u>\$9,541</u></u>

¹ 2007-2008 increases due to negotiated labor contracts for personnel salaries and benefits.

² Programs identified as "(Optional)" are those in which fairs have the option to request funding through submission of a program application.

³ Reflects expense reimbursements received, including fair loan payments, and prior year accrual adjustments.

**Division of Fairs & Expositions
Satellite Wagering Account (192)
2007/2008 Revenue and Expenditure Plan**

	<u>Actual 2005/2006</u>	<u>Budgeted 2006/2007</u>	<u>Projected 2006/2007</u>	<u>Proposed 2007/2008</u>
Beginning Balance				
Fairs and Expositions (F&E)	\$295,000	\$227,041	\$335,570	\$476,385
Revenues				
License Fees				
Off-Track - Satellite Wagering (B&P 19606.1, 19606.3 & 19605.9)	12,573,205	12,400,000	12,493,162	12,400,000
SMIF Interest Revenue	151,026	60,000	207,832	200,000
Total Revenues	<u>12,724,231</u>	<u>12,460,000</u>	<u>12,700,994</u>	<u>12,600,000</u>
Total Available Resources	<u>\$13,019,231</u>	<u>\$12,687,041</u>	<u>\$13,036,564</u>	<u>\$13,076,385</u>
Expenditures				
Administrative Oversight				
CDFA Support - Fairs & Expositions (F&E)	606,564	434,000	474,155	476,000
Pro Rata Assessment	0	254,341	254,341	0
Total Administrative Oversight	<u>606,564</u>	<u>688,341</u>	<u>728,496</u>	<u>476,000</u>
Local Assistance				
Operational Support				
Bond Debt Service	2,486,647	2,570,000	2,451,369	2,600,000
California Construction Authority (CCA)	1,755,000	1,455,000	1,453,400	1,455,000
Property Insurance	450,000	450,000	450,000	750,000
	4,691,647	4,475,000	4,354,769	4,805,000
General Fair Programs & Funding				
Flex Capital (Optional) ¹	1,305,000	2,000,000	2,000,000	1,130,000
	1,305,000	2,000,000	2,000,000	1,130,000
Health & Safety				
Accessibility Upgrades Fund (Optional) ¹	1,084,000	1,085,000	1,085,000	0
Health Department Program	160,000	165,000	165,000	100,000
Livestock Quality Assurance	0	50,000	0	0
Urgent Needs Fund (Optional) ¹	100,000	150,000	150,000	0
	1,344,000	1,450,000	1,400,000	100,000
Infrastructure				
Asset Management (Optional) ¹	100,000	100,000	100,000	0
Phase I Planning - New Funding Model	0	0	0	300,000
Revenue Generating (Optional) ¹	600,000	400,000	400,000	0
	700,000	500,000	500,000	300,000
Racing & Satellite Wagering Support				
Race Track Preparation	600,000	600,000	600,000	600,000
Supplemental Purses	1,369,187	1,400,000	1,338,502	1,400,000
Wagering Facility Improvements	1,900,000	1,500,000	1,500,000	1,400,000
	3,869,187	3,500,000	3,438,502	3,400,000
Abatements & Accrual Adjustments ²	14,559	0	1,301	0
Sinking Fund	0	0	0	2,850,000
Total Local Assistance	<u>11,924,393</u>	<u>11,925,000</u>	<u>11,694,572</u>	<u>12,585,000</u>
Total Current Year Expenditures	<u>12,530,957</u>	<u>12,613,341</u>	<u>12,423,068</u>	<u>13,061,000</u>
Total Prior Year Expenditures	<u>152,704</u>	<u>0</u>	<u>137,111</u>	<u>0</u>
Total Expenditures	<u>\$12,683,661</u>	<u>\$12,613,341</u>	<u>\$12,560,179</u>	<u>\$13,061,000</u>
Ending Balance	<u>\$335,570</u>	<u>\$73,700</u>	<u>\$476,385</u>	<u>\$15,385</u>

¹ Programs identified as "(Optional)" are those in which fairs have the option to request funding through submission of a program application.

² Reflects expense reimbursements received, including prior year accrual adjustments.

Division of Fairs & Expositions
Fair and Exposition Fund (191) and Satellite Wagering Account (192)
2007/2008 Revenue and Expenditure Plan
New Funding Strategy and Programs Descriptions

The revised funding strategy is designed to generate ample working capital during the next ten years and beyond to address deferred maintenance and urgently needed capital infrastructure projects at California's aging fairgrounds. At the heart of the funding strategy are an infrastructure sinking fund and a replenishment model, which leverages the sinking fund resources to create a perpetual fund source for fairs.

Wikipedia.org defines a sinking fund as a method by which an organization sets aside money over time to retire its indebtedness. In this case, the Division of Fairs and Expositions (F&E) is implementing a variation of the sinking fund method by setting aside future money over time to address fair infrastructure needs rather than indebtedness.

Annual funding resources from racing will be consolidated and strategically allocated between fixed costs (e.g., bond debt service, local base allocations, state operations support, and existing contractual obligations) and the new infrastructure sinking fund. In an effort to continually grow the existing resources within the Fair and Exposition Fund, replenishment through repayment on loans and matching funds from the fairs and local business partners will be a key element of the new funding strategy. Leveraging existing funds through external financing and grant opportunities will also be an objective.

During 2007/2008, all sinking fund resources will be withheld for one year before they are eligible for distribution. Withholding the funds for a year will achieve two objectives. First, the delay in funding allocations will give the F&E the opportunity to focus on program and policy development. This planning phase will also include project scoping and budgeting, preliminary plans, construction documents and bidding. Secondly, withholding funding allocations will give F&E two years to build a respectable reserve by combining the funds with 2008/2009 sinking fund resources, which will have a beneficial impact on fair infrastructure in its first year of implementation.

Annual contributions will be made to the infrastructure sinking fund from license fee revenue receipts. Those monies will be available for distribution at the end of each fiscal year to the following new programs:

✚ ***Investment Reserve Fund (Loan Program)*** – provides loans for major capital improvements at all fairs. Competitive financing terms and rates will be available. The Division will also explore external financing opportunities for fairs from state resources as well as from private lending institutions that will complement the Investment Reserve Fund. This effort will be aimed at assisting the largest fairs with their extensive infrastructure needs.

✚ ***Replenishment Fund (Investment Capital)*** – F&E will serve as a “venture capitalist” by providing working capital for special projects at fairs with a demonstrated history

of success. The program contains a replenishment feature. Timing of repayment, however, will be based on project performance.

Infrastructure Matching Fund (Grant Program) – focuses on repairs and maintenance needs at all fairs and requires matching funds from the fair. The program contains no repayment feature. Each fair will receive one allocation over a three-year funding cycle, then the funding cycle repeats itself indefinitely provided adequate funds are available. By spreading distribution over a three-year funding cycle, each fair will have the opportunity to receive a relatively large allocation to make improvements and address deferred maintenance projects.

Past years’ infrastructure programs, which individually addressed accessibility upgrades, revenue generating projects, emergency projects, deferred maintenance, etc. have been consolidated and will now be addressed via one, or a combination, of the above programs.

Fairs will be required to submit project proposals through a competitive application process to access program resources. Funding and financing opportunities will be awarded based on the merit of the proposals and the applicant’s capacity to incur debt, when applicable.

The following chart summarizes the anticipated sinking fund totals for the years 2008 through 2018 and the respective allocations among the three new infrastructure programs each year.

	Annual Sinking Fund Total*	Investment Reserve Fund	Replenishment Fund	Infrastructure Matching Fund
	100%	40%	30%	30%
2008	\$4,100,000	\$1,640,000	\$1,230,000	\$1,230,000
2009-2011	8,500,000	3,400,000	2,550,000	2,550,000
2012-2018	12,250,000	4,900,000	3,675,000	3,675,000

** The annual sinking fund total is projected to be available each year for the time periods indicated. However, the amounts are subject to change pending actual cash receipts.*

The increase in sinking resources in 2009 and beyond are based on a number of anticipated events and assumptions that are subject to change given future revenue trends, the outcome of legislative measures impacting fair funding, and future input from the fair industry regarding program priorities. These anticipated events and assumptions are noted below:

2009-2011

- +** The Fair and Exposition Fund is made whole via current legislative efforts.
- +** Property insurance premiums beyond the Division of Fairs and Expositions’ annual \$450,000 contribution are fully funded by individual fairs.

- ✚ Program cuts are made in a variety of areas where alternative revenue sources may be available (e.g. local contributions, grants, greater shift to user-fee based business model, etc.).
- ✚ Racing and satellite wagering support funding with the exception of race track preparation, funding is redirected to the infrastructure sinking fund. Racing fairs will continue to be eligible for funding through the new project proposal and competitive application process.

2012-2018

- ✚ Bond debt service of \$2.6 million is retired in 2011.
- ✚ Property insurance premiums are fully funded by individual fairs.
- ✚ Additional program cuts in a variety of areas.
- ✚ Racing and Satellite Wagering Support funding entirely redirected to the infrastructure sinking fund.

Below is a summary of projected working capital accumulated for California fairs during the years 2008 through 2018.

2008	\$ 4.1 million
2009 through 2011	25.5 million
2012 through 2018	<u>85.8 million</u>
Total Capital Accumulated in Sinking Fund in 11 Years	<u>\$115.4 million</u>
Replenishment in 11 Years	\$39.5 million
Total Capital Available to Fairs From Sinking Fund Plus Replenishment in 11 Years	<u>\$154.9 million</u>

Please refer to pages 28 through 29 for the detailed financial projections for each of the three new programs.

Division of Fairs and Exposition New Fair Funding Programs For 2008 and Beyond

Investment Reserve Fund (Loan Program)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	
Beg balance	\$0	\$1,640,000	\$105,600	\$100,072	\$96,323	\$114,044	\$40,382	\$40,321	\$75,630	\$16,363	\$46,985		
Sinking Fund Contribution	1,640,000	3,400,000	3,400,000	3,400,000	4,900,000	4,900,000	4,900,000	4,900,000	4,900,000	4,900,000	4,900,000	\$46,140,000	Total Sinking Fund
P&I Payments By Fairs	0	0	490,248	892,248	1,313,868	1,921,776	2,598,324	3,333,696	4,137,708	5,029,968	6,000,660	25,718,496	Total Loan Pmts by Fairs
Distributions to Fairs	0	(5,000,000)	(3,900,000)	(4,300,000)	(6,200,000)	(6,900,000)	(7,500,000)	(8,200,000)	(9,100,000)	(9,900,000)	(10,900,000)	(71,900,000)	Total Payout to Fairs
Interest Earnings	0	65,600	4,224	4,003	3,853	4,562	1,615	1,613	3,025	655	1,879	91,029	
Ending Balance	\$1,640,000	\$105,600	\$100,072	\$96,323	\$114,044	\$40,382	\$40,321	\$75,630	\$16,363	\$46,985	\$49,525		

Assumptions: (1) Loan terms for fairs: 15 year terms @ 5.5% APR
(2) Loans executed in July each year
(3) F&E interest earnings rate = 4.0% APR

Replenishment Fund (Investment Capital)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	
Beg balance	\$0	\$1,230,000	\$29,200	\$80,368	\$13,583	\$19,126	\$24,891	\$60,887	\$58,322	\$55,655	\$102,881		
Sinking Fund Contribution	1,230,000	2,550,000	2,550,000	2,550,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	\$34,605,000	Total Sinking Fund
Replenishment	0	0	0	380,000	630,000	930,000	1,360,000	1,820,000	2,320,000	2,870,000	3,470,000	13,780,000	Total Replenishment
Distributions to Fairs	0	(3,800,000)	(2,500,000)	(3,000,000)	(4,300,000)	(4,600,000)	(5,000,000)	(5,500,000)	(6,000,000)	(6,500,000)	(7,200,000)	(48,400,000)	Total Payout to Fairs
Interest Earnings	0	49,200	1,168	3,215	543	765	996	2,435	2,333	2,226	4,115	66,997	
Ending Balance	\$1,230,000	\$29,200	\$80,368	\$13,583	\$19,126	\$24,891	\$60,887	\$58,322	\$55,655	\$102,881	\$51,997		

Assumptions: (1) Distributions made in July each year.
(2) F&E interest earnings rate = 4.0% APR
(3) Replenishment = 10% return of all previous investments each year until investment is fully recouped. Replenishment begins two years after distribution of capital.

Sinking Fund Allocation Schedule

	Sinking Fund Total *	Investment Reserve (Loan)	Replenishment (Investment Capital)	Infrastructure Matching (Grants)
	100%	40%	30%	30%
2008	\$4,100,000	\$1,640,000	\$1,230,000	\$1,230,000
2009-2011	8,500,000	3,400,000	2,550,000	2,550,000
2012-2018	12,250,000	4,900,000	3,675,000	3,675,000

* Annual sinking amounts are subject to change pending actual cash receipts.

Division of Fairs and Exposition New Fair Funding Programs For 2008 and Beyond

Infrastructure Matching Fund (Grant Program)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	
Beg balance	\$0	\$1,230,000	\$29,200	\$80,368	\$33,583	\$109,926	\$89,323	\$67,896	\$45,612	\$22,436	\$98,334		
Sinking Fund Contribution	1,230,000	2,550,000	2,550,000	2,550,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	\$34,605,000	Total Sinking Fund
Distributions to Fairs	0	(3,800,000)	(2,500,000)	(2,600,000)	(3,600,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,600,000)	(3,700,000)	(34,600,000)	Total Payout to Fairs
Interest Earnings	0	49,200	1,168	3,215	1,343	4,397	3,573	2,716	1,824	897	3,933	72,267	
Ending Balance	\$1,230,000	\$29,200	\$80,368	\$33,583	\$109,926	\$89,323	\$67,896	\$45,612	\$22,436	\$98,334	\$77,267		

- Notes:
- (1) Distributions to all 77 active fairs will be made over a three-year cycle (i.e., each fair receives an allocation once every three years). The cycle will then repeat itself indefinitely.
 - (2) See below for projected payout schedule by fair classification size. Two three-year cycles are shown for the period 2009 through 2014.
 - (3) Actual payouts are subject to change as a result of revenue trends.
 - (4) Year of payment will be subject to compliance with application requirements and merit of project proposal.

Sinking Fund Allocation Schedule

	Sinking Fund Total *	Investment Reserve (Loan)	Replenishment (Investment Capital)	Infrastructure Matching (Grants)
	100%	40%	30%	30%
2008	\$4,100,000	\$1,640,000	\$1,230,000	\$1,230,000
2009-2011	8,500,000	3,400,000	2,550,000	2,550,000
2012-2018	12,250,000	4,900,000	3,675,000	3,675,000

* Annual sinking amounts are subject to change pending actual cash receipts.

Estimated Allocations to Fairs (First 3-Year Phase) **

(One payment per fair to be distributed between 2009-2011)

Class Size	Amount	Class Size	Amount
I	\$197,000	IV	\$81,000
I (No Property)	38,000	V	65,000
II	155,000	VI	19,000
III	118,000	VII	13,000

** Amounts subject to change pending actual cash receipts.

Estimated Allocations to Fairs (Second 3-Year Phase) **

(One payment per fair to be distributed between 2012-2014)

Class Size	Amount	Class Size	Amount
I	\$200,000	IV	\$131,000
I (No Property)	38,000	V	126,000
II	165,000	VI	58,000
III	156,000	VII	41,000

** Amounts subject to change pending actual cash receipts.

CALIFORNIA FAIR LISTING

(Sorted by District Agricultural Association No. or County Abbreviation)

DAA No. or County		Organization Name	City	County	Fair Start	Fair End
Class	Abbr.				Date	Date
II	01*	Oakland Fair	Oakland	Alameda	N/A	N/A
VI	01A	Grand National Rodeo, Horse & Stock Show	Daly City	San Francisco	4/6/07	4/14/07
V	02	San Joaquin County Fair	Stockton	San Joaquin	6/14/07	6/24/07
III	03	Silver Dollar Fair	Chico	Butte	5/23/07	5/28/07
III	04	Sonoma-Marin Fair	Petaluma	Sonoma	6/20/07	6/24/07
I	05*	San Francisco Fair	San Francisco	San Francisco	N/A	N/A
IV	07	Monterey County Fair	Monterey	Monterey	8/14/07	8/19/07
III	09	Redwood Acres Fair	Eureka	Humboldt	6/20/07	6/24/07
II	10	Siskiyou Golden Fair	Yreka	Siskiyou	8/8/07	8/12/07
I	10A	Tulelake-Butte Valley Fair	Tulelake	Siskiyou	9/5/07	9/9/07
II	12	Redwood Empire Fair	Ukiah	Mendocino	9/9/07	9/12/07
III	13	Yuba-Sutter Fair	Yuba City	Sutter	8/1/07	8/5/07
III	14	Santa Cruz County Fair	Watsonville	Santa Cruz	9/11/07	9/16/07
V	15	Kern County Fair	Bakersfield	Kern	9/19/07	9/30/07
V	16	California Mid-State Fair	Paso Robles	San Luis Obispo	7/25/07	8/5/07
III	17	Nevada County Fair	Grass Valley	Nevada	8/8/07	8/12/07
II	18	Eastern Sierra Tri-County Fair	Bishop	Inyo	8/30/07	9/3/07
IV	19	Santa Barbara Fair and Expo	Santa Barbara	Santa Barbara	4/25/07	4/29/07
II	20	Gold Country Fair	Auburn	Placer	9/6/07	9/9/07
VI	21	Big Fresno Fair	Fresno	Fresno	10/3/07	10/14/07
III	21A	Madera District Fair	Madera	Madera	9/6/07	9/9/07
VII	22	San Diego County Fair	Del Mar	San Diego	6/8/07	7/4/07
III	23	Contra Costa County Fair	Antioch	Contra Costa	5/31/07	6/3/07
IV	24	Tulare County Fair	Tulare	Tulare	9/12/07	9/16/07
II	24A	Kings Fair	Hanford	Kings	7/12/07	7/15/07
III	25	Napa Town and Country Fair	Napa	Napa	8/8/07	8/12/07
II	26	Amador County Fair	Plymouth	Amador	7/26/07	7/29/07
III	27	Shasta District Fair	Anderson	Shasta	6/13/07	6/17/07
IV	28	San Bernardino County Fair	Victorville	San Bernardino	5/11/07	5/20/07
II	29	Mother Lode Fair	Sonora	Tuolumne	7/12/07	7/15/07
II	30	Tehama District Fair	Red Bluff	Tehama	9/27/07	9/30/07
V	31	Ventura County Fair	Ventura	Ventura	8/1/07	8/12/07
VII	32	Orange County Fair	Costa Mesa	Orange	7/13/07	8/5/07
I	33	San Benito County Fair	Tres Pinos	San Benito	9/27/07	9/30/07
I	34	Modoc District Fair	Cedarville	Modoc	8/16/07	8/19/07
III	35	Merced County Fair	Merced	Merced	7/17/07	7/27/07
II	35A	Mariposa County Fair & Homecoming	Mariposa	Mariposa	8/31/07	9/3/07
II	36	Dixon May Fair	Dixon	Solano	5/10/07	5/13/07
IV	37	Santa Barbara County Fair (at the Santa Maria Fairpark)	Santa Maria	Santa Barbara	7/11/07	7/15/07
IV	38	Stanislaus County Fair	Turlock	Stanislaus	7/27/07	8/5/07
II	39	Calaveras Co. Fair & Jumping Frog Jubilee	Angels Camp	Calaveras	5/16/07	5/20/07
II	40	Yolo County Fair	Woodland	Yolo	8/15/07	8/19/07
I	41	Del Norte County Fair	Crescent City	Del Norte	8/2/07	8/5/07
II	42	Glenn County Fair	Orland	Glenn	5/16/07	5/20/07
I	44	Colusa County Fair	Colusa	Colusa	6/7/07	6/10/07
III	45	California Mid-Winter Fair & Fiesta	Imperial	Imperial	3/2/07	3/11/07
IV	46	Southern California Fair	Perris	Riverside	10/7/07	10/14/07
II	48	Schools Involvement Fair	Walnut	Los Angeles	5/16/07	5/20/07
II	49	Lake County Fair	Lakeport	Lake	8/30/07	9/2/07
V	50	Antelope Valley Fair	Lancaster	Los Angeles	8/24/07	9/3/07
I	51	The Valley Fair	Burbank	Los Angeles	6/7/07	6/10/07
I	52	Sacramento County Fair	Sacramento	Sacramento	5/24/07	5/28/07
II	53	Desert Empire Fair	Ridgecrest	Kern	10/11/07	10/14/07
I	54	Colorado River Fair	Blythe	Riverside	3/29/07	4/1/07

CALIFORNIA FAIR LISTING

(Sorted by District Agricultural Association No. or County Abbreviation)

DAA No. or County		Organization Name	City	County	Fair Start	Fair End
Class	Abbr.				Date	Date
VI	ALA	Alameda County Fair	Pleasanton	Alameda	6/22/07	7/8/07
II	BUT	Butte County Fair	Gridley	Butte	8/22/07	8/26/07
I	CLO	Cloverdale Citrus Fair	Cloverdale	Sonoma	2/16/07	2/19/07
III	EDO	El Dorado County Fair	Placerville	El Dorado	6/14/07	6/17/07
III	HUM	Humboldt County Fair	Ferndale	Humboldt	8/9/07	8/19/07
VII	LAN	Los Angeles County Fair	Pomona	Los Angeles	9/7/07	9/30/07
II	LAS	Lassen County Fair	Susanville	Lassen	7/18/07	7/22/07
I	MAD	Chowchilla-Madera County Fair	Chowchilla	Madera	4/17/07	4/20/07
III	MAR	Marin County Fair & Exposition	San Rafael	Marin	6/30/07	7/4/07
I	MEN	Mendocino County Fair & Apple Show	Boonville	Mendocino	9/14/07	9/16/07
II	MER	Merced County Spring Fair	Los Banos	Merced	5/2/07	5/6/07
III	MON	Salinas Valley Fair	King City	Monterey	5/17/07	5/20/07
III	NAP	Napa County Fair	Calistoga	Napa	6/30/07	7/4/07
VI	NOS	National Orange Show	San Bernardino	San Bernardino	5/24/07	5/28/07
III	PLA	Placer County Fair	Roseville	Placer	6/21/07	6/24/07
II	PLU	Plumas-Sierra County Fair	Quincy	Plumas	8/9/07	8/12/07
IV	RIV	Riverside County Fair & National Date Festival	Indio	Riverside	2/16/07	2/25/07
	SBE	San Benito County Saddle Horse Show & Rodeo	Tres Pinos	San Benito	6/22/07	6/24/07
VI	SCL	Santa Clara County Fair	San Jose	Santa Clara	8/1/07	8/5/07
I	SHA	Inter-Mountain Fair of Shasta County	McArthur	Shasta	8/30/07	9/3/07
III	SJO	Lodi Grape Festival & Harvest Fair	Lodi	San Joaquin	9/13/07	9/16/07
IV	SMA	San Mateo County Fair	San Mateo	San Mateo	8/10/07	8/19/07
V	SOL	Solano County Fair	Vallejo	Solano	7/11/07	7/15/07
VI	SON	Sonoma County Fair	Santa Rosa	Sonoma	7/17/07	7/30/07
I	TRI	Trinity County Fair	Hayfork	Trinity	8/24/07	8/26/07
VII	XPO	California Exposition & State Fair	Sacramento	Sacramento	8/17/07	9/3/07

* Fair not in operation. Deactivated during fiscal year 1997/1998.