



a California joint powers agency

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NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS & LIVE RACING COMMITTEE
CONCURRENT MEETING
JEROME HOBAN, CHAIR
11:00 A.M., TUESDAY, NOVEMBER 14, 2023

Notice is hereby given that a meeting of the California Authority of Racing Fairs Board of Directors and Live Racing Committee will commence at 11:00 A.M., Tuesday, November 14, 2023. The meeting will be held via teleconference originating at the CARF Office, 1776 Tribute Road, Suite 150, Sacramento, CA 95815.

CARF will provide a teleconference option for its upcoming public meeting. Public and members of the California Authority of Racing Fairs Board of Directors and Live Racing Committee may participate via teleconference.

Dial-In Number: 1-669-900-6833
Meeting ID: 861 0967 9677
Access Code: 615231

Zoom Link:
<https://us06web.zoom.us/j/86109679677>

Alameda County Fair
4501 Pleasanton Ave.
Pleasanton, CA 94566

California State Fair & Exposition
1600 Exposition Blvd.
Sacramento, CA 95815

Antelope Valley Fair
2551 West Ave. H, Suite 102
Lancaster, CA 93536

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940

Big Fresno Fair
1121 S. Chance Ave.
Fresno, CA 93702

San Mateo Event Center
2495 S. Delaware Street
San Mateo, CA 94403

California Department of Food & Ag
1220 N Street
Sacramento, CA 95814

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589



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AGENDA
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AGENDA

- I. Date, Time, and Location of Next Meeting: Tuesday, December 12, 2023, via teleconference.
- II. Public Comment.
- III. Report, Discussion and Action, if any, on 2022 Financial Review by Gilbert and Associates.
- IV. Report, Discussion and Action, if any, on Proposed Changes to Agency Bylaws.
- V. Report, Discussion and Action, if any, Authorizing the Executive Director to Execute Contract 23-0152 with CDFA.
- VI. Report, Discussion and Action, if any, on Legislative Program.
- VII. Report, Discussion and Action, if any, on Calypso Challenge.
- VIII. Report, Discussion and Action, if any, on Golden Gate Fields Closure and 2024 Racing Calendar.
- IX. Executive Director's Report.

**CALIFORNIA AUTHORITY
OF RACING FAIRS**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2022 (REVIEWED)
AND 2021 (AUDITED)**

CALIFORNIA AUTHORITY OF RACING FAIRS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**Board of Directors
California Authority of Racing Fairs
Sacramento, California**

We have reviewed the accompanying financial statements of the California Authority of Racing Fairs (the Authority), which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my (our) procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on page 32 through page 35 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Additional Information

The Additional Information Section, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenses, and Changes in Net Position is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the review procedures applied in the review of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

The ADW Racing Activity has not been subjected to the procedures applied in the review of the basic financial statements and we do not express an opinion or provide any assurance on it.

Emphasis of Matter

We did not review the activity as disclosed in Note 8. The activity was examined by other accountants, whose reports dated September 23, 2022 through May 3, 2023, have been furnished to us, and our review, insofar as it relates to the amounts included for live racing, is based on the report of other accountants.

Report on 2021 Financial Statements

The December 31, 2021 financial statements were audited by us, and we expressed a qualified opinion on them in our report dated September 26, 2022. We have not performed any auditing procedures since that date.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

November 3, 2023

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

The following report reflects the financial condition of California Authority of Racing Fairs (CARF) for the year ended December 31, 2022. It is provided in order to enhance the information in the financial review and should be reviewed in concert with that report.

Financial Highlights, December 31, 2022

- Total operating revenues for 2022 were \$3,196,890, an increase of 38.53%, or \$889,236. The increase is due, in part, to a rebound in racing fair revenues post COVID-19 pandemic with live racing resuming at all four racing fairs: Alameda County Fair, California State Fair, Humboldt County Fair and Big Fresno Fair. Revenues were also positively impacted by a reclassification of transactions for Calypso Challenge LLC.
- Total operating expenses were \$3,095,644, an increase of 45.36%, or \$966,019. This increase is due to the impact of expenses incurred during live racing at CARF-member fairs and expenses related to the continued development of Calypso Challenge LLC.
- Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements) was implemented during the fiscal year ended December 31, 2015. The net pension liability as of December 31, 2022 was \$1,120,187.
- Government Accounting Standards Board Statement No. 75 (GASB75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented during the fiscal year ended December 31, 2018. The Agency's OPEB asset as of December 31, 2022 was \$525,379.

Description of the Basic Financial Statements

CARF financial statements are prepared in conformity with generally accepted accounting principles. A Statement of Net Position, a Statement of Revenues, Expenses & Changes in Net Position, and the Statement of Cash Flows are included along with Notes to Financial Statements to clarify unique accounting policies and financial information.

The Statement of Net Position provides information on all the Authority program assets, deferred outflows, liabilities and deferred inflows with the difference reported as Net Position. Net Position may be an indicator of the overall financial changes across the years. The "Statement of Revenues, Expenses, Changes in Net Position", presents information showing total revenues versus total expenses and the resulting effect on Net Position. The Statement of Cash Flows presents the cash provided by and used by CARF during the year resulting in the ending cash balance.

CARF's accounting system is organized so that each program can be accounted for and evaluated independently. Separate governmental enterprise funds are operated for the remaining Fairs' Equipment Replacement, Revenue Generating/Mini Satellite Development, Track Safety and Maintenance and other funds. The assets, liabilities, revenues and expenses for all funds are reported on a full accrual basis.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Gilbert CPAs, Certified Public Accountants have performed an independent review examination of our financial statements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Their opinion is included in the Financial Section of this report.

Agency Wide Financial Analysis CARF's Statement of Net Position

	12/31/2022	Percentage	12/31/2021	Percentage	12/31/2020	Percentage
Current Assets	\$ 3,395,825	85.38%	\$ 4,247,625	85.71%	\$ 2,904,248	79.95%
Fixed Assets	56,010	1.41%	106,646	2.15%	208,482	5.74%
Other Non-Current Assets	525,379	13.21%	601,917	12.14%	520,076	14.31%
Total Assets	3,977,214	100.00%	4,956,188	100.00%	3,632,806	100.00%
Deferred Outflows of Resources:	623,907		153,882		187,388	
Current Liabilities	1,629,999	44.70%	2,407,615	61.63%	1,110,113	33.70%
Non-Current Liabilities	2,016,743	55.30%	1,499,043	38.37%	2,184,390	66.30%
Total Liabilities	3,646,742	100.00%	3,906,658	100.00%	3,294,503	100.00%
Deferred Inflows of Resources:	378,501		733,323		360,180	
Net Investment in Capital Assets	56,010	9.76%	106,646	22.69%	208,482	125.97%
Restricted Net OPEB	523,379	91.20%	601,917	128.04%	520,076	314.22%
Unrestricted	(5,511)	-0.96%	(238,474)	-50.73%	(563,047)	-340.19%
Total Net Position	\$ 573,878	100.00%	\$ 470,089	100.00%	\$ 165,511	100.01%

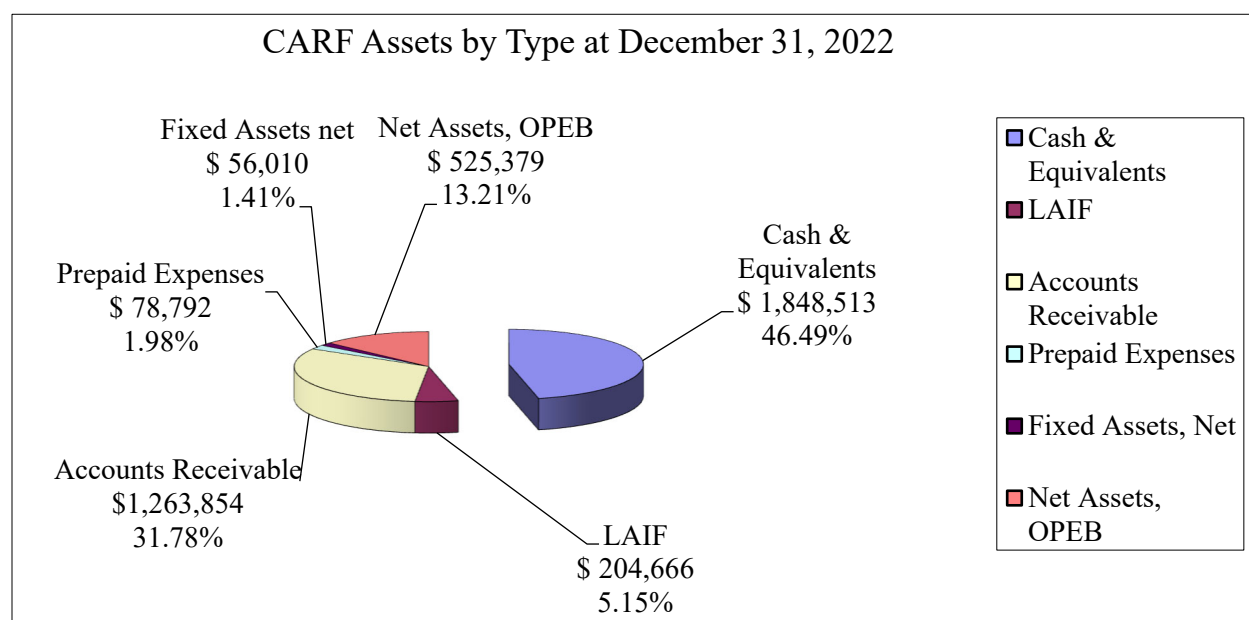
Unrestricted Net Position deficit is due to GASB 68 pension liability which is a long term liability that is not due immediately and does not impact operations in the next 12 months.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Assets

Total agency assets decreased \$978,974 from \$4,956,188 as of December 31, 2021 to \$3,977,214 at December 31, 2022.



Fixed assets were adjusted for the tractor purchases in 2018 and as of December 31, 2022 ended with a net value of \$56,010.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources related to pensions and OPEB increased in 2022 from \$153,882 to \$623,907. Deferred inflows of resources related to pensions and OPEB decreased in 2022 from \$733,323 to \$378,501. These changes are primarily due to the differences between projected and actual earnings on plan investments in the OPEB and pension plans.

Program Liabilities

Total Liabilities decreased from \$3,906,658 as of December 31, 2021 to \$3,646,742 as of December 31, 2022. The net pension liability was \$1,120,187 for 2022 compared to \$416,667 for 2021. Unredeemed winning tickets increased due to return of live racing at other CARF member fairs. All other liabilities on the Statement of Net Position are actual liabilities of the individual programs.

Revenues and Expenses

Operating revenues consist of various types of Member contributions, administrative fees, Racing fairs reimbursements, Program revenues and other projects. These revenues increased from \$2,307,654 in 2021 to \$3,196,890 in 2022. Operating expenses increased from \$2,129,625 in 2021 to \$3,095,644 in 2022.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

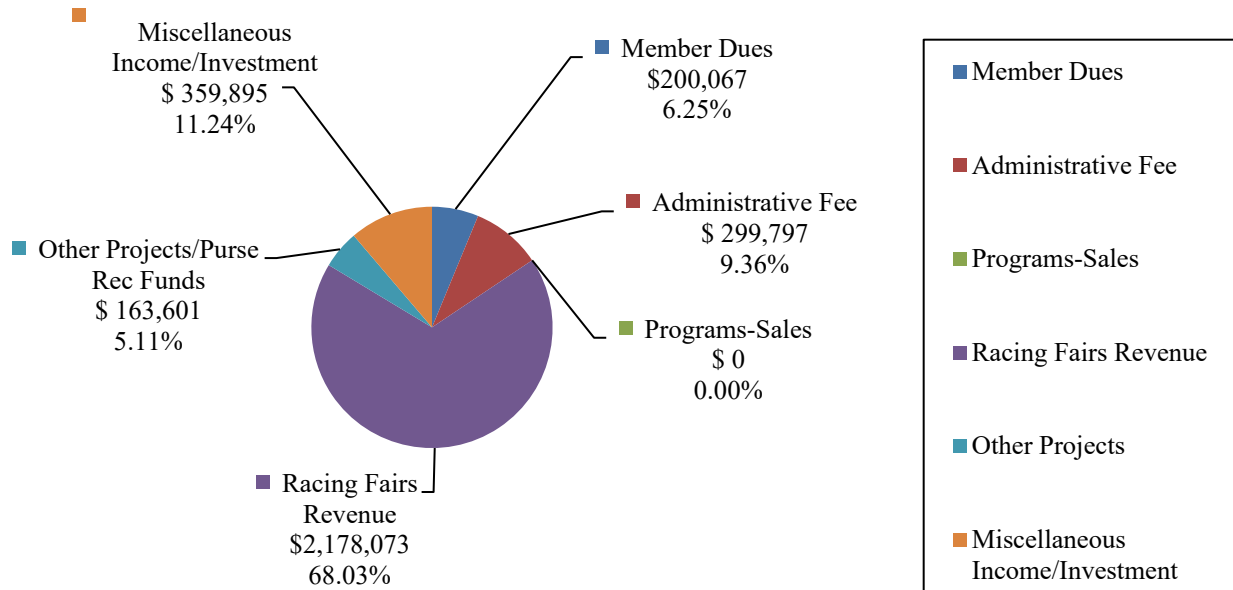
CARF Statements of Revenue, Expenses, and Changes in Net Position

	Year Ended 12/31/2022	Year Ended 12/31/2021	Percentage Change	Year Ended 12/31/2020	Percentage Change
Operating Revenues					
Member Dues	\$ 200,067	\$ 201,064	-0.50%	\$ 201,064	0.00%
Administrative Fee	299,797	299,797	0.00%	299,797	0.00%
Programs	0	34	-100.00%	18,949	-99.82%
Racing Fairs Revenue	2,178,073	1,555,565	40.02%	913,635	70.26%
Other Projects/Purse Rec.	163,601	46,967	248.33%	528,350	-91.11%
Miscellaneous Income/Other	355,352	204,227	74.00%	83,684	144.05%
Total Operating Revenues	3,196,890	2,307,654	38.53%	2,045,479	12.82%
Operating Expenses					
Racing Projects	\$163,601	\$46,967	248.33%	\$325,354	-85.56%
Programs- (Host royalties)	0	0	0.00%	18,808	-100.00%
Live Racing Fairs	1,210,085	749,210	61.51%	404,880	85.04%
Salaries and Benefits	613,432	477,663	28.42%	709,155	-32.64%
Accounting and Legal	151,016	201,554	-25.07%	153,102	31.65%
Travel and Meetings	87,404	59,288	47.42%	28,678	106.74%
Other Operating	870,106	594,943	46.25%	426,415	39.52%
Total Operating Expenses	3,095,644	2,129,625	45.36%	2,066,392	3.06%
Operating Gain/(Loss)	101,246	178,029	43.13%	(20,913)	951.28%
Gain on forgiveness of paycheck protection program loan	0	126,300	0.00%		0.00%
Investment Income	4,543	249	1724.50%	2,421	-89.71%
Increase/(decrease) in net assets	105,789	304,578	65.27%	(18,492)	1747.08%
Beginning Net Position	470,089	165,511	184.02%	184,003	-10.05%
Ending Net Position	\$ 575,878	\$ 470,089	22.50%	\$ 165,511	184.02%

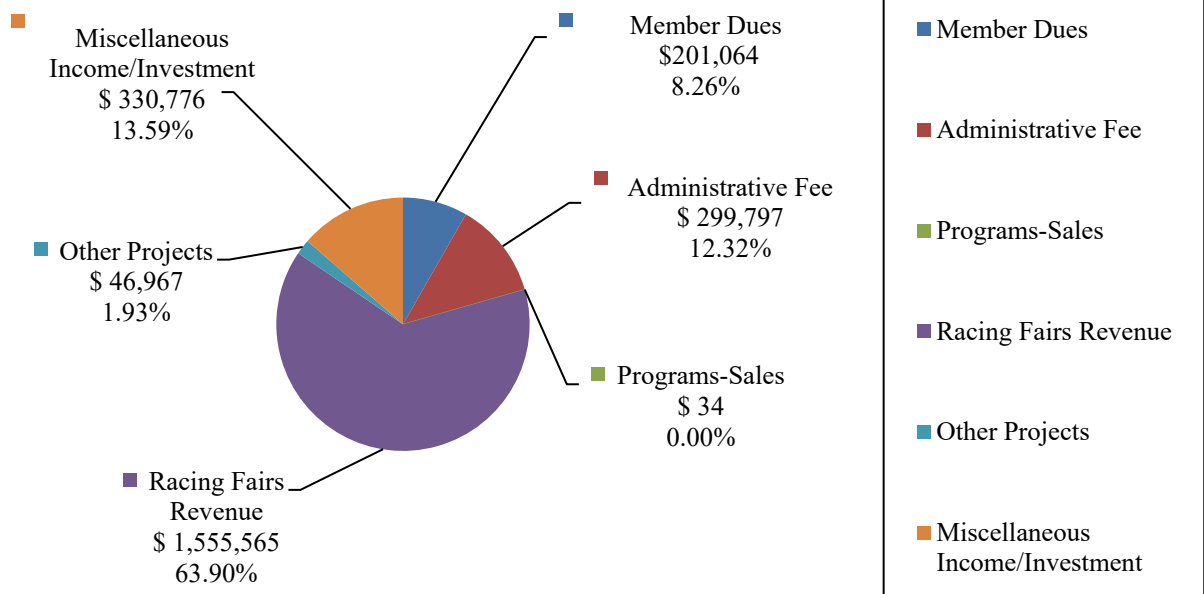
CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

2022 Operating and Non-Operating Revenues



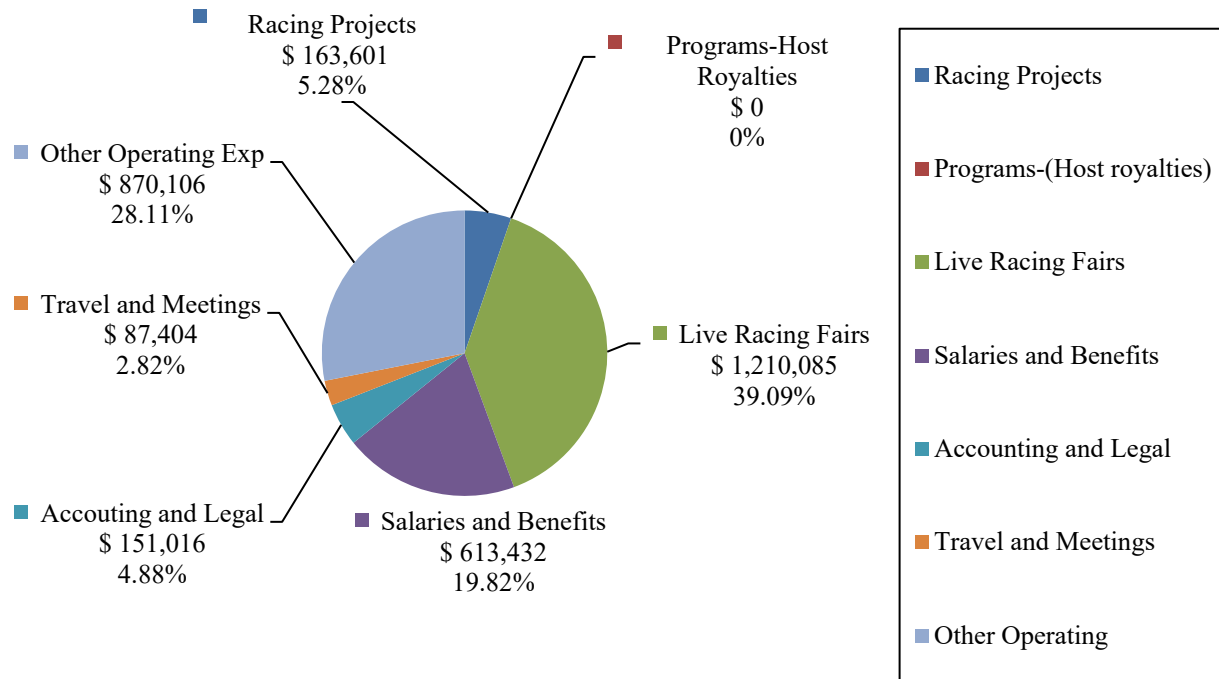
2021 Operating and Non-Operating Revenues



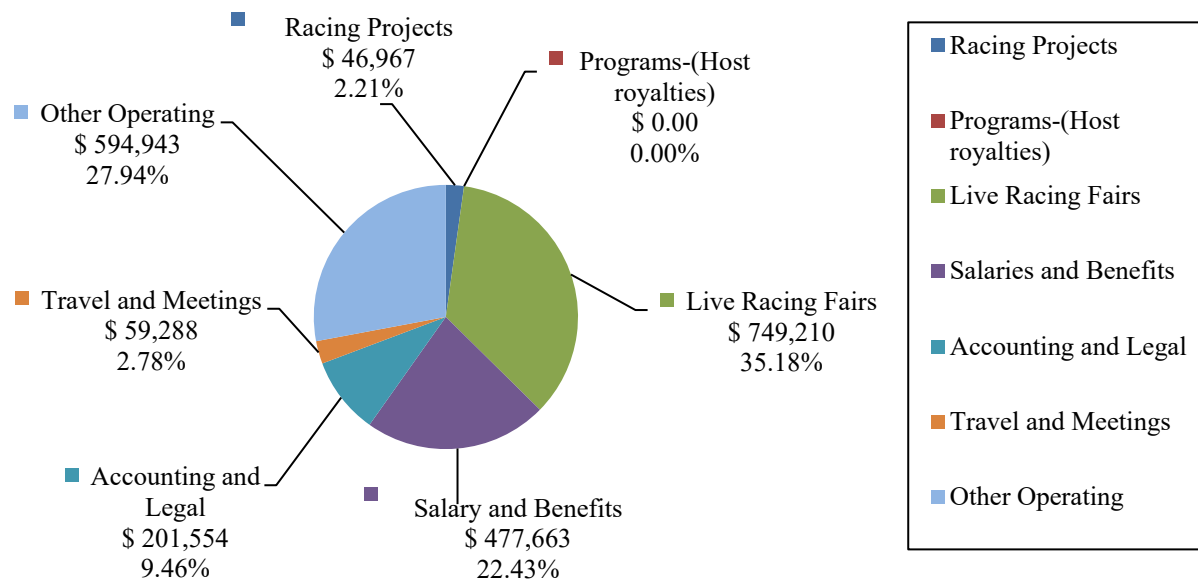
CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

2022 Operating and Non-Operating Expenses



2021 Operating and Non-Operating Expenses



CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Budgetary Highlights

Each year the CARF Board of Directors approves a budget and establishes rates and funding levels for all programs. The budget is brought to the Board towards the end of the current year for their approval.

Below is a summary of the budget information with a comparison to actual revenues and expenditures. (Individual line items are based on internal financial statements and may not agree to the reviewed financial statements due to a difference in the classification of certain revenues and expenses.)

Significant variances between the budget and the actual results include:

- Agency 2022 revenues were 146% of budget consisting of reclassification of Calypso Challenge LLC transactions paid through Change Fund revenues.
- Agency 2022 expenses were 137% of budget with contracted services being reclassified for costs incurred for Calypso Challenge LLC.
- Live Racing 2022 revenues and expenses were 105% of budget due to increased expenses in race track maintenance program and racing support costs of budget versus actual live race meet expenses.
- Net Income difference between reviewed report and Agency budgeted financial statement is the impact of GASB 68 and GASB75 that was not included in the Agency budgeted financial statements.

Subsequent Events

During 2023, Golden Gate Fields announced that it would cease live racing activities starting in 2024. Although CARF does not transact directly with Golden Gate Fields, this development is expected to have a significant impact on the live racing ecosystem in Northern California, which could affect CARF's financial results. The extent of this effect is not determinable at this time.

Required Supplementary Information

Following the basic financial statements is required supplementary information which provides further detail of prorated share of net pension liability, the pension contributions, changes in the net OPEB liability and related ratios, and the OPEB contributions.

Conclusion

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in California Authority of Racing Fair's finances. Questions concerning any of the information should be addressed to the Financial Officer, 1776 Tribute Road, Suite 150, Sacramento, California 95815.

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF NET POSITION DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and equivalents	\$ 2,053,179	\$ 3,182,890
Accounts receivable	1,065,290	830,663
Outstanding/refund tickets	198,564	159,444
Prepaid expenses and deposits	<u>78,792</u>	<u>74,628</u>
Total current assets	<u>3,395,825</u>	<u>4,247,625</u>
Noncurrent assets:		
Net OPEB asset	525,379	601,917
Fixed assets, net	<u>56,010</u>	<u>106,646</u>
Total noncurrent assets	<u>581,389</u>	<u>708,563</u>
Total assets	<u>3,977,214</u>	<u>4,956,188</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pension	504,448	153,882
Deferred outflows of resources related to OPEB	<u>119,459</u>	<u></u>
Total deferred outflows of resources	<u>623,907</u>	<u>153,882</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF NET POSITION - CONTINUED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accruals	\$ 338,982	\$ 852,864
Unredeemed winning tickets	198,564	159,444
Advanced deposit wagering liability	234	
Purse liability	629,385	779,174
Notes payable, due within one year	83,074	83,074
Unearned revenue	<u>379,760</u>	<u>533,059</u>
Total current liabilities	<u>1,629,999</u>	<u>2,407,615</u>
Noncurrent liabilities:		
Member equipment replacement fund	260,252	103,569
Notes payable, due in more than one year		83,075
Net pension liability	1,120,187	416,667
Change fund liability	<u>636,304</u>	<u>895,732</u>
Total noncurrent liabilities	<u>2,016,743</u>	<u>1,499,043</u>
Total liabilities	<u>3,646,742</u>	<u>3,906,658</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pension	167,710	492,975
Deferred inflows of resources related to OPEB	<u>210,791</u>	<u>240,348</u>
Total deferred inflows of resources	<u>378,501</u>	<u>733,323</u>
NET POSITION:		
Net investment in capital assets	56,010	106,646
Restricted for OPEB	525,379	601,917
Unrestricted	<u>(5,511)</u>	<u>(238,474)</u>
TOTAL NET POSITION	<u>\$ 575,878</u>	<u>\$ 470,089</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Member dues	\$ 200,067	\$ 201,064
Administration fees	299,797	299,797
Racing program reimbursements		34
Live racing reimbursements	2,178,073	1,555,565
Purse receivable from members	163,601	46,967
Miscellaneous income	<u>355,352</u>	<u>204,227</u>
Total operating revenue	<u>3,196,890</u>	<u>2,307,654</u>
OPERATING EXPENSES:		
Live racing	1,210,085	749,210
Salaries and benefits	613,432	477,663
Racing projects	163,601	46,967
Accounting and legal	151,016	201,554
Travel and meetings	87,404	59,288
Other operating	<u>870,106</u>	<u>594,943</u>
Total operating expenses	<u>3,095,644</u>	<u>2,129,625</u>
Operating income	<u>101,246</u>	<u>178,029</u>
NON-OPERATING INCOME:		
Gain on forgiveness of paycheck protection program loan		126,300
Investment income	<u>4,543</u>	<u>249</u>
Total non-operating income	<u>4,543</u>	<u>126,549</u>
Increase in net position	105,789	304,578
Net position, beginning of year	<u>470,089</u>	<u>165,511</u>
Net Position, end of year	<u>\$ 575,878</u>	<u>\$ 470,089</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members, member activities, and member support	\$ 2,453,612	\$1,919,881
Payments to members, member activities, and member support	(3,222,483)	(644,173)
Payments to/on behalf of employees	(206,598)	(191,140)
Other operating receipts	355,352	204,227
Other operating payments	(363,873)	(296,118)
Net cash provided (used) by operating activities	<u>(983,990)</u>	<u>992,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(67,189)	(3,198)
Investment income	<u>4,543</u>	<u>249</u>
Net cash used by investing activities	<u>(62,646)</u>	<u>(2,949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan		126,300
Payments on note payable	<u>(83,075)</u>	<u>(83,074)</u>
Net cash provided (used) by financing activities	<u>(83,075)</u>	<u>43,226</u>
Increase (decrease) in cash equivalents	<u>(1,129,711)</u>	<u>1,032,954</u>
Cash and equivalents – beginning of year	<u>3,182,890</u>	<u>2,149,936</u>
Cash and equivalents – end of year	<u>\$ 2,053,179</u>	<u>\$ 3,182,890</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 101,246	\$ 178,029
Reconciliation to net cash provided (used) by operating activities:		
Depreciation expense	117,825	105,034
Changes in:		
Accounts receivable	(234,627)	(258,604)
Purse receivable from members		78,699
Outstanding/refund tickets	(39,120)	(122,694)
Prepaid expenses and deposits	(4,164)	(7,824)
Net OPEB asset	76,538	(81,841)
Deferred outflows of resources	(470,025)	33,506
Accounts payable and accruals	(513,882)	494,698
Net pension liability	703,520	(483,365)
Change fund liability	(259,428)	(118,268)
Unredeemed winning tickets	39,120	122,694
Advanced deposit wagering liability	234	
Purse liability	(149,789)	683,751
Deferred revenue	(153,299)	(3,641)
Deferred inflows of resources	(354,822)	373,143
Member equipment replacement fund	<u>156,683</u>	<u>(640)</u>
Net cash provided (used) by operating activities	<u>\$ (983,990)</u>	<u>\$ 992,677</u>

See accompanying notes and independent accountant's review report.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The California Authority of Racing Fairs (the Authority) was created in 1986, as authorized by the California Government Code, Sections 6500, et. seq. The Government Code authorizes two or more public agencies to jointly exercise common powers by agreement (Section 6502). In addition, the Government Code specifically authorizes public agencies conducting fairs to enter into a joint powers agreement to form pooling arrangements for losses incurred by such agencies (Section 6516). Section 6516 states that the Department of Food and Agriculture may enter into such a joint powers agreement on behalf of district agricultural associations and citrus fruit fairs. The power of a joint powers agency “is subject to the restrictions upon the manner of exercising the power of one of the contracting parties, which party shall be designated by the agreement” (Section 6509).

The primary activities of the Authority include:

- Providing a central administrative body to represent its members and handle their mutual concerns and requirements. Annual dues are charged to each member on a calendar year basis. Administrative fees are charged for various programs administered by the Authority.
- Coordinating and promoting live racing at member fairs.
- Promoting satellite wagering and account deposit wagering in California through the legislature.
- Providing the necessary legal vehicle for the ongoing operation of the satellite wagering system.
- Administering various construction, equipment replacement, and maintenance funds on behalf of its members.

BASIS OF ACCOUNTING

The accounting records of the Authority are kept on the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

STATEMENTS OF CASH FLOWS

With regards to the statements of cash flows, the Authority considers cash in banks, all money market funds, and cash in the Local Agency Investment Fund (LAIF) to be cash equivalents. The Authority records its cash in the LAIF at fair value. Changes in fair value are reported as revenue in the statement of operations. The Authority’s investment in LAIF is valued based on the relative fair value of the entire external pool to the external pool’s respective amortized cost.

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OUTSTANDING/REFUNDING TICKETS

Pari-mutuel tickets (Outs), winning wagers that are unclaimed, refunds, and wagers that are scratched are purged on May 15th of the year following the year in which the meet at which they were purchased concludes. By law, they are split between CHRB, Horsemen's Welfare Fund, Tracks, and Purses, or held for three years before escheating to the State as unclaimed personal property.

FIXED ASSETS

Fixed assets are stated at cost. Major additions are capitalized, and repair and maintenance costs are expensed. Depreciation is computed using the straight-line method over estimated useful lives of three years for automobiles and computer equipment and five years for furniture and equipment. When assets are sold or abandoned, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the Statement of Revenues, Expenses, and Changes in Net Position.

UNEARNED REVENUE

Amounts received but for which the earning process has not yet been completed are recorded as unearned revenue.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the Authority's pension and OPEB plan(s) after the measurement date but before the fiscal year-end are recorded as deferred outflows of resources and will reduce the net pension liability and net OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the Authority's pension and OPEB expense and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the Authority's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 6 for further details related to these pension deferred outflows and inflows. See Note 7 for details related to the OPEB deferred outflows and inflows.

PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis

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as they are reported to CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents:		
Deposits with financial institutions	\$ 1,805,346	\$ 2,721,060
Money market	43,167	261,557
Deposits in LAIF	<u>204,666</u>	<u>200,273</u>
Total cash and cash equivalents	<u>\$ 2,053,179</u>	<u>\$ 3,182,890</u>

Local Agency Investment Fund

The Authority is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Separate complete financial statements are available at P.O. Box 942809, Sacramento, CA 94209-0001.

3. FIXED ASSETS

Fixed assets activity consisted of the following during the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Vehicles	\$ 287,786	\$ 65,000		\$ 352,786
Furniture and equipment	857,321			857,321
Computers	<u>47,080</u>	<u>2,189</u>		<u>49,269</u>
Total	1,192,187	67,189		1,259,376
Less accumulated depreciation	<u>(1,085,541)</u>	<u>(117,825)</u>		<u>(1,203,366)</u>
Fixed assets - net	<u>\$ 106,646</u>	<u>\$ (50,636)</u>	<u>\$</u>	<u>\$ 56,010</u>

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Fixed assets activity consisted of the following during the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Vehicles	\$ 287,786			\$ 287,786
Furniture and equipment	857,321			857,321
Computers	43,882	\$ 3,198		47,080
Total	1,188,989	3,198		1,192,187
Less accumulated depreciation	(980,507)	(105,034)		(1,085,541)
Fixed assets - net	<u>\$ 208,482</u>	<u>\$ (101,836)</u>	<u>\$</u>	<u>\$ 106,646</u>

4. NOTES PAYABLE

In February 2018, the Authority entered into notes payable totaling \$415,371 (including principal and interest), to finance the purchase of equipment. The notes payable are secured by the equipment, mature in February 2023 and bear interest at 2.90%. Payments of \$83,074 are due annually beginning February 2019.

5. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority does not make contributions to the plan.

In 1997, the Board authorized revisions to the plan to implement federal legislative changes. These changes clarified that plan assets are held for the benefit of participating employees and are not subject to claims by creditors of the Authority. Therefore, the plan is not included in the Authority's financial statements.

6. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The Authority provides pension benefits to its employees through the California Authority of Racing Fairs Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. The Authority had less than 100 active members as of the June 30, 2022 actuarial valuation. As a result, qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

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Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and have a minimum of five years of CalPERS-credited service. Members after January 1, 2013 must be at least 52.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's required contribution rate for the June 30, 2022 measurement period was 10.340% and 7.590% of annual pay for Classic and PEPR employees, respectively. Employer contributions rates may change if plan contracts are amended. The Authority makes the contributions required of certain Authority employees on their behalf and for their account. For the year ended December 31, 2022 and 2021, the employer contributions to the plan were \$69,197 and \$62,657, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The Authority's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2022 and 2021 for the years ended December 31, 2022 and 2021, respectively. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021 and 2020 rolled forward to June 30, 2022 and 2021, respectively, using standard update procedures. As of December 31, 2022 and 2021, the Authority's proportionate share of the Plan's NPL was \$1,120,187 and \$416,667, respectively.

Using the Authority's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the Authority by the actuary. The Authority's employer allocation factor for the Plan as of June 30, 2022 was as follows:

2022:

	<u>Plan</u>
Proportion - June 30, 2022	0.0239400%
Proportion - June 30, 2021	<u>0.0219437%</u>
Change - increase	<u>0.0019963%</u>

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2021:

	<u>Plan</u>
Proportion - June 30, 2021	0.0219437%
Proportion - June 30, 2020	<u>0.0213375%</u>
Change - increase	<u>0.0006062%</u>

For the year ended December 31, 2022, the Authority recognized pension expense of \$96,887. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,496	\$ (15,067)
Changes in assumptions	114,787	
Net differences between projected and actual investment earnings of pension plan investments	205,189	
Change in proportions	124,756	
Change in proportionate share of contributions		(152,643)
Pension contributions subsequent to measurement date	<u>37,220</u>	
Total	<u>\$ 504,448</u>	<u>\$ (167,710)</u>

The \$37,220 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending December 31, 2023. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31</u>	
2023	\$ 65,569
2024	66,044
2025	42,402
2026	<u>125,503</u>
Total	<u>\$ 299,518</u>

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For the year ended December 31, 2021, the Authority recognized pension expense of \$(21,250). At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,725	
Net differences between projected and actual investment earnings of pension plan investments		\$ (363,728)
Change in proportions	74,697	
Change in proportionate share of contributions		(129,247)
Pension contributions subsequent to measurement date	<u>32,460</u>	
Total	<u>\$ 153,882</u>	<u>\$ (492,975)</u>

The \$32,460 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date was recognized as a reduction of the NPL in the year ending December 31, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31</u>	
2021	\$ (88,425)
2022	(90,295)
2023	(88,779)
2024	<u>(104,054)</u>
Total	<u>\$ (371,553)</u>

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the TPL was determined by rolling forward the June 30, 2021 TPL. The June 30, 2022 TPL was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

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Changes in Assumptions

For the measurement period ended June 30, 2022, the accounting discount rate was reduced from 7.15% to 6.90%. For the measurement period ended June 30, 2021, there were no changes in assumptions that applied to the Plan.

Discount Rate

The discount rate used to measure the TPL for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the longer term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10^{(a)(b)}
Global Equity – cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporations	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)	(0.59)
Total	100.00%	

^(a) An expected inflation of 2.3% was used for this period.

^(b) Figures are based on the 2021-22 Asset Liability Management study.

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Sensitivity of the Authority's Proportional Share of the NPL to Changes in the Discount Rate

The following presents the Authority's Proportional Share of the NPL of the Plan as of the June 30, 2022 measurement date, calculated using the discount rate of 6.90%, as well as what the Authority's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Authority's Proportionate Share of Plan's NPL	\$ 1,764,638	\$ 1,120,187	\$ 589,963

The following presents the Authority's Proportional Share of the NPL of the Plan as of the June 30, 2021 measurement date, calculated using the discount rate of 7.15%, as well as what the Authority's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Authority's Proportionate Share of Plan's NPL	\$ 1,017,663	\$ 416,667	\$ (80,166)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 5, the Authority provides other postemployment health, dental, and long term care benefits for eligible retired employees and their dependents through the California Authority of Racing Fairs OPEB Plan (the Plan). The Authority, through the authorization of its Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Benefit Trust (CERBT) Fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the Authority.

Benefits Provided

Medical benefits provided: The Authority's medical benefits provided to retirees are based on Government Code sections collectively known as Public Employees' Medical & Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

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As a condition of participation in the CalPERS medical program, the Authority is obligated to contribute toward retiree medical premiums for the retiree's lifetime or until coverage is discontinued. The maximum monthly benefits paid by the Authority in 2022 are equal to the maximum amounts provided by the "100/90" formula, as shown below.

2022 Subsidy for the 100/90 Formula

<u>Retiree</u>	<u>Retiree + 1</u>	<u>Retiree + 2</u>
\$816	\$1,548	\$1,983

Dental and long-term care benefits provided: the Authority currently subsidizes dental and long term care premiums for eligible retired employees and their dependents, up to fixed dollar amounts varying by coverage level. Eligibility requirements for subsidized dental and long-term care are shown in the chart below.

Coverage	Hire Date	Minimum Years of Service	Minimum PERS Years of Service	Date of Retirement	Lifetime Benefit: 100% of premiums up to maximums shown below	Extends to Survivors
Dental	Any	10	Any	On or after August 1, 2015	100% for employee and dependents	Yes
Long-Term Care					100% for employee & spouse up to \$184.17	

The 2022 maximum portion of the dental premiums paid by the Authority are \$54.08 for single coverage and \$138.50 for family coverage.

As of the December 31, 2021 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	6
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>4</u>
Total	<u><u>10</u></u>

Contributions

The Authority provides benefits on a pay-as-you-go basis, and also makes contributions to the OPEB Trust. The Authority's policy is to prefund their benefits by contributing the full actuarially determined contribution, or more, to the CERBT each year. Because trust assets exceed TOL as of the measurement date, the Actuarial Determined Contribution (ADC) in fiscal year 2022 and 2021 was \$0. The Authority's employees are not required to contribute to the Plan.

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

Net OPEB Liability

The Authority's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2021, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	5.55%
Inflation	2.50%
Salary Increases ⁽¹⁾	3.00%
Investment Rate of Return ⁽²⁾	5.55%
Mortality ⁽³⁾	MacLeod Watts Scale 2022
Health care cost trend rates ⁽⁴⁾	See table below

Year beginning January 1	Premium Increase
2023	5.80%
2024	5.60%
2025	5.40%
2026-2027	5.20%
2028-2029	5.10%
2030-2038	5.00%
2039 & Later	4.90%-4.80%

- (1) Since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
- (2) Net of OPEB plan investment expense; includes inflation and a margin for adverse investment return
- (3) The MacLeod Watts Scale 2022 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumption used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.
- (4) Dental plan premiums are assumed to increase by 3.5% per year.

Changes in Assumptions

For the measurement period ended December 31, 2021, the discount rate and trust rate of return were reduced from 6.00% to 5.55%. For the measurement period ended December 31, 2020, there were no changes in assumptions that applied to the Plan.

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Discount Rate

The discount rate used to measure the total OPEB liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that Authority will continue contributing 100% or more of the actuarially determined contributions each year, consistent with past practice. An actuarially determined contribution is determined to ensure the trust has sufficient assets to pay benefits when due. Therefore, with the Authority's approval, the discount rate used in this valuation is 5.5 percent, the agency's expectation of the long-term expected return on trust assets.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CERBT took into account long-term market return expectations as well as the expected trust fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

Asset Class	Assumed Asset Allocation	Expected Real Rate of Return Years 1-10⁵
Public Equity	40.00%	4.50%
Fixed Income	43.00%	1.40%
Global Real Estate (REITs)	8.00%	3.70%
Treasury Inflation Protected Securities	5.00%	0.50%
Commodities	3.00%	3.00%
Total	100.00%	

⁽⁵⁾ Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.30%.

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Changes in the Net OPEB Liability

The changes in the Net OPEB liability for the OPEB Plan are as follows:

	<u>Increase (Decrease)</u>		
	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at December 31, 2021 (Roll back balance at December 31, 2020 measurement date)	\$ 927,399	\$ 1,529,316	\$ (601,917)
Changes recognized for the measurement period:			
Service cost	34,674		34,674
Interest on TOL	56,437		56,437
Differences between expected and actual experience	36,887		36,887
Expected investment income		90,670	(90,670)
Contributions—employer		925	(925)
Contributions—employee			
Investment experience		66,102	(66,102)
Changes of assumptions	105,451		105,451
Benefit payments	(42,919)	(42,919)	
Administrative expense		(786)	786
Net changes	190,530	113,992	76,583
Balance at December 31, 2022 (Measurement date December 31, 2021)	\$ 1,117,929	\$ 1,643,308	\$ (525,379)

Sensitivity of the Authority's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate as of December 31, 2022:

	Discount Rate –1% (4.55%)	Current Discount Rate (5.55%)	Discount Rate +1% (6.55%)
Net OPEB liability (asset)	\$ (384,355)	\$ (525,379)	\$ (642,632)

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The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate as of December 31, 2021:

	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Net OPEB liability (asset)	\$ (478,291)	\$ (601,917)	\$ (704,374)

Sensitivity of the Authority's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate as of ended December 31, 2022:

	Trend Rate -1% (5.675%)	Current Health Care Trend Rate (6.675%)	Trend Rate +1% (7.675%)
Net OPEB liability (asset)	\$ (657,418)	\$ (525,379)	\$ (363,552)

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate as of ended December 31, 2020:

	Trend Rate -1% (6.50%)	Current Health Care Trend Rate (7.50%)	Trend Rate +1% (8.50%)
Net OPEB liability (asset)	\$ (720,982)	\$ (601,917)	\$ (454,507)

OPEB plan fiduciary net position

The OPEB Trust issues a separate financial report that may be obtained by contacting the CalPERS CERBT (OPEB) at 400 Q Street, Sacramento, CA 95811.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARS) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$(58,482). At December 31, 2022, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 78,132	\$ (16,528)
Differences between expected and actual experience	27,331	(57,752)
Net difference between projected and actual earnings on OPEB plan investments		(136,511)
OPEB contributions subsequent to the measurement date	13,996	
Total	<u>\$ 119,459</u>	<u>\$ (210,791)</u>

The \$13,996 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2021 measurement will be recognized as a reduction of the net OPEB liability during the fiscal year ending December 31, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended December 31,	
2023	\$ (37,276)
2024	(57,217)
2025	1,736
2026	(12,571)

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$(74,651). At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions		\$ (26,303)
Differences between expected and actual experience		(90,196)
Net difference between projected and actual earnings on OPEB plan investments		(123,849)
Total	<u>\$</u>	<u>\$ (240,348)</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended December 31,	
2021	\$ (79,844)
2022	(61,579)
2023	(81,520)
2024	(17,405)

8. LIVE RACING FAIR ACTIVITY

The Authority administers the horse racing receipts and disbursements on behalf of the live racing fairs. Such takeout and disbursements are not reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Horse racing receipts and disbursements on behalf of the live racing fairs are detailed as follows for the year ended December 31, 2022:

Receipts:	
Takeout	\$ 9,679,319*
Programs	18,559
CHRB short/over	17,841
Intra outs/refunds	132,973
Rights Fees/Tattsbet/tabcorp non-merged	13,503
Misc. revenue	12,000
TOC purse sponsorship	116,800
AB509 Los Alamitos Proxy Fees	22,728
Elite 17 GWG contract	<u>82,259</u>
Total receipts	<u>\$ 10,095,982</u>
Expenses:	
License fees	\$ 83,434*
Intrastate/interstate fees	3,316,398*
Location fees	434,127 *
City/county fees	97,547*
Stabling/Vanning	465,155*
Equine lab	29,560*
Owners/Breeders	184,643*
Host commission/horsemen	5,269,467*
CHRB Support	186,172*
CHRIMS	11,629*
CHRB Surplus	<u>17,841*</u>
Total expenses	<u>\$ 10,095,973</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

Horse racing receipts and disbursements on behalf of the live racing fairs are detailed as follows for the year ended December 31, 2021:

Receipts:	
Takeout	\$ 7,563,041*
CHRB short/over	9,030
Intra outs/refunds	31,719
Misc. revenue	10,800
PPP Loan funds	143,439
TOC purse sponsorship	136,000
AB509 Los Alamitos Proxy Fees	5,425
Elite 17 GWG contract	<u>78,923</u>
Total receipts	<u>\$ 7,978,377</u>
Expenses:	
License fees	\$ 52,816*
Intrastate/interstate fees	2,774,602*
Location fees	330,183*
City/county fees	71,590*
Equine lab	21,694*
Owners/breeders	139,165*
Host commission/horsemen	4,423,429*
CHRB Support	146,930*
CHRIMS	8,938*
2019/2020 CHRB Surplus	<u>9,030</u>
Total expenses	<u>\$ 7,978,377</u>

* Represents activities for live racing that were audited by other auditors.

9. MEMBER FUNDS

The Authority administers various construction and maintenance funds on behalf of its members. These transactions are included in the accompanying financial statements. The advances are considered revenue to the extent to which the Authority incurs related expenses. The balances of the funds are classified as liabilities.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2022, the Authority used the State Compensation Insurance Fund (SCIF) for Workers' Compensation; Associated Industries Insurance Company for General Liability, Automobile, Public Officials' Errors & Omissions, and Employment Practices Liability; Lexington Insurance Company for property; and National Union Fire Insurance Company for Government Crime bond. Coverage is as follows:

1. Workers' Compensation to statutory limits.
2. Property
Deductible: \$1,000
Coverage: All risk at repair or replacement value
3. Liability
Deductibles: \$1,000 except \$10,000 for employment practices liability
Coverages and limits: General liability \$3,000,000, Automobile liability \$3,000,000, Public officials' errors and omissions \$3,000,000, Employment Practices liability \$2,000,000.
4. Crime
Deductible: \$2,500
Coverages and limits: Public Employee Theft, Including Faithful Performance of Duty, \$1,000,000, Forgery or Alteration including Credit, Debit or Charge Card Forgery \$1,000,000, Theft, Disappearance and Destruction \$1,000,000, Robbery and Safe Burglary \$1,000,000, Computer Fraud including Funds Transfer Coverage \$1,000,000, Money Orders & Counterfeit Paper Currency \$1,000,000.

11. SUBSEQUENT EVENT

During 2023, Golden Gate Fields announced that it would cease live racing activities starting in 2024. Although CARF does not transact directly with Golden Gate Fields, this development is expected to have a significant impact on the live racing ecosystem in Northern California, which could affect CARF's financial results. The extent of this effect is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA AUTHORITY OF RACING FAIRS

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF DECEMBER 31, 2022 LAST 10 YEARS*

	Measurement Date							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.023940%	0.021944%	0.021337%	0.019905%	0.018497%	0.018251%	0.016924%	0.013711%
Authority's proportionate share of the net pension liability	\$ 1,120,187	\$ 416,667	\$ 900,032	\$ 797,110	\$ 697,111	\$ 719,467	\$ 587,914	\$ 376,158
Authority's covered-employee payroll	\$ 476,723	\$ 421,065	\$ 520,721	\$ 526,248	\$ 600,423	\$ 694,275	\$ 595,038	\$ 499,136
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	234.98%	98.96%	172.84%	151.47%	116.10%	103.63%	98.80%	75.36%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%

Notes to Schedule:

Change of benefit terms – In 2016 through 2022, there were no changes to the benefit terms.

Changes in assumptions – In 2022, the accounting discount rate reduced from 7.15% to 6.90 %. In 2018, the inflation rate was decreased from 2.75% to 2.50%. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2019, 2020 and 2021, there were no changes to the assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

CALIFORNIA AUTHORITY OF RACING FAIRS
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
AS OF DECEMBER 31, 2022
LAST 10 YEARS*

	Fiscal Year							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ (69,197)	\$ (62,657)	\$ (69,751)	\$ (67,573)	\$ (39,059)	\$ (31,389)	\$ (29,537)	\$ (35,190)
Contributions in relation to the contractually required contributions	<u>69,197</u>	<u>62,657</u>	<u>69,751</u>	<u>67,573</u>	<u>39,059</u>	<u>31,389</u>	<u>29,537</u>	<u>35,190</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Authority's covered-employee payroll	\$ 447,057	\$ 479,571	\$ 447,701	\$ 529,312	\$ 555,163	\$ 593,559	\$ 700,256	\$ 472,976
Contributions as a percentage of covered-employee payroll	15.48%	13.07%	15.58%	12.77%	7.04%	5.29%	4.22%	7.44%

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

CALIFORNIA AUTHORITY OF RACING FAIRS

SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIODS ENDED DECEMBER 31, LAST 10 YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 34,674	\$ 33,664	\$ 60,492	\$ 58,943	\$ 57,088
Interest	56,437	53,664	62,210	57,711	53,461
Differences between expected and actual experience	36,887		(155,084)		
Changes of assumptions	105,451		(43,440)	(3,100)	
Benefit payments	<u>(42,919)</u>	<u>(41,318)</u>	<u>(38,255)</u>	<u>(41,974)</u>	<u>(41,190)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	190,530	46,010	(114,077)	71,580	69,359
TOTAL OPEB LIABILITY, Beginning	<u>927,399</u>	<u>881,389</u>	<u>995,466</u>	<u>923,886</u>	<u>854,527</u>
TOTAL OPEB LIABILITY, Ending (a)	<u>1,117,929</u>	<u>927,399</u>	<u>881,389</u>	<u>995,466</u>	<u>923,886</u>
PLAN FIDUCIARY NET POSITION					
Contributions—employer	925			1,623	3,714
Net investment income	156,772	169,861	230,030	(69,133)	160,389
Benefit payments	(42,919)	(41,318)	(38,255)	(41,974)	(41,190)
Administrative expense	<u>(786)</u>	<u>(692)</u>	<u>(655)</u>	<u>(636)</u>	<u>(624)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	113,992	127,851	191,120	(110,120)	122,289
PLAN FIDUCIARY NET POSITION, Beginning	<u>1,529,316</u>	<u>1,401,465</u>	<u>1,210,345</u>	<u>1,320,465</u>	<u>1,198,176</u>
PLAN FIDUCIARY NET POSITION, Ending (b)	<u>1,643,308</u>	<u>1,529,316</u>	<u>1,401,465</u>	<u>1,210,345</u>	<u>1,320,465</u>
AUTHORITY'S NET OPEB LIABILITY, Ending (a) - (b)	<u>\$ (525,379)</u>	<u>\$ (601,917)</u>	<u>\$ (520,076)</u>	<u>\$ (214,879)</u>	<u>\$ (396,579)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	147.00%	164.90%	159.01%	121.59%	142.93%
Covered-employee payroll	\$ 417,092	\$ 447,701	\$ 479,001	\$ 497,659	\$ 538,824
Authority's net OPEB liability as a percentage of covered-employee payroll	-125.96%	-134.45%	-108.58%	-43.18%	-73.60%

Notes to Schedule:

There were no changes to benefit terms or assumptions during the measurement periods ending December 31, 2018 and 2017.

For the measurement period ended December 31, 2021, the discount rate decreased from 6.00% to 5.55%. For the measurement period ended December 31, 2019, the inflation rate decreased from 2.75% to 2.5% and the salary increase rate decreased from 3.25% to 3.00%.

* Fiscal year 2018 was the 1st year of implementation, therefore only five years are presented.

CALIFORNIA AUTHORITY OF RACING FAIRS

SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS AS OF DECEMBER 31, LAST 10 YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution				\$ 9,405	\$ 29,294
Contributions in relation to the actuarially determined contribution	\$ (13,996)				(1,623)
Contribution deficiency (excess)	<u>\$ (13,996)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 9,405</u>	<u>\$ 27,671</u>
Covered-employee payroll	\$ 449,137	\$ 417,092	\$ 447,701	\$ 479,001	\$ 497,659
Contributions as a percentage of covered-employee payroll	3.12%	0.00%	0.00%	0.00%	0.33%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 and 2018 were from the December 31, 2017 valuation.

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the December 31, 2019 valuation.

Because trust assets exceed the TOL as of the measurement date, contributions made during fiscal years 2019 and 2018 were intentionally less than the ADC in order to avoid potential over-funding of the plan.

Methods and assumptions used to determine contributions:

Refer to FN 7 for summary of methods and assumptions

* Fiscal year 2018 was the 1st year of implementation, therefore only five years are presented.

ADDITIONAL INFORMATION

CALIFORNIA AUTHORITY OF RACING FAIRS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2022

	<u>Agency</u>	<u>Programs</u>	<u>Live Racing</u>	<u>Racing Projects</u>	<u>Total</u>
OPERATING REVENUES:					
Member dues	\$ 200,067				\$ 200,067
Administration fees	299,797				299,797
Racing program reimbursements					
Live racing reimbursements			\$ 2,178,073		2,178,073
Purse receivable from members				\$ 163,601	163,601
Miscellaneous income	355,352				355,352
Total operating revenue	<u>855,216</u>		<u>2,178,073</u>	<u>163,601</u>	<u>3,196,890</u>
OPERATING EXPENSES:					
Racing projects				163,601	163,601
Racing programs					
Live racing			1,210,085		1,210,085
Salaries and benefits	161,809		451,623		613,432
Accounting and legal	72,519		78,497		151,016
Travel and meetings	8,604		78,800		87,404
Other operating	396,411		473,695		870,106
Total operating expenses	<u>639,343</u>		<u>2,292,700</u>	<u>163,601</u>	<u>3,095,644</u>
Operating income (loss)	215,873		(114,627)		101,246
NON-OPERATING INCOME:					
Investment income	<u>4,543</u>				<u>4,543</u>
Increase (decrease) in net position	<u>\$ 220,416</u>	<u>\$</u>	<u>\$ (114,627)</u>	<u>\$</u>	<u>\$ 105,789</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

ADW RACING ACTIVITY YEAR ENDED DECEMBER 31, 2022

ADW distributions payable at December 31, 2021	\$	
Receipts:		
Net market access fees		5,472,914
Host Fees		335,767
Worker's Compensation		9,890
Total receipts		<u>5,818,571</u>
Disbursements:		
CHRB Support & F&E Fund		174,829
Host commissions/horsemen		4,257,077
Breeders		236,499
Worker's Comp to Horsemen		37,863
Equine		46,965
Backstretch		70,447
Location Fees		557,740
AB480		296,163
Retirement Fund		128,179
DIR		<u>12,809</u>
Total disbursements		<u>5,818,571</u>
ADW distributions payable at December 31, 2022	\$	



CALIFORNIA AUTHORITY OF RACING FAIRS
STATEMENT OF NET POSITION
August 31, 2023

	CURRENT YTD	PRIOR YTD
	08/31/23	08/31/22
ASSETS		
Cash - LAIF & Investments	207,664	200,273
Cash - Operating/Money Market	418,924	392,208
Cash - Trust	1,738,187	2,555,889
CHECKING - PPP PMB	0	0
Marketable Securities	0	0
A/R - Member Dues	26,265	101,592
A/R - Programs South	0	0
A/R - Racing Fairs & Settlements	3,000,735	2,837,508
A/R - Other Receivables CMC,DRF,GGF	182,707	327,675
RECEIVABLE FROM HORSEMEN UNSECURED	0	0
Prepays/Deposits	37,686	30,263
OPEB Assets	525,379	601,917
Total Current Assets	<u>6,137,548</u>	<u>7,047,326</u>
Fixed Assets		
AUTOMOBILE	204,018	204,018
FURNITURE & EQUIPMENT	0	0
COMPUTER HARDWARE/SOFTWARE	3,378	4,906
SIMULCAST EQUIPMENT	0	0
PRINTING EQUIPMENT	0	0
TRACK EQUIPMENT	(152,018)	(37,835)
Total Fixed Assets (Net of Depr.)	<u>55,378</u>	<u>171,089</u>
TOTAL ASSETS	<u>6,192,925</u>	<u>7,218,415</u>
DEFERRED OUTFLOWS - OPEB	119,459	0
DEFERRED OUTFLOWS - PENSION GASB68	504,448	153,882
TOTAL ASSETS	<u>6,816,832</u>	<u>7,372,297</u>
LIABILITIES		
A/P & Withholdings	625,544	546,482
Compensated Leave Accruals	57,757	62,856
A/P - Program Royalties to Host	0	0
PPP LOAN	0	0
Racing Distributions	4,757,980	5,052,013
Purses	(1,945,273)	(1,390,177)
AB460 1%/RTM	(59,331)	(1,241)
Horsemen's Recruitment Programs	34,170	36,484
LOU-5 - Symposium Funds	0	0
Revenue Generating Project Funds	142,722	198,024
Racing Operations Augmentation Funds	128,146	168,981
Change Fund	555,304	719,636
FAIRS - Equipment Replacement Funds	354,134	531,882
NET PENSION LIABILITY, GASB68	1,120,187	416,667
NET OPEB LIABILITY	0	0
TOTAL CURRENT & NONCURRENT LIAB.	<u>5,771,340</u>	<u>6,341,606</u>
DEFERRED INFLOWS - OPEB	210,791	240,348
DEFERRED INFLOWS - PENSION GASB68	167,710	492,975
NET POSITION		
Agency Fund Equity	1,021,350	929,248
F&E Net Assets	(96,074)	(64,966)
Reserves - PENSION GASB68	(783,449)	(755,760)
Reserves, OPEB GASB 75	434,047	361,569
Net Income/(Net Loss)	91,117	(172,724)
TOTAL NET POSITION	<u>666,991</u>	<u>297,368</u>
	6,816,832	7,372,297



California Authority of Racing Fairs
Agency & Live Racing Operating Expense Summary

	2021	2022	2023	2023	2023	2023
	Year End	Year End	Actual	Annual	Budget	% Budget
	Actual	Actual	Jan-Aug	Budget	Variance	
Summary Expenses						
Agency & Live Racing Expenses:						
SALARIES	449,461	443,077	314,992	486,103	171,111	65%
BENEFITS	61,535	64,066	46,156	73,143	26,987	63%
POST RETIREMENT BENEFITS	41,795	33,852	22,846	35,000	12,154	65%
ER TAXES	125,224	137,081	98,989	147,502	48,513	67%
ACCOUNTING	68,250	71,663	47,775	71,747	23,972	67%
AUDIT SERVICES	15,450	41,900	17,000	15,000	(2,000)	113%
AUTOMOBILE	7,667	5,781	2,031	8,500	6,469	24%
OUTSIDE LABOR	117,684	260,956	827	2,000	1,173	41%
DEPRECIATION	21,960	34,751	1,758	3,500	1,742	50%
DUES/SUBSCRIP	0	99	0	400	400	0%
INSURANCE	56,853	61,115	42,914	62,000	19,086	69%
LEGAL	117,853	37,453	35,865	60,000	24,135	60%
LEGISLATIVE	45,320	45,320	30,959	46,000	15,041	67%
MEETINGS	607	832	311	1,000	689	31%
MISC	994	199	142	200	58	71%
OFFICE SUPP	6,248	6,533	3,293	7,000	3,707	47%
POSTAGE/SHIP	692	355	51	500	449	10%
RENT/UTIL	13,414	13,414	8,943	13,500	4,557	66%
REPAIRS/MTCE	0	0	0	500	500	0%
TELEPHONE	9,314	11,164	8,254	10,500	2,246	79%
TRAINING	0	0	0	1,000	1,000	0%
TRAVEL	51,013	80,290	23,795	77,000	53,205	31%
Total Operating Expenses	1,211,335	1,349,899	706,900	1,122,095	415,195	63%



**California Authority of Racing Fairs
Agency Income Statement
August 31, 2023**

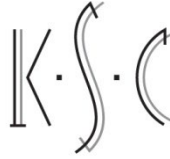
	2021 Year End Actual	2022 Year End Actual	2022 Jan-Aug YTD	2023 Jan-Aug YTD	2023 Annual Budget	2023 Budget Variance	2023 % Budget
Revenue:							
Other Revenue/OPEB trust Reimb	289,248	292,133	10,058	27,613	35,000	(7,387)	79%
Interest Income	249	4,544	96	3,084	0	3,084	0%
Member Dues	201,064	200,067	150,051	150,051	200,064	(50,013)	75%
CARF South Prog Admin Fee	0	0	0	0	0	0	0%
Live Racing variance billing							
CARF Live Racing Agency Allocation	299,797	299,797	224,848	238,982	318,643	(79,661)	75%
Total Revenue	790,369	796,541	385,053	419,730	553,707	(133,977)	76%
Expenses:							
Salaries	132,988	132,966	94,407	108,604	165,305	56,701	66%
Employee Benefits	17,366	18,766	12,699	14,040	22,407	8,367	63%
Post Retirement Benefits	41,795	33,852	22,159	22,846	35,000	12,154	65%
Payroll Taxes	40,786	40,870	26,951	30,638	46,645	16,007	66%
Accounting Costs	17,063	17,916	11,944	11,944	18,000	6,056	66%
Advertising Expense	0	0	0	0	0	0	0%
Audit Services	4,388	17,150	14,450	4,250	3,750	(500)	113%
Automobile Expense	3,601	2,875	326	2,031	3,500	1,469	58%
Contracted Services	117,684	260,956	1,189	827	2,000	1,173	41%
Depreciation	3,852	3,642	2,354	1,758	3,500	1,742	50%
Dues & Subscriptions	0	99	0	0	400	400	0%
Insurance Expense	56,853	61,115	40,075	42,914	62,000	19,086	69%
Legal Expenses	117,853	37,453	32,140	35,865	60,000	24,135	60%
Legislative Expenses	45,320	45,320	30,160	30,959	46,000	15,041	67%
Meetings Expense	607	815	251	311	1,000	689	31%
Misc. (Ag Day Sponsor)	994	199	126	142	200	58	71%
Office Supplies	6,248	6,533	2,827	3,293	7,000	3,707	47%
Postage & Shipping	692	355	108	51	500	449	10%
Rent (Tribute Road)	13,414	13,414	8,943	8,943	13,500	4,557	66%
Repairs & Maintenance	0	0	0	0	500	500	0%
Telephone Expense	3,517	4,789	2,778	4,273	4,500	227	95%
Training	0	0	0	0	1,000	1,000	0%
Travel Expense	1,241	4,914	3,072	4,925	7,000	2,075	70%
Total Expenses	626,261	703,997	306,958	328,613	503,708	175,094	65%
Agency Income (Loss)	164,108	92,544	78,096	91,117	50,000	41,118	
Southern Prog Income (Loss)	34	0	0	0	0	0	
Total Bal Sheet Net Income (Loss)	164,142	92,544	78,096	91,117	50,000	41,118	
GASB 68 PENSION EXPENSE	(83,906)	27,689	0	0	50,000		0%
GASB 75 OPEB EXPENSE	(74,651)	(72,478)	0	0	0		0%
Total Net Income after GASB68, GASB75	173,397	(7,623)	78,096	91,117	(1)		0



**California Authority of Racing Fairs
Live Racing Income Statement
August 31, 2023**

	2021 = 29 days	2022 = 35 days		2023 = 35 days			
	2021	2022	2022	2023	2023	2023	2023
	Year End	Year End	Jan-Aug	Jan-Aug	Annual	Budget	% Budget
	Actual	Actual	YTD	YTD	Budget	Variance	
Revenues:							
Reimb. From Live Racing Fairs	1,533,381	2,138,421	1,285,170	1,437,047	2,103,887	(666,840)	68%
3rd Party Lasik Reimb	22,184	39,652	32,906	23,284	50,000	(26,716)	47%
Racing Operations Augmentation Funds	0	0	0	0	0	0	0%
NCOTWINC Reimbursement	0	0	0	0	20,000	(20,000)	0%
RTM 1% Funds	0	0	0	0	0		
Advertising Revenue							
Operating Expenses:							
Salaries	316,473	310,111	181,810	206,387	320,798	114,411	64%
Employee Benefits	44,169	45,301	29,576	32,116	50,736	18,620	63%
Payroll Taxes	84,438	96,211	60,558	68,351	100,857	32,506	68%
Accounting Costs	51,187	53,747	35,831	35,831	53,747	17,916	67%
Audit Services	11,063	24,750	18,750	12,750	11,250	(1,500)	113%
Automobile Expense	4,067	2,907	2,907	0	5,000	5,000	0%
Legal Expenses	0	0	0	0	0	0	0%
Meetings Expense	0	17	0	0	0	0	0%
Telephone Expense	5,797	6,375	4,333	3,981	6,000	2,019	66%
Travel Expense	49,772	75,376	27,305	18,870	70,000	51,130	27%
Sub-Totals	566,966	614,794	361,070	378,287	618,388	240,101	61%
Racing Support Services:							
Announcer	13,775	16,625	12,825	11,875	30,000	18,125	40%
Condition Bk/Program Cover	9,326	9,325	7,642	7,095	10,000	2,905	71%
Racing Operations Support	107,195	158,152	129,954	118,182	160,000	41,818	74%
Signal Broadcast (RCN)	7,878	26,595	19,948	13,308	40,000	26,692	33%
Simulcast Management	0	0	0	30,000	40,000	10,000	75%
Fitness Vet/TC02 Testing	91,741	103,427	75,171	82,857	120,000	37,143	69%
3RD PARTY LASIKS	22,184	39,652	31,055	24,640	50,000	25,360	49%
Marketing/Web Devel	120	12,695	12,535	8,160	2,000	(6,160)	408%
Network Management	0	0	0	0	0	0	0%
Paymaster Operations	8,448	9,045	772	2,738	12,500	9,762	22%
Incompass Racing Office	96,964	120,163	73,018	77,087	135,000	57,913	57%
Racing Office Expenses	5,613	16,739	16,560	19,449	18,000	(1,449)	108%
Recruitment	2,800	798	376	101	10,000	9,899	1%
Jumbo Screen	69,150	81,900	66,600	58,950	100,000	41,050	59%
Supplies	7,895	21,183	10,526	8,640	15,000	6,360	58%
Tattooing	5,074	10,598	717	8,662	15,000	6,338	58%
Timing/Clocker	13,340	0	0	0	15,000	15,000	0%
Transportation-silks	0	500	500	500	3,000	2,500	17%
TV Production/Simulcast	220,696	291,866	222,213	224,262	330,000	105,738	68%
RTM ALLOCATION (MAINT)	135,833	187,821	139,548	169,227	200,000	30,773	85%
RTM TRANSPORTATION	51,617	84,692	57,220	45,901	90,000	44,099	51%
RTM PRIOR YEAR LOAN	0	0	0	0	0	0	0%
STABLING AND TRAINING	0	0	0	0	0	0	0%
RTM SUPPORT COSTS	118,950	371,946	330,646	170,410	160,000	(10,410)	107%
Sub-Totals	988,599	1,563,721	1,207,826	1,082,044	1,555,500	473,456	70%
Total Gross Expenses	1,555,565	2,178,515	1,568,895	1,460,331	2,173,888	713,557	67%
Total Net Expenses	1,555,565	2,138,863	1,537,840	1,435,691	2,103,888		

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KAHN, SOARES & CONWAY, LLP

ATTORNEYS AT LAW

ANN M. GROTTVEIT
(916) 448-3826

EMAIL:
agrottveit@kscsacramento.com

October 27, 2023

Board of Directors
California Authority of Racing Fairs
1776 Tribute Road, Suite 150
Sacramento, CA 95815

Re: California Authority of Racing Fairs – Bylaws Revisions

Dear Board Members:

As indicated during the October Board meeting, recent changes to the Western Fairs Association (“WFA”) bylaws make it necessary to revise the California Authority of Racing Fairs (“CARF”) bylaws as well. These revisions will be on the Agenda for a vote during the November meeting.

To ensure that that the Board has sufficient time to review and consider these changes, I have attached a red line and clean version for your consideration and have outlined the revisions below. If you have questions, please feel free to contact me at agrottveit@kscsacramento.com.

Revisions

Page One

These changes are not substantive; we added the address and removed a Second Vice-Chair as there has not been one for some time. CARF’s Joint Powers Agreement does require an annual meeting, so we revised the language to ensure it is mandatory.

Page Two

The Board of Directors section has been changed to revise the WFA representative to allow CARF to designate a director as a representative of an entity that represents California Fairs as determined by the Board. WFA no longer has a CARF seat and to allow flexibility with other organizations, we are suggesting broad language to allow for future designations with appropriate groups.

We have also added and clarified the CDFA ex-officio Director and made some revisions to the language (not substantive) addressing qualifications for a Member Fair’s Director.

October 27, 2023

Page 2

For the election process, we are revising to provide flexibility to the process by allowing for elections in December or at an annual meeting.

Page Three

There was some inconsistency in the Bylaws as to when the new Board was seated and we have clarified the term timeline to be January to December.

We are revising the Vacancy section to allow the Board to appoint an interim Director in the case of a resignation without the need for an intervening election which takes up staff time and increases the amount of time that CARF may go without a Director.

Page Four

The Quorum section was revised for clarity, no substantive changes. For Officers, we have removed the WFA Representative position.

Page 5

We have clarified that officers are on the Executive Committee and have also clarified that committee members may be re-elected to their committee. We have removed references to committees that no longer have budgets in the Finance Committee description.

Page Six

These changes are similar committee changes on page five and remove redundant language.

Page Seven

We added a provision allowing non-members to serve on committees. Given the significant changes to racing fairs, we thought it best to allow some flexibility for committee membership.

Very truly yours,

KAHN, SOARES & CONWAY, LLP



Ann M. Grottveit

AMG/ehs

Attachments

BYLAWS OF THE CALIFORNIA AUTHORITY OF RACING FAIRS

ARTICLE I. DEFINITIONS

Terms not otherwise defined in these Bylaws shall have the meaning specified in the “Amended and Restated Joint Exercise of Powers Agreement Between the State of California Department of Food and Agriculture and the County of Sonoma and Others Creating the California Authority of Racing Fairs” (“Agreement”) which created the California Authority of Racing Fairs (“Authority”).

ARTICLE II. OFFICES

The Authority’s principal office for the transaction of business shall be located at 1776 Tribute Road, Suite 150, Sacramento, California 95815. The Board of Directors (“Board”) may establish a new location for the Authority’s principal office and one or more subordinate offices in the State of California as business may require without amendment of these Bylaws.

ARTICLE III. MEMBERS

3.1 Composition. The members of the Authority (“Members”) are the entities designated as such by the Board.

3.2 Responsibilities. The Members shall elect the Authority’s Board, actively participate in the Authority’s committee structure and serve thereon and fulfill their obligations under the Agreement.

3.3 Member Representatives. Each Member shall designate a representative to act on its behalf for all matters relating to the Authority (“Representative”). Each Member shall also designate an alternate representative to represent the Member in the absence of its Representative. A Member’s fair manager shall act as its Representative whenever (i) the Member has not designated a Representative, (ii) the Member’s designated Representative has resigned, or (iii) the Member’s designated Representative is unable to act on its behalf. Anyone is eligible to be a Representative. Each Representative shall be designated by written notice signed by the Member’s Board Chair and delivered to the Executive Director. Each designated Representative shall serve until resignation or until appointment of a successor Representative.

3.4 Meetings. The Member meetings shall be chaired by the Board Chair, or in his or her absence, the Vice-Chair. All meetings of the Members shall be held in conformity with the Government Code 54950, et seq.

(a) Annual Meeting. The Members shall meet annually, at a time and place established by the Board on at least thirty days prior written notice to each Representative. At the annual meeting, the Members shall review the annual operating

budget and transact such other business as may be specified in the notice of meeting. In the event the Members will elect Directors at the annual meeting, the nominations shall be specified in the meeting notice.

(b) Special Meetings. Special meetings of the Members may be called by the Chair, or by one-third of the Members. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

IV. BOARD OF DIRECTORS

4.1 Governance. The Authority shall be governed by the Board. Board meetings shall be held in conformity with the Government Code 54950, et seq. Special meetings of the Board may be called by the Chair, or by one-third of the Directors. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

4.2 Number and Qualifications. The Board shall consist of seven Directors. Four Directors shall be elected by the Members. One Director shall be elected by the Live Racing Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering South Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering North Committee, who shall be the Chair of that Committee. One Director elected by the Members may be designated as a Representative of an entity that represents California fairs as determined by the Board. The Branch Chief of the Department of Food and Agriculture, Fairs and Expositions or a similarly situated representative of the Secretary shall serve in a non-voting capacity as an ex-officio member of the Board and shall appoint an alternate member. A members' fair manager is eligible to serve as a CARF Director. In addition to the fair manager, a fair employee or fair Director may serve as a CARF Director provided that the Member Fair's Board of Directors furnishes written verification that it has vested binding authority in that person to represent the Fair. A Director who ceases to be a Member's fair manager or a Member's board member shall cease to be a Director.

4.3 Election. Directors shall either be elected during December of each year or at the Members' Meeting.

(a) Nominations. Staff shall open nominations for vacant or expiring Director positions by sending written notice to Members on or before November 5th that nominations are open and shall remain open until December 1st. Members may be nominated if they are eligible to serve as a Director and staff receives a written nomination before December 1st. The Executive Director shall then send written notice to all Members that nominations are closed and request a non-nominated Member to confirm all nominations received by staff.

(b) December Election. If the Board determines that Directors will be elected in December, the Executive Director shall deliver a list of nominees and a ballot

to each Representative on or before December 5th. Elections shall be by mail vote of the Representatives delivered to the Executive Director on or before December 15th. The nominees receiving the greatest number of votes shall be elected as Directors.

(c) Election at Members' Annual Meeting. If the Board determines that Directors will be elected at the Members' Annual Meeting, the Executive Director shall deliver a list of nominees to each Representative thirty (30) days before the Annual Meeting. The Members shall elect Directors at their Annual meeting. The Chair shall specify the conduct of this election.

4.4 Terms. Each Director shall assume office upon certification of his or her election by the Executive Director. Directors shall be elected for three-year terms, with the following exceptions. The term of one of the Member elected Directors, first elected after adoption of these Bylaws, shall be one year. The term of one of the Member elected Directors first elected after adoption of these Bylaws, shall be two years. The term of the two other Member elected Directors, first elected after adoption of these Bylaws, shall be three years. All terms shall begin on January 1st, and end on December 31st.

4.5 Removal. Any Director may be removed at any time by his or her electing body.

4.6 Vacancies. A Committee elected Director vacancy shall be filled by vote of the committee members. The Board may make interim appointments to fill vacancies as needed and at its discretion.

4.7 Attendance. Any Director who shall be absent from three meetings of the Board of Directors during a calendar year may be deemed to have resigned from the Board and shall be so notified by the Authority's Executive Director or its Chair.

4.8 Quorum. Five voting members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time and a director may be removed from office for cause only by a vote of five or more directors. No action may be taken by the Board except upon affirmative vote of a majority of the Members of the Board.

ARTICLE V. OFFICERS

5.1 Designation of Officers. The officers of the Authority shall be the Board Chair/President, the Vice Chair/Vice President, and any other officer as allowed by the JPA Agreement. Officers shall be elected by majority vote of the Board of Directors from the Member elected Directors.

5.2 Duties of the Chair. The Chair shall preside over and conduct all meetings of the Board and Executive Committee. The Chair shall designate the chair of the Finance Committee.

5.3 Duties of Vice Chair. The Vice-Chair shall serve in the absence of the Chair, and as set forth by the Agreement and these Bylaws.

5.4 Terms and Rotation of Office. There shall be no limitation of terms of service as Chair, Vice-Chair, or any other officer or Representative. However, the Board of Directors may rotate offices as it deems appropriate and in the best interest of the Authority.

5.5 Removal and Vacancies. The Board of Directors may remove an officer at any time. An officer who fills a vacant office shall complete the term of the prior officer.

ARTICLE VI. COMMITTEES

6.1 Standing Committees. The Authority may have the following Standing Committees.

(a) Executive Committee. The Executive Committee shall consist of between three and five members designated by the Chair and shall include the Officers of the Board. Committee members shall be appointed for three-year terms and shall serve until the appointment of their successors. Committee members shall not have alternates.

The Executive Committee shall oversee the general administration of the Authority through the formation of policy and procedures, review of contracts and the periodic evaluation of the Executive Director. It shall be responsible for the legal services and the legislative program. The Executive Committee shall be promptly advised of all actions of Authority Committees that may impose a binding obligation on the Authority. The Executive Committee shall also evaluate, advise and make recommendations to the Board on applications by non-members for membership in the Authority and, if delegated by the Board, approve such non-members for membership, subject to the ratification by a 2/3 vote of the members of the Board.

(b) Finance Committee. The Finance Committee shall consist of between three and five members designated by the Chair. Committee members shall be Directors or Representatives. Committee Members shall be appointed for three-year terms and shall serve until the appointment of their successors. Committee Members may be re-elected to the Committee. Committee members shall not have alternates.

The Finance Committee shall oversee the general accounting and audit function of the Authority. The Committee shall meet at least once annually to receive and review reports by staff on the financial activities of the Authority. The Committee shall, as of the first day of each quarter of the fiscal year, verify and report to the membership the amount of money held by the Authority, the number of receipts since the last report and the amount paid out since the last report. The Finance Committee shall formulate the Authority's annual operating budget and shall review any proposed budgets submitted by the committees. The results of this review shall be submitted to the Board

together with the proposed annual operating budget. In addition, the Committee shall consult with and advise on financial matters including banking, credit, and investments.

(c) Live Racing Committee. The Live Racing Committee shall consist of one member designated by each Authority Member that conducts live racing. Directors, Representatives, a Members' fair manager, or a Member's board members are eligible to serve as Committee members. If an Authority Member does not have a qualified person designated as its Committee member, its fair manager shall be its designated member, or as otherwise designated in Article 4.2 of these Bylaws. Committee Members shall be appointed for three-year terms and shall serve until the appointment of their successors. Committee Members may be re-appointed to the Committee. Alternates may be appointed by an Authority Member if necessary to replace a Committee Member.

The Live Racing Committee shall establish and direct Authority policies with respect to live horse racing, implement programs and secure services therefore as deemed advisable, and negotiate and enter into racing related contracts for the benefit of Members, Associate Members and the Authority. Committee members shall consist of Representatives and/or Directors of those Members that conduct live racing.

(d) Simulcast Wagering North Committee. The Simulcast Wagering North Committee shall consist of one member designated by each Authority Member that conducts simulcast racing in the north. Committee Members shall be appointed for three-year terms and shall serve until the appointment of their successors. Committee Members may be re-appointed to the Committee. Alternates may be appointed by an Authority Member if necessary to replace a Committee Member.

This Committee shall be responsible for establishing and administer policies for the implementation, conduct, and expansion of simulcast wagering programs in its jurisdiction. In addition, this Committee shall monitor simulcast wagering programs and facilities at Member and Associate Member fairgrounds.

(e) Simulcast Wagering South Committee. The Simulcast Wagering South Committee shall consist of one member designated by each Authority Member that conducts simulcast racing in the south. Committee Members shall be appointed for three-year terms and shall serve until the appointment of their successors. Committee Members may be re-appointed to the Committee. Alternates may be appointed by an Authority Member if necessary to replace a Committee Member.

This Committee shall be responsible for establishing and administer policies for the implementation, conduct, and expansion of simulcast wagering programs in its jurisdiction. In addition, this Committee shall monitor simulcast wagering programs and facilities at Member and Associate Member fairgrounds.

(f) Additional Standing Committees. The Board may, by resolution, establish additional Standing Committees and shall determine their composition and

function.

6.2 Advisory Committee. The Board may, by resolution, establish Advisory Committees to advise the Authority on matters relating to the business of the Authority including:

- (i) California Breeders;
- (ii) Owners and Trainers Committee; and
- (iii) Industry Council (California Horse Racing Board, Federation of California Racing Associations, and Western Fairs Association).

The Board shall, by resolution, establish the composition of the Committee members and the function of the Committee. The Board shall determine whether the Committee shall have alternates. Committee Members shall be appointed by the Chair.

6.3 Meetings of Committees. Committee meetings shall be held in conformity with the Government Code 54950, et seq. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

6.4 Other Duties. Committees shall have such duties and responsibilities as the Board of Directors may from time to time determine.

6.5 Non-Members. Non-Members appointed to committees shall not have a vote.

ARTICLE VII. MISCELLANEOUS

7.1 Execution of Contracts. The Board of Directors may authorize any office, staff member, or agent of the Authority to execute any contract in the name of and on behalf of the Authority, and such authorization may be general or specific in nature. Unless so authorized, no officer, staff member, or agent shall have any power to bind the Authority by contract. Contracts entered into by the Authority on behalf of specific Members or Associate Members shall be binding on such specific Members or Associate Members.

7.2 Authorization of Payment. All invoices, billing, and claims or member entities for payment shall be approved and signed by the following before payment:

- (A) Chair of the Board; or
- (B) A Vice-Chair of the Board; or

(C) The Executive Director or his designee.

7.3 Rules of Procedure for Meetings. All Board of Directors' meetings and committee meetings shall be conducted in accordance with the Ralph M. Brown Act and Roberts Rules of Order, provided that in the event of a conflict, the Ralph M. Brown Act, the Agreement, and these Bylaws shall control.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the Authority shall be from January 1 to December 31.

ARTICLE VIII. AMENDMENTS

These Bylaws may be amended by a majority vote of the Members, either at a meeting of the members or by mail-in ballot. The Executive Director shall give written notice of the proposed amendment and of the voting date to each Member at least 14 days prior to the voting date. Following adoption of an amendment, the Executive Director shall distribute revised Bylaws to the Members.

BYLAWS OF THE CALIFORNIA AUTHORITY OF RACING FAIRS

ARTICLE I. DEFINITIONS

Terms not otherwise defined in these Bylaws shall have the meaning specified in the “Amended and Restated Joint Exercise of Powers Agreement Between the State of California Department of Food and Agriculture and the County of Sonoma and Others Creating the California Authority of Racing Fairs” (“Agreement”) which created the California Authority of Racing Fairs (“Authority”).

ARTICLE II. OFFICES

The Authority’s principal office for the transaction of business shall be located ~~in the Sacramento County at 1776 Tribute Road, Suite 150, Sacramento, California 95815.~~ The Board of Directors (“Board”) may establish a new location for the Authority’s principal office ~~and The Board may establish~~ one or more subordinate offices in the State of California ~~as business may require without amendment of these Bylaws.~~

ARTICLE III. MEMBERS

3.1 Composition. The members of the Authority (“Members”) are the entities designated as such by the Board.

3.2 Responsibilities. The Members shall elect the Authority’s Board, actively participate in the Authority’s committee structure and serve ~~thereon, and thereon and~~ fulfill their obligations under the Agreement.

3.3 Member Representatives. Each Member shall designate a representative to act on its behalf for all matters relating to the Authority (“Representative”). Each Member shall also designate an alternate representative to represent the Member in the absence of its Representative. A Member’s fair manager shall act as its Representative whenever (i) the Member has not designated a Representative, (ii) the Member’s designated Representative has resigned, or (iii) the Member’s designated Representative is unable to act on its behalf. Anyone is eligible to be a Representative. Each Representative shall be designated by written notice signed by the Member’s Board Chair and delivered to the Executive Director. Each designated Representative shall serve until resignation or until appointment of a successor Representative.

3.4 Meetings. The Member meetings shall be chaired by the Board Chair, or in his or her absence, the Vice-Chair ~~or Second Vice-Chair.~~ All ~~meeting~~ meetings of the Members shall be held in conformity with the Government Code 54950, et seq.

(a) Annual Meeting. The Members ~~may shall~~ meet annually, at a time and place established by the Board on at least thirty days prior written notice to each Representative. At the annual meeting, the Members shall review the annual operating

budget and transact such other business as may be specified in the notice of meeting. In the event the Members will elect Directors at the annual meeting, the nominations shall be specified in the meeting notice.

(b) Special Meetings. Special meetings of the Members may be called by the Chair, or by one-third of the Members. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

IV. BOARD OF DIRECTORS

4.1 Governance. The Authority shall be governed by the Board. Board meetings shall be held in conformity with the Government Code 54950, et seq. Special meetings of the Board Members may be called by the Chair, or by one-third of the Directors. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

4.2 Number and Qualifications. The Board shall consist of seven Directors. Four Directors shall be elected by the Members. One Director shall be elected by the Live Racing Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering South Committee, who shall be the Chair of that Committee. One Director shall be elected by the Simulcast Wagering North Committee, who shall be the Chair of that Committee. One Director elected by the Members may shall be designated as a the California Fairs Alliance (CFA) WFA Representative of an entity that represents California fairs as determined by the Board. The Branch Chief of the Department of Food and Agriculture, Fairs and Expositions or a the similarly situated representative of the Secretary, or his or her successor in office, shall serve in a non-voting capacity as an ex-officio member of the Board and shall appoint an alternate member. A members' fair manager is eligible to serve as a CARF Director. In addition to the fair manager, a fair employee or fair Director may serve as a CARF Director provided that the Member Fair's Board of Directors furnishes written verification that it has vested binding authority in that person to represent the Fair. Only a Members' fair manager or its board members are eligible to serve as Directors. A Director who ceases to be a Member's fair manager or a Member's board member shall cease to be a Director.

4.3 Election. Directors shall either be elected during December of each year or at the Members' Meeting. Prior to November 1st of each year the Board shall determine whether the Directors will be elected during December or at the Members' Annual Meeting. If the Board fails to make this determination by November 1st, the Directors shall be elected during December.

(a) Nominationsng Committee. Staff shall open nominations for vacant or expiring Director positions by sending written notice to Members. The Chair shall appoint a nominating committee ("Nominating Committee") on or before November 5th that nominations are open and shall remain open until December 1st. Members may be nominated if they are. The Nominating Committee shall have at least

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~~three and not more than seven members. The Nominating Committee shall nominate candidates on or before December 1st, eligible to serve as a Director and staff receives a written nomination before December 1st. The Nominating Committee shall nominate any eligible person who submits a written nomination request to the Chair prior to December 1st. The Executive Director shall then send written notice to all Members that nominations are closed and request a non-nominated Member to confirm all nominations received by staff.~~

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(b) December Election. If the Board determines that Directors will be elected in December, the Executive Director shall deliver a list of nominees and a ballot to each Representative on or before December 5th. Elections shall be by mail vote of the Representatives delivered to the Executive Director on or before December 15th. The nominees receiving the greatest number of votes shall be elected as Directors, ~~and shall assume office on February 1st of the following year.~~

(c) Election at Members' Annual Meeting. If the Board determines that Directors will be elected at the Members' Annual Meeting, the Executive Director shall deliver a list of nominees to each Representative thirty (30) days before the Annual Meeting on or before December 15th. The Members shall elect Directors at their Annual meeting. The Chair shall supervise the conduct of this election.

4.4 Terms. Each Director shall assume office upon certification of his or her election by the Executive Director. Directors shall be elected for three-year terms, with the following exceptions. The term of one of the Member elected ~~Directors~~ Directors, first elected after adoption of these Bylaws, shall be one year. The term of one of the Member elected Directors first elected after adoption of these Bylaws, shall be two years. The term of the two other Member elected ~~Directors~~ Directors, first elected after adoption of these Bylaws, shall be three years. All terms shall begin on January February 1st, and end on December January 31st.

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4.5 Removal. Any Director may be removed at any time by his or her electing body.

4.6 Vacancies. ~~A Member elected Director vacancy shall be filled by vote of the Representatives at the next regular meeting. The Executive Director shall administer this election.~~ A Committee elected Director vacancy shall be filled by vote of the committee members. The Board may make interim appointments to fill vacancies as needed and at its discretion.

4.7 ~~Assumption of Office. Directors shall assume office immediately upon their election.~~

4.7.8 Attendance. Any Director who shall be absent from three meetings of the Board of Directors during a calendar year ~~shall may~~ be deemed to have resigned from the Board and shall be so notified by the Authority's Executive Director or its Chair.

4.89 Quorum. ~~A quorum shall consist of five voting members of the Board of Directors shall constitute a quorum for the transaction of business and a vote of four of those present shall decide all matters to come before the Board,~~ except that less than a quorum may adjourn from time to time and a director may be removed from office for cause only by a vote of five or more directors. ~~At a meeting at which a quorum is initially present, remaining board members may transact business so long as the action taken is approved by at least a majority of the quorum required for the meeting. No action may be taken by the Board except upon affirmative vote of a majority of the Members of the Board.~~

ARTICLE V. OFFICERS

5.1 Designation of Officers. The officers of the Authority shall be the Board Chair/President, the Vice Chair/Vice President, ~~the Second Vice Chair/Second Vice President, and the WFA Representative~~ any other officer as allowed by the JPA Agreement. Officers shall be elected by majority vote of the Board of Directors from the Member elected Directors, ~~except the WFA representative, who shall be elected by the Members.~~

5.2 Duties of the Chair. The Chair shall preside over and conduct all meetings of the Board and Executive Committee. The Chair shall designate the chair of the Finance Committee.

5.3 Duties of Vice Chair. The Vice-Chair shall serve in the absence of the Chair, and as set forth by the Agreement and these Bylaws. ~~The Second Vice Chair shall serve in the absence of the Chair and Vice Chair, and as set forth by the Agreement and these Bylaws.~~

~~5.4 — Duties of the WCFA Representative. One Director elected by the Members shall be designated as the WCFA Representative. The WCFA Representative shall serve as the Authority's representative to the WCFA.~~

~~5.4 — Duties of the Treasurer. Authority Authority Authority~~

~~5.5 — Duties of the Secretary. Authority Authority~~

5.465 Terms and Rotation of Office. There shall be no limitation of terms of service as Chair, Vice-Chair, ~~Secretary, Treasurer~~ Second Vice Chair, or WCFA any other officer or Representative. However, the Board of Directors may rotate offices as it deems appropriate and in the best interest of the Authority.

5.576 Removal and Vacancies. The Board of Directors may remove an officer at any time. An officer who fills a vacant office shall complete the term of the prior officer.

ARTICLE VI. COMMITTEES

6.1 Standing Committees. The Authority ~~shall may~~ have the following Standing Committees.

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(a) Executive Committee. The Executive Committee shall consist of ~~between three and five members designated by the Chair and shall include between three and five members designated by the Chair. Committee members shall be Directors. Committee Members the Officers of the Board. , and Committee members~~ shall be appointed for ~~threeone~~ year terms and shall serve until the appointment of their successors. ~~appointed.~~ Committee members shall not have alternates.

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The Executive Committee shall oversee the general administration of the Authority through the formation of policy and procedures, review of contracts and the periodic evaluation of the Executive Director. It shall be responsible for the legal services and the legislative program. The Executive Committee shall be promptly advised of all actions of Authority Committees that may impose a binding obligation on the Authority. The Executive Committee shall also evaluate, advise and make recommendations to the Board on applications by non-members for membership in the Authority and, if delegated by the Board, approve such non-members for membership, subject to the ratification by a 2/3 vote of the members of the Board.

(b) Finance Committee. The Finance Committee shall consist of between three and five members designated by the Chair. Committee members shall be Directors or Representatives. Committee Members shall be appointed for ~~onethree~~ year terms and shall serve until the appointment of their successors. ~~Committee Members may be re-elected to the Committee.~~ Committee members shall not have alternates.

The Finance Committee shall oversee the general accounting and audit function of the Authority. The Committee shall meet at least ~~onctwice~~ annually to receive and review reports by staff on the financial activities of the Authority. The Committee shall, as of the first day of each quarter of the fiscal year, verify and report to the membership the amount of money held by the Authority, the ~~amount~~ number of receipts since the last report and the amount paid out since the last report. The Finance Committee shall formulate the Authority's annual operating budget and shall review ~~the any~~ proposed budgets submitted by the ~~Live Racing Committee, the Simuleast Wagering North Committee, and the Simuleast Wagering South c~~ Committees. The results of this review shall be submitted to the Board together with the proposed annual operating budget. In addition, the Committee shall consult with and advise on financial matters including banking, credit, and investments.

(c) Live Racing Committee. The Live Racing Committee shall consist of one member designated by each Authority Member that conducts live racing. Directors, Representatives, a Members' fair manager, or a Member's board members are eligible to serve as Committee members. If an Authority Member does not have a qualified person designated as its Committee member, its fair manager shall be its designated member, ~~or as otherwise designated in Article 4.2 of these Bylaws.~~ Committee Members shall be appointed for ~~threeone~~ year terms and shall serve until the

appointment of their successors. Committee Members may be re-appointed to the Committee. ~~Committee members shall have Alternates may be appointed by an Authority Member if necessary to replace a Committee Member.~~

The Live Racing Committee shall establish and direct Authority policies with respect to live horse racing, implement programs and secure services therefore as deemed advisable, and negotiate and enter into racing related contracts for the benefit of Members, Associate Members and the Authority. Committee members shall consist of Representatives and/or Directors of those Members that conduct live racing.

(d) Simulcast Wagering North Committee. The Simulcast Wagering North Committee shall consist of one member designated by each Authority Member that conducts simulcast racing in the north. ~~Only a Members' fair manager or its board members are eligible to serve as Committee members. If an Authority Member does not have a qualified person designate as its Committee member, its fair manager shall be its designated member.~~ Committee Members shall be appointed for threeone-year terms and shall serve until the appointment of their successors. Committee Members may be re-appointed to the Committee ~~Committee members shall have Alternates~~ Committee Alternates may be appointed by an Authority Member if necessary to replace a Committee Member.

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This Committee shall be responsible ~~to establish~~ for establishing and administer policies for the implementation, conduct, and expansion of simulcast wagering programs in its jurisdiction. In addition, this Committee shall monitor simulcast wagering programs and facilities at Member and Associate Member fairgrounds.

(e) Simulcast Wagering South Committee. The Simulcast Wagering South Committee shall consist of one member designated by each Authority Member that conducts simulcast racing in the south. ~~Only a Members' fair manager or its board members are eligible to serve as Committee members. If an Authority Member does not have a qualified person designate as its Committee member, its fair manager shall be its designated member.~~ Committee Members shall be appointed for threeone-year terms and shall serve until the appointment of their successors. Committee Members may be re-appointed to the Committee ~~Committee members shall have Alternates~~ may be appointed by an Authority Member if necessary to replace a Committee Member.

This Committee shall be responsible ~~to establish~~ for establishing and administer policies for the implementation, conduct, and expansion of simulcast wagering programs in its jurisdiction. In addition, this Committee shall monitor simulcast wagering programs and facilities at Member and Associate Member fairgrounds.

~~(f) The Live Racing and Simulcast Wagering North and South Committees shall conduct their meetings in the manner specified in the Ralph M. Brown Act (California Government Code sections 54950 et seq.)~~

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~~(g)~~ (f) Additional Standing Committees. The Board may, by resolution, establish additional Standing Committees and shall determine their composition and

function.

6.2 Advisory Committee. The Board may, by resolution, establish Advisory Committees to advise the Authority on matters relating to the business of the Authority including:

- (i) California Breeders;
- (ii) Owners and Trainers Committee; and
- (iii) Industry Council (California Horse Racing Board, Federation of California Racing Associations, and Western Fairs Association).

The Board shall, by resolution, establish the composition of the Committee members and the function of the Committee. The Board shall determine whether the Committee shall have alternates. Committee Members shall be appointed by the Chair.

6.3 Meetings of Committees. Committees meetings shall be held in conformity with the Government Code 54950, et seq. The meeting notice shall specify the time and place of the meeting and the business to be transacted. No other business shall be transacted at this meeting.

6.4 Other Duties. Committees shall have such duties and responsibilities as the Board of Directors may from time to time determine.

6.5 Non-Members. Non-Members appointed to committees shall not have a vote.

ARTICLE VII. MISCELLANEOUS

7.1 Execution of Contracts. The Board of Directors may authorize any office, staff member, or agent of the Authority to execute any contract in the name of and on behalf of the Authority, and such authorization may be general or specific in nature. Unless so authorized, no officer, staff member, or agent shall have any power to bind the Authority by contract. Contracts entered into by the Authority on behalf of specific Members or Associate Members shall be binding on such specific Members or Associate Members.

7.2 Authorization of Payment. All invoices, billing, and claims or member entities for payment shall be approved and signed by the following before payment:

- (A) Chair of the Board; or
- (B) A Vice-Chair of the Board; or

(C) The Executive Director or his designee.

7.3 Rules of Procedure for Meetings. All Board of Directors' meetings and committees meetings shall be conducted in accordance with the Ralph M. Brown Act and Roberts Rules of Order, provided that in the event of a conflict, the Ralph M. Brown Act, the Agreement, and these Bylaws shall control.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the Authority shall be from January 1 to December 31.

ARTICLE VIII. AMENDMENTS

These Bylaws may be amended by a majority vote of the Members, either at a meeting of the members or by mail-in ballot. The Executive Director shall give written notice of the proposed amendment and of the voting date to each Member at least 14 days prior to the voting date. Following adoption of an amendment, the Executive Director shall distribute revised Bylaws to the Members.

2024 NORTHERN CALIFORNIA FAIR DATES PROPOSAL

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31-Aug-23

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RACE DAYS

Alameda County Fair	13
California State Fair	9
Sonoma County Fair	9
Humboldt County Fair	9
Big Fresno Fair	7

2024

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