



1776 Tribute Road, Suite 205
Sacramento, CA 95815
Office: 916.927.7223 Fax: 916.263.3341
www.calfairs.com

AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., THURSDAY, DECEMBER 19, 2013

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 11:00 a.m., Thursday, December 19, 2013. The meeting will be held via teleconference.

AGENDA

- I. Date, time and location of next meeting on February 4, 2014 in Sacramento.
- II. Public Comment
- III. Approval of minutes
- IV. Report, discussion and action, if any, on agency budget for 2014.
- V. Report, discussion and action, if any, on Finance Committee review and recommendation regarding certain funds at CARF.
- VI. Executive Director's Report



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NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., THURSDAY, DECEMBER 19, 2013

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 11:00 a.m., Thursday, December 19, 2013. The meeting will be via teleconference.

In order to ensure that all meeting participants are able to hear discussions during the teleconference, we ask that teleconference participants call from a land-line and **place phone on MUTE while not speaking**. The Public and members of the California Authority of Racing Fairs Board of Directors may participate from the following locations:

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

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

San Mateo County Fair
2495 So. Delaware Street
San Mateo, CA 94403

The Big Fresno Fair
1121 S. Chance Avenue
Fresno, CA 93702

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

Stanislaus County
900 North Broadway
Turlock, CA 95380

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, September 10, 2013

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, September 10, 2013. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: John Alkire and Rick Pickering. Joining by conference call: Chris Borovansky, Mike Paluszak and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Raechelle Gibbons, Amelia White, Anne Grottveit, Jerome Hoban, Brian May, Richard Conway, Jeanne Wasserman, John Quiroz and Richard Lewis.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting will be held October 8, 2013 in Fresno. The meeting will take place in the Big Fresno Fair Director’s Hall, located next to the Administrative Building.

Agenda Item 2 – Approval of Minutes. Mr. Borovansky moved to approve the meeting minutes as presented. Ms. Violini seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2013. Mr. Brown reported that this is the last week of the legislative session as the Legislature adjourns Sept. 13, 2013. CARF sponsored bill SB 398 (Galgiani) was amended to extend the sunsets in current law that allows NCOTW, Inc. the authority to increase the amount paid to satellites to cover operating expenses with the agreement of industry principals. The amended bill will be heard in the Senate G.O. Committee tomorrow. AB 1347 (Gray) was originally intended to be the vehicle for the sunset extensions, but legislative staff was notified that the author wished to use that bill for other purposes. CARF will now be opposing AB 1347 because the new language, proposed by Los Alamitos, is potentially harmful to Cal Expo and the harness industry.

Mr. Brown reported that SB 741 (Cannella), the WFA/CDFFA-sponsored bill to streamline business operations for DAA’s, has been made a two-year bill by the Senate G.O. Committee. This will allow WFA legislative staff to work with the Department of Finance to resolve their concerns and move the bill early next year.

Agenda Item 4 – Report, Discussion and Action, if any, Security Agreement/MOU

Regarding Net Payment of Racing Commissions. Mr. Korby introduced Brian May, who has been appointed by the San Joaquin County Fair Board of Directors to formally represent Stockton at CARF meetings. Mr. Korby asked Mr. May to describe his involvement with Stockton.

Mr. May stated that CDFA loaned the San Joaquin County Fair \$250,000 to help the Fair manage their cash flow. Mr. May was asked by CDFA to work with the San Joaquin County Fair Board to ensure that the Fair spends the money appropriately while implementing new business models to increase revenue, lower expenses and get the Fair in a better overall financial position. Specifically, the San Joaquin County Fair will be looking to the local community find better ways to produce the annual Fair and staff has already initiated a community engagement process with four key committees. As part of this transitional process, the San Joaquin County Fair Board asked Mr. May to be their representative to CARF as it pertains to horse racing matters.

Mr. Korby stated that it is encouraging that the San Joaquin County Fair has acknowledged their situation and is taking prudent steps to make the operation financially viable.

Mr. Korby reported that a security agreement between CARF and the San Joaquin County Fair, in the form of a memorandum of understanding, has been fully executed and will provide a net payment situation in which CARF will be insured expense reimbursement from revenues collected on behalf of the fair. A copy of the agreement is included in the meeting materials.

Mr. Paluszak moved to approve the executed security agreement as presented, but expressed concerns regarding CARF's ability to recoup expenditures if the meet does not perform as projected. Mr. Korby stated that the agreement ensures payment of expenses first and obliges the San Joaquin County Fair to cover any shortfalls. Mr. Borovansky seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Racing Industry Discussions

Regarding Mini-Satellite Expansion in California. Mr. Korby reported that there has been an initiative in the racing industry for the expansion of mini-satellite wagering facilities based on a proposal that has come forward from the tote provider Sportech. SCOTW, Inc. has entered into an agreement with Sportech to develop satellites in Southern California. In addition, Sportech has made a proposal to NCOTW, Inc. for the development of up to three mini-satellites in San Francisco plus an additional three sites elsewhere in Northern California. The proposal that Sportech made for San Francisco asks for an exclusive development agreement between Sportech and NCOTW, Inc.

Mr. Korby stated that he is not in favor of an exclusive agreement in the San Francisco area and questioned NCOTW, Inc.'s ability to enter into such an agreement. That being said, the development of mini-satellites is an opportunity for the industry to realize new revenues and could open doors to serious discussions about additional revenues for existing satellites.

Agenda Item 6 – Report on CHRB Pari-Mutuel Operations Committee Meeting with Discussions of NCOWT, Inc. Report. Mr. Korby reported that a report of NCOTW, Inc., prepared by CARF staff, at the request of the CHRB Pari-Mutuel Operations Committee is included in the meeting packets. Mr. Korby provided an overview of the report.

Agenda Item 7 – Consent Calendar: A) Financials and B) Investment Account Reports. Mr. Korby stated that the financials are appearing under a new agenda heading as a consent calendar at the advice of the auditors. Mr. Korby stated that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Mr. Korby stated that revised financials have been distributed to Board members.

Mr. Borovansky asked what the process would be for the 2014 CARF agency budget. Mr. Korby replied that the CARF Finance Committee would start meeting shortly and that the budget is traditionally presented and approved at the December CARF Board of Directors meeting. Mr. Pickering offered his seat on the Finance Committee if other representatives might be interested in serving. Mr. Borovansky offered to serve on the CARF Finance Committee and Mr. Alkire accepted.

Agenda Item 8 – Executive Director’s Report. Mr. Korby reported that a new ADW provider was recently licensed in the state of California operating under the name Lien Games or BetAmerica. Executives from the company have approached CARF about potentially become a fourth ADW provider for the summer racing signal and discussions are underway.

Mr. Pickering stated that CARF phone records show that people are calling into the CARF Live Racing Committee meetings and are neither identifying themselves when staff asks for a roll call, nor calling in from designated locations. Since meeting participants are required to call in from designated locations which are posted prior to each meeting, Mr. Pickering stated that he supports only offering Live Racing Committee meetings via conference call when absolutely necessary.

Respectfully submitted,
Heather Haviland

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, October 8, 2013

MINUTES

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, October 8, 2013. The meeting was hosted at the Fresno Director's Hall, 1121 S. Chance Ave, Fresno, California.

CARF Board Directors attending: John Alkire and Rick Pickering. Joining by conference call: Chris Borovansky and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Louie Brown and Richard Conway. Joining by conference call: Amelia White, Raechelle Gibbons, Kevin Wong and Brian May.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting will be held November 12, 2013 in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2013 and Beyond. Mr. Brown reported that Oct. 13 is the last day for Governor Brown to sign or veto bills passed by the Legislature on or before Sept. 13, 2013. One of those bills is CARF sponsored SB 398 (Galgiani). Mr. Brown reported that SB 398 was originally intended to assist fairs by making a fair-associated nonprofit organization an eligible recipient of revenues distributed by the racing industry from the existing framework of charity days. The bill was sent to the Governor's office and then pulled back due to some uncertainty by the Department of Agriculture as to the intent of the language. At the end of the session, the bill ended up being used as a vehicle to extend sunset dates currently in law for NCOTW, Inc. The bill was then resent to the Governor. Mr. Brown stated that the Governor's Deputy has since expressed some concern about the language for the charity race days. Mr. Brown has tried to alleviate their concerns, but is uncertain if the bill will be signed.

Mr. Brown reported that that SB 741 (Cannella), the WFA/CDFA-sponsored bill to streamline business operations for DAA's, has been held without prejudice and will be a two-year bill.

Agenda Item 4 – Report, Discussion and Action, if any, on Security Agreement/MOU Regarding Net Payment of Racing Commissions. Mr. Korby reported that the financial outcome from the Stockton race meet was positive. CARF has been able to transfer funds to the Fair without putting the agency at any risk of being in an overpaid situation. CARF has transferred two

payments, one for \$80,000 and another for \$150,000 which has helped the Fair meet its current obligations. Additional funds are on track to being transferred in the near future.

Mr. Alkire congratulated staff for working through the Security Agreement/MOU process and for conducting a successful meet at Stockton.

Mr. May thanked Mr. Korby and Ms. Gibbons for their cooperation in getting the money to the Fair in a timely manner and CARF staff for conducting the racing event.

Agenda Item 5 – Report, Discussion and Action, if any, on Agency Audit Report. Mr. Wong presented the results of the CARF audit for years ended December 31, 2012 and 2011. The majority of the audit field work was completed in mid-May 2013. The audit was presented to CARF staff in draft form in July and final form in August. Mr. Wong reviewed the CARF financial statements, recapped highlights from the management discussion and analysis letter and provided a detailed overview of the document titled “Communications with Those Charged with Governance.”

Mr. Wong reported that CARF management was cooperative and well-prepared throughout the audit process. The audit found that the financial statements included in the audit report present fairly the financial position of the agency and fall in accordance with all generally accepted accounting principles. As in repeat findings from prior years, control deficiencies exist in only two areas (resulting in a qualified opinion): a lack of sufficient audit evidence to guarantee the revenue from Advance Deposit Wagering (ADW) providers and a lack of checks/balances regarding paymaster duties, specifically segregation of duties, which would provide stronger internal control during live racing. Mr. Wong acknowledges that due to the nature of the operations, a complete segregation of duties (i.e. hiring an assistant paymaster) is not practical.

Mr. Borovansky asked why a resolution has not been reached in obtaining audited ADW figures. Mr. Korby replied that CARF, with other California racing interests, are pushing for a requirement regarding auditing ADW revenue figures.

Mr. Pickering moved to accept the 2012 CARF Audit Report as presented. Mr. Borovansky seconded, unanimously approved.

Agenda Item 6 – Consent Calendar: Financials. Mr. Korby stated that the financials are appearing under a new agenda heading as a consent calendar at the advice of the auditors, as will the investment reports as they become available. Mr. Korby stated that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Mr. Alkire stated that Mr. Jacobs was unable to attend the meeting due to a death in the family. Mr. Alkire sent his condolences on behalf of the Board.

Mr. Pickering moved to approve the consent calendar as presented. Ms. Violini seconded, unanimously approved.

Agenda Item 6 – Executive Director’s Report. Mr. Korby reported that communication has been received from a newspaper in Humboldt County that CARF staff is treating as California Public Records Act requests and staff is working with legal counsel to craft a response.

Mr. Korby reported that the meeting packets contain information provided by the ADW provider BetAmerica, under the name BAM Software and Services, regarding a fantasy sports platform. BetAmerican was recently licensed in California and have expressed interest in distributing the Fair signal as an ADW provider as well as partner with satellites in fantasy sports. Mr. Korby stated that negotiations are ongoing and he will report back to the group. Mr. Alkire reported that Bet America is staffing a 10’ x 10’ booth in the upper level of the Fresno racing grandstand.

Mr. Pickering asked to clarify, from the September Board of Directors meeting, that he would be happy to serve on the CARF Finance Committee at the Chairman’s request. Mr. Alkire thanked Mr. Pickering for his offer.

Respectfully submitted,
Heather Haviland

DRAFT 2014 BUDGET
California Authority of Racing Fairs
Agency Income Statement

	2012 Year End Actual	2013 Year End Estimated	2013 Annual Budget	2013 Budget Variance	2013 % Budget	2014 Proposed Budget	2013 Est vs 2014 Budget
Revenue:							
Other Revenue/OPEB Trust Reimb	82	22,060	20,000	2,060	110%	34,916	12,856
Interest Income	9,141	2,500	15,000	(12,500)	17%	2,500	0
Member Dues	270,062	246,963	265,555	(18,592)	93%	234,368	(12,595)
CARF South Prog Admin Fee	18,841	15,364	19,986	(4,622)	77%	17,987	2,623
CARF Projects Admin Fee	0	0	0	0	0%	0	0
CARF Live Racing Admin Fee	138,147	107,303	142,277	(34,974)	75%	157,410	50,107
Total Revenue	436,272	394,190	462,818	(68,628)	85%	447,181	52,991
Expenses:							
Salaries	250,529	196,492	169,215	(27,277)	116%	185,098	(11,394)
Employee Benefits	27,265	20,804	19,321	(1,483)	108%	19,827	(977)
Post Retirement Benefits	4,108	35,998	45,000	9,002	80%	34,916	(1,082)
Payroll Taxes	7,171	18,153	8,075	(10,078)	225%	20,831	2,678
Accounting Costs	16,579	16,250	16,250	0	100%	16,250	0
Advertising Expense	0	0	0	0	0%	0	0
Audit Services	9,485	9,485	6,375	(3,110)	149%	6,775	(2,710)
Automobile Expense	7,690	190	7,000	6,810	3%	3,000	2,810
Contracted Services	11,770	9,041	4,500	(4,541)	201%	9,500	459
Depreciation	17,369	20,322	19,986	(336)	102%	19,280	(1,042)
Dues & Subscriptions	2,640	2,949	2,700	(249)	109%	3,000	51
Insurance Expense	44,196	47,930	45,000	(2,930)	107%	48,000	70
Legal Expenses	37,126	74,626	15,000	(59,626)	498%	20,000	(54,626)
Legislative Expenses	53,344	56,640	50,000	(6,640)	113%	45,000	(11,640)
Meetings Expense	2,189	2,873	3,000	127	96%	3,000	127
Misc. (Ag Day Sponsor)	326	261	0	(261)	0%	0	(261)
Rent - Northern Print Shop	0	0	0	0	0%	0	0
Office Supplies	31,394	24,979	25,000	21	100%	20,000	(4,979)
Postage & Shipping	3,849	2,922	3,600	678	81%	3,600	678
Rent (Tribute Road)	35,770	35,770	35,770	0	100%	35,770	0
Repairs & Maintenance	0	0	500	500	0%	500	500
Telephone Expense	9,481	8,894	10,000	1,106	89%	10,000	1,106
Training	350	0	1,000	1,000	0%	1,000	1,000
Travel Expense	26,767	14,986	25,000	10,014	60%	15,000	14
Total Expenses	599,399	599,563	512,292	(87,271)	117%	520,347	(79,217)
Agency Income (Loss)	(163,126)	(205,374)	(49,474)	(155,899)		(73,166)	
Southern Prog Income (Loss)	8,444	(0)	2,814			2,533	
Total Bal Sheet Net Income (Loss)	(154,682)	(205,374)	(46,660)	(155,899)		(70,633)	

CARF Unrestricted Reserves 2012	<u>815,124</u>
CARF Use of Reserves for 2013 Year End Estimates	<u>(205,374)</u>
CARF Reserves after 2012 Year End with Estimates	<u>609,750</u>
Use of CARF Unrestricted Reserves for 2014 Budget	(70,633)
Balance of CARF Reserves after 2014 Budget	<u>539,117</u>

DRAFT 2014 BUDGET
California Authority of Racing Fairs
Revenues Generated and Paid through CARF
Race Recap Report

2013 Race Meet	Pleasanton 6/19-7/7	Sacramento 7/10-7/21	Humboldt 8/14-8/25	Stockton 9/18-9/29	Fresno 10/2-10/14	Total
Tote Handle	\$23,462,680	\$13,204,350	\$3,435,382	\$10,093,784	\$16,163,082	\$66,359,278
ADW Handle	\$6,894,333	\$4,662,771	\$1,920,144	\$3,740,832	\$4,752,958	\$21,971,038
All Handle Total	\$30,357,013	\$17,867,122	\$5,355,526	\$13,834,615	\$20,916,039	\$88,330,316
REVENUE:						
Takeout	5,097,267	2,869,735	746,095	2,175,151	3,488,748	14,376,997
Programs	21,335	21,143	1,352	16,922	20,765	81,518
Summarized Revenues	165,132	102,386	189,652	89,183	114,782	661,136
ADW (California & Exports)	915,889	621,779	249,559	482,996	616,227	2,886,451
Total	6,199,623	3,615,044	1,186,659	2,764,253	4,240,523	18,006,101
EXPENSES:						
2013 Circuit Billing	155,611	103,741	103,741	77,806	116,709	557,607
Jan-June 2013 Billbacks	54,825	6,577	4,041	5,230	8,885	79,557
July-September 2013 Billbacks	66,854	35,097	25,809	60,749	38,736	227,246
Oct-December 2013 Estimate Billbacks	21,775	11,767	12,679	22,400	52,668	121,289
Racetrack Maintenance	20,564	13,710	13,710	10,282	15,423	73,689
Relocation Costs	12,978	12,978	6,489	12,978	12,978	58,400
Total Track Expenses	332,607	183,869	166,469	189,444	245,398	1,117,788
Revenues Generated and Paid through CARF						
Total Purses Revenue	1,600,658	918,457	222,047	865,437	1,185,577	4,792,177
Total Track Commissions Revenue	1,421,221	840,552	318,301	638,129	984,468	4,202,673
TOTAL PURSES/FAIR COMMISSIONS	3,021,879	1,759,010	540,348	1,503,567	2,170,045	8,994,849

DRAFT 2014 BUDGET
California Authority of Racing Fairs
Live Racing

	2012= 61days		2013=43 days			2014=43 days	
	2012	2013	2013	2013	2013	2014	2013 Est vs
	Year End	Year End	Annual	Budget	% Budget	Proposed	2014
	Actual	Estimated	Budget	Variance		Budget	Budget
Reimb. from Live Racing Fairs:	1,063,459	985,699	1,274,360	288,661	77%	1,029,473	43,774
Operating Expenses:							
Salaries	362,294	348,533	419,004	70,471	83%	365,747	17,214
Employee Benefits	41,443	56,260	55,684	(576)	101%	45,196	(11,064)
Payroll Taxes	15,317	26,780	24,647	(2,133)	109%	42,070	15,290
Accounting Costs	49,394	48,750	48,750	0	100%	48,750	0
Audit Services	17,615	17,615	19,125	1,510	92%	20,325	2,710
Automobile Expense	40	0	1,000	1,000	0%	1,000	1,000
Depreciation	0	0	0	0	0%	0	0
Dues & Subscriptions, NTRA	0	0	0	0	0%	0	0
Insurance Expense	0	0	0	0	0%	0	0
Legal Expenses	811	0	5,000	5,000	0%	5,000	5,000
Meetings Expense	870	1,320	2,000	680	66%	2,000	680
Misc. Exp (Storage,Bank fee)	339	37	0	(37)	0%	0	(37)
Telephone Expense	5,794	3,802	5,000	1,198	76%	5,000	1,198
Travel Expense	40,923	22,411	40,000	17,589	56%	25,000	2,589
Sub-Totals	534,841	525,508	620,210	94,702	85%	560,088	34,580
Racing Support Services:							
Announcer	22,800	37,934	23,850	(14,084)	159%	37,852	(82)
Condition Bk/Program Cover	15,575	23,591	20,000	(3,591)	118%	25,000	1,409
Courier Service (Pgm Dist)	0	0	0	0	0%	0	0
Racing Operations Support	79,596	53,838	65,000	11,162	83%	53,983	145
TC02 Testing	6,915	5,735	7,500	1,765	76%	6,500	765
Marketing/Web Devel	120	501	3,000	2,499	17%	1,000	499
Network Management	260	0	0	0	0%	0	0
Paymaster Operations	7,383	6,071	7,500	1,429	81%	6,500	429
Program Production	179,919	107,417	190,000	82,583	57%	110,000	2,583
Racing Office System	38,120	47,506	40,000	(7,506)	119%	50,000	2,494
Recruitment	13,712	249	15,000	14,751	2%	15,000	14,751
Jumbo Screen	114,750	68,850	118,450	49,600	58%	70,000	1,150
Supplies	13,326	10,287	15,000	4,713	69%	10,500	213
Tattooing	16,313	14,741	20,000	5,259	74%	17,000	2,259
Timing/Clocker	0	14,638	0	(14,638)	0%	14,712	74
Transportation	1,915	1,700	3,500	1,800	49%	3,500	1,800
TV Production/Simulcast	42,916	53,206	46,350	(6,856)	115%	55,000	1,794
Racetrack Safety & Maint.	0	91,384	104,000	12,616	88%	91,528	144
Sub-Totals	553,619	537,648	679,150	141,502	79%	568,074	30,427
Total Gross Expenses	1,088,459	1,063,156	1,299,360	236,204	82%	1,128,162	65,006
Expense Augmentation	0	(52,457)	0			(73,689)	
NCOTWINC Reimbursement	(25,000)	(25,000)	(25,000)			(25,000)	
Total Net Expenses	1,063,459	985,699	1,274,360	236,204		1,029,473	43,774

DRAFT 2014 BUDGET
California Authority of Racing Fairs
Southern Region Income Statement

	2012	2013	2013	2013	2013	2014
	Year End	Year End	Annual	Budget	% Budget	Proposed
	Actual	Estimated	Budget	Variance		Budget
Program Revenue:						
Program Sales	262,545	170,175	266,475	(96,300)	64%	239,828
Other Revenue	0	0	0	0	0%	0
Royalties/Fees Due Host	(235,260)	(154,811)	(243,675)	88,864	64%	(219,308)
Total Revenue	27,285	15,364	22,800	(7,436)	67%	20,520
Expenses:						
Legal Expenses	0	0	0	0	0%	0
Meetings Expense	0	0	0	0	0%	0
Misc Exp.(Storage)	0	0	0	0	0%	0
Office Supplies	0	0	0	0	0%	0
Paper Expense	0	0	0	0	0%	0
Postage & Shipping	0	0	0	0	0%	0
Printing Supplies	0	0	0	0	0%	0
Rent & Utility Expenses	0	0	0	0	0%	0
Repairs & Maintenance	0	0	0	0	0%	0
Telephone Expense	0	0	0	0	0%	0
Travel Expense	0	0	0	0	0%	0
Total Expenses	0	0	0	0	0%	0
Operating Income (Loss)	27,285	15,364	22,800	(7,436)	67%	20,520
CARF Admin Fee	18,841	15,364	19,986	4,622	77%	17,987
Rebate						
Income (Loss)	8,444	(0)	2,814		0%	2,533

**California Authority of Racing Fairs
Project Management Income Statement**

	2012	2013	2013	2013	2013	2014
	Year End	Year End	Annual	Budget	% Budget	Proposed
	Actual	Estimated	Budget	Variance		Budget
Revenue:						
CARF Admin Fee	0	0	0	0	0%	0
Project Management	0	0	0	0	0%	0
Total Revenue	0	0	0	0	0%	0
Expenses:						
Salaries Expense	0	0	0	0	0%	0
Employee Benefits	0	0	0	0	0%	0
Payroll Taxes	0	0	0	0	0%	0
Accounting Costs	0	0	0	0	0%	0
Audit Services	0	0	0	0	0%	0
Automobile Expense	0	0	0	0	0%	0
Contracted Services	0	0	0	0	0%	0
Legal Expenses	0	0	0	0	0%	0
Meetings Expense	0	0	0	0	0%	0
Telephone Expense	0	0	0	0	0%	0
Travel Expense	0	0	0	0	0%	0
Misc. Storage	0	0	0	0	0%	0
Total Expenses	0	0	0	0	0%	0
CARF Admin Fee	0	0	0	0	0%	0

PROPOSED 2014 MEMBER DUES BASED ON 2013 HANDLE

Oct 17, 2012 to October 16, 2013

2013 CARF MEMBER FAIRS TOTAL HANDLE

run takeout summary report for each host

Location	Off-Track		On-Track		Out-of-State		Off Track		ADW Handle	Total Handle	2013 handle		Actual		Proposed	
	S/W Handle	Handle	Handle	Handle	Handle	Handle	% of Total	Dues			Dues	2013 Dues	2014 Dues			
Anderson	1,348,203									1,348,203	0.336%	3,030	2,879	2,879	2,879	0
Tulare	2,832,823									2,832,823	0.707%	3,030	2,879	2,879	2,879	0
Shalimar (Indio)	3,062,806									3,062,806	0.764%	7,070	6,717	6,717	6,717	6,717
Monterey	4,755,642									4,755,642	1.186%	7,070	6,717	6,717	6,717	6,717
Turlock	6,041,546									6,041,546	1.507%	7,070	6,717	6,717	6,717	6,717
Bakersfield	4,298,946									4,298,946	1.072%	7,070	5,038	5,038	5,038	0
Victorville	5,720,485									5,720,485	1.427%	7,070	6,717	6,717	6,717	6,717
Ferndale	145,340	593,582	1,422,604	1,419,197	1,920,144					5,500,867	1.372%	7,070	6,717	6,717	6,717	6,717
Lake Perris	10,465,662									10,465,662	2.611%	15,151	14,393	14,393	14,393	14,393
Lancaster	12,487,146									12,487,146	3.115%	15,151	14,393	14,393	14,393	14,393
Vallejo	14,136,207									14,136,207	3.526%	15,151	14,393	14,393	14,393	14,393
Ventura	20,297,068									20,297,068	5.063%	18,938	17,991	17,991	17,991	17,991
San Bernardino	22,095,613									22,095,613	5.512%	18,938	17,991	17,991	17,991	17,991
Fresno	7,936,429	2,920,523	4,954,515	8,288,044	4,752,958					28,852,468	7.197%	18,938	17,991	17,991	17,991	17,991
Stockton	13,349,700	946,504	2,509,009	6,638,270	3,740,422					27,183,906	6.781%	18,938	17,991	17,991	17,991	17,991
San Jose	28,787,268									28,787,268	7.181%	9,469	17,991	17,991	17,991	17,991
Santa Rosa	8,831,108	3,703,665	7,359,026	13,326,676	8,508,332					41,728,806	10.409%	22,727	0	0	0	0
Sacramento	20,236,697	1,600,110	3,683,904	7,920,336	4,662,771					38,103,819	9.505%	22,727	21,590	21,590	21,590	21,590
Pleasanton	29,767,788	4,894,973	7,015,276	11,552,431	6,894,333					60,124,801	14.998%	22,727	21,590	21,590	21,590	21,590
San Mateo	63,051,071									63,051,071	15.728%	22,727	21,590	21,590	21,590	21,590
Totals	279,647,548	14,659,357	26,944,334	49,144,953	30,478,960					400,875,152	100%	270,062	242,285	242,285	234,368	234,368

REVIEW OF FUNDS

Review of aging, miscellaneous or inactive funds at CARF

Background and Objective

CARF is holding certain aging, miscellaneous or inactive funds. The Executive Director has asked the Finance Committee to review the status of these funds and recommend to the CARF Board whether they should 1) continue to be held as-is; 2) should be redirected into other existing programs; 3) should be consolidated into agency reserves or 4) should be consolidated into an augmentation fund to support agency programs or activities. The aging miscellaneous or inactive funds are described below.

Aging & Inactive

- The agency is holding inactive funds of \$92,348 associated with a horse racing parimutuel database project that was once managed at CARF. These funds have been inactive for at least 15 years. The finance committee has approved a recommendation to consolidate these funds into an augmentation account for support of agency programs or activities.

Miscellaneous

- CARF is holding miscellaneous agency equipment replacement funds of \$150,000 for replacement of equipment used for programs that are no longer active.
- In 2007, CARF made a loan to San Mateo County Fair and Event Center as one element of a financing package to build a satellite wagering facility at that Fair. San Mateo has made regular and timely repayments of the principal. CARF is presently holding San Mateo loan repayment funds of \$350,000 which represents the return of principal to date.

The Finance Committee has reviewed the aging, inactive and miscellaneous funds described above. It is recommending that these funds be consolidated into an augmentation account so that they can continue to be used to for agency programs or activities, subject to approval by the finance committee or the CARF board. It is requested that the CARF Board approve this recommendation.

REVIEW OF FUNDS***Expand scope for use of revenue-generating project funds***

Background and Summary

CARF is holding certain funds which are intended for use in revenue-generating projects related to development or re-location of satellite wagering facilities. The Executive Director has made a recommendation to the Finance Committee to expand the scope of use for these funds to include revenue-generating projects generally, not necessarily limited to satellite wagering facility development or re-location. The finance committee concurred and has approved the recommendation to expand the scope of this program. It is requested that the CARF Board approve this recommendation.

Please see below for a balance and description of these funds.

Expand scope for use of revenue-generating project funds

- There are presently funds at CARF (\$422,452) held for projects intended to generate revenue for Fairs through development or re-location of satellite wagering facilities. The finance committee has approved a recommendation to expand the purpose of this funding to include projects not limited to satellite development or re-location. Approval would allow the use of the funds for projects which would generate or increase revenue to Fairs, so long as the purpose is approved by the finance committee or the Board.

The finance committee has approved the recommendation to expand the scope of this program and is forwarding its approval with a recommendation that the Board also approve. It is requested that the Board approve this recommendation.