



a California joint powers agency

1776 Tribute Road, Suite 150
Sacramento, CA 95815
Office: 916.263.3346
www.calairs.com

**NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
TOM MARTINEZ, CHAIR**

11:00 A.M., TUESDAY, JUNE 2, 2026

Notice is hereby given that a meeting of the California Authority of Racing Fairs Board of Directors will commence at 10:00 A.M., Tuesday, January 27, 2026. The meeting will be held via teleconference. The call will originate from the CARF Office, 1776 Tribute Road, Sacramento, CA 95815.

Public and members of the California Authority of Racing Fairs Board of Directors may participate at the following locations:

Dial-In Number: 1-669-900-6833

Meeting ID: Meeting ID: 435 414 1156, Passcode: carf7223

Zoom Link: <https://us06web.zoom.us/j/4354141156?omn=89469748914>

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

San Joaquin County Fair
1658 S. Airport Way
Stockton, CA 95206

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

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

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

Santa Clara County Fairgrounds
344 Tully Road
San Jose, CA 95111

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940



a California joint powers agency

1776 Tribute Road, Suite 150
Sacramento, CA 95815
Office: 916.263.3346
www.calfairs.com

AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
TOM MARTINEZ, CHAIR

11:00 A.M., TUESDAY, JUNE 2, 2026

Notice is hereby given that a meeting of the California Authority of Racing Fairs Board of Directors will commence at 11:00 A.M., Tuesday, June 2, 2026. The meeting will be held via teleconference. The call will originate from the CARF Office, 1776 Tribute Road, Sacramento, CA 95815.

AGENDA

- I. Attendance Roll Call.
- II. Public Comment.
- III. Board Member Comment.
- IV. Report, Discussion, and Action, if any, on 2024 Independent Audit Report by Gilbert CPAs.
- V. Approval of Minutes: January 27, 2026.
- VI. Board Chair Update.
- VII. New Business.
- VIII. Report, Discussion and Action, if any on 2026 CARF Agency Budget.
- IX. Closed Session: Pending Litigation pursuant to Brown Act. Section 54956.9.
- X. Adjournment.

CALIFORNIA AUTHORITY OF RACING FAIRS

Communications With Those Charged With Governance

We have audited the financial statements of the California Authority of Racing Fairs (the Authority) for the year ended December 31, 2024. We are providing the Authority's Board of Directors with information regarding the scope and results of the audit to assist the Board of Directors in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

May 21, 2026

Submitted by  **GILBERT**
Tax. Audit. Advisory.

RESPONSIBILITIES AND OPINION

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. As stated in our engagement letter, our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We issued an unmodified opinion on the financial statements of the Authority for the year ended December 31, 2024.

INTERACTIONS WITH MANAGEMENT

<p>Management Consultations with Other Independent Accountants</p> <p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.</p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Disagreements with Management</p> <p>For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report.</p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Management Representations</p>	<p>We have requested certain representations from management that are included in their letter to us.</p>
<p>Difficulties Encountered in Performing the Audit</p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and cooperative.</p>

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

<p>Significant Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<p>The significant accounting policies used by Authority are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024.</p> <p>We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
<p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>	<p>We considered the methodologies and judgments used in:</p> <ul style="list-style-type: none"> • Management's estimate of the collectability of receivables is based on Management's assessment of the likelihood of receivable payments on individual accounts. • The Authority's Net Pension Liability (NPL) is measured as the proportionate share of the NPL. The NPL is measured as of June 30, 2024. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. 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 Net OPEB Liability (NOL) and related deferred inflows and deferred outflows are based upon an actuarial valuation dated December 31, 2023, with a measurement date of December 31, 2023. <p>We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent and clear.</p>

RESULTS OF THE AUDIT

<p>Planned Scope and Timing of the Audit</p>	<p>We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.</p>
<p>Risk Assessment Process</p> <p>In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.</p>	<p>Auditing standards require us to consider the following risks of material misstatement when planning our audit:</p> <ul style="list-style-type: none"> • Improper revenue recognition due to fraud. • Management override of controls. <p>As part of our audit planning process, we identified the following additional significant risks of material misstatement which were addressed by our audit procedures:</p> <ul style="list-style-type: none"> • Improper accounting for new and unusual transactions. • Lack of segregation of duties at the Paymaster. • Limited oversight over Controller. • Undisclosed related parties due to Board relationships.
<p>Other Audit Findings or Issues</p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p> <p>A separate management letter was issued for an identified material weakness in financial reporting.</p> <p>During the audit, we identified conditions that initially raised substantial doubt about the Authority's ability to continue as a going concern, primarily related to operating losses and startup activities associated with Golden State Racing (GSR).</p> <p>We evaluated management's plans to address these conditions, including the cessation of racing operations, reduction of expenditures, liquidation of assets, and settlement of outstanding obligations, including the forgiveness of the Golf Course Buyout line of credit.</p> <p>Based on our evaluation of these actions and related subsequent events, we concluded that substantial doubt was alleviated prior to the issuance of the financial statements.</p> <p>We also evaluated the related financial statement disclosures and determined they appropriately describe the conditions, management's plans, and significant subsequent events.</p>
<p>Significant Adjustments or Disclosures Not Reflected in the Financial Statements</p> <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p>	<p>The following misstatement detected as a result of audit procedures was corrected by management: Increase expenses and decrease right-of-use assets by \$3,234,750 to expense Golden State Racing costs that did not meet the criteria for capitalization.</p>

SUPPLEMENTARY INFORMATION

<p>Required Supplementary Information</p> <p>Government Accounting Standards Board (GASB) requires certain supplementary information to accompany the Authority's basic financial statements to be in conformity with generally accepted accounting principles. Such information has been subjected to limited procedures such as inquiries of management about the methods of preparing the information and comparing the information for consistency with the basic financial statements, however, we do not express an opinion because of the limited nature of our procedures.</p>	<p>The following required supplementary information is required to accompany the Authority's basic financial statements and subjected to limited procedures, but no opinion has been expressed:</p> <ul style="list-style-type: none"> • Management's Discussion and Analysis • Schedule of the Authority's Proportionate Share of the Net Pension Liability • Schedule of the Authority's Pension Contributions • Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios • Schedule of the Authority's OPEB Contributions
<p>Supplementary Information</p> <p>With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>	<p>The supplementary information section as listed in the table of contents is presented for the purpose of additional analysis and in our opinion is fairly stated in all material respects in relation to the financial statements as a whole.</p>
<p>Other Information</p> <p>We were not engaged to report on the other information that accompanies the financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.</p>	<p>The other information includes the ADW Racing Activity and is the responsibility of management and not covered by the opinion on the financial statements.</p>

**CALIFORNIA AUTHORITY
OF RACING FAIRS**

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

**FOR THE YEARS ENDED
DECEMBER 31, 2024
AND 2023**

CALIFORNIA AUTHORITY OF RACING FAIRS

TABLE OF CONTENTS DECEMBER 31, 2024 AND 2023

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to the Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Authority's Proportionate Share of the Net Pension Liability	38
Schedule of the Authority's Pension Contributions	39
Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios	40
Schedule of Authority's OPEB Contributions	41
SUPPLEMENTARY INFORMATION	
Combining Statement of Revenues, Expenses, and Changes in Net Position	42
OTHER INFORMATION	
ADW Racing Activity	43

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the California Authority of Racing Fairs (the Authority), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California Authority of Racing Fairs as of December 31, 2024 and 2023, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the California Authority of Racing Fairs, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Pension Contributions, Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios, and Schedule of the Authority's OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining statement of revenues, expenses, and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit 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. In our opinion, the combining statement of revenues, expenses, and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the ADW Racing Activity. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

May 21, 2026

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

The following report reflects the financial condition of California Authority of Racing Fairs (CARF) for the year ended December 31, 2024. It is provided to enhance the information in the financial audit and should be reviewed in concert with that report.

Financial Highlights, December 31, 2024

Operating Revenues

Total operating revenues for 2024 were **\$8,029,446**, representing an increase of **\$4,875,946 (154.6%)** compared to 2023. This substantial increase was primarily attributable to:

- Additional revenues from Golden State Racing
- Increased administrative fees
- 28% increase in Racing Fairs revenue

During 2024, CARF member fairs—including the Alameda County Fair, California State Fair, Humboldt County Fair, and Big Fresno Fair—conducted 44 days of live racing over 16 weeks, an increase from 35 days in 2023 over 11 weeks.

Following the closure of Golden Gate Fields in June 2024, CARF entered into an agreement with the Alameda County Agricultural Fair Association to establish Golden State Racing, which operated 26 live racing days from October 19 through December 18, 2024.

Aggregate wagering activity increased significantly:

- Fair brick-and-mortar handle increased **22.1%**, from **\$41,842,258** in 2023 to **\$51,102,659** in 2024
- Fair Advance Deposit Wagering (ADW) handle increased **39.4%**, from **\$51,523,341** to **\$71,941,755**
- Golden State Racing generated **\$28,706,464** in brick-and-mortar handle and **\$43,628,819** in ADW handle.

Operating Expenses

Total operating expenses for 2024 were **\$12,147,554**, an increase of **\$9,083,051 (296.4%)** compared to 2023. This increase was largely attributable to:

- Expanded live racing activities among member fairs
- The addition of Golden State Racing operations in the final quarter of 2024

Golden State Racing incurred **\$3,470,181** in **operating expenses** and **\$3,234,750** in **start-up costs**, the majority of which were associated with the Alameda County Fair Association golf course contract buyout required for use of the racetrack.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Due to the significant start-up and operating costs, Golden State Racing was not financially sustainable. As a result, CARF withdrew the 2025 CHRB racing application for a proposed spring Golden State Racing meet. The CARF Board subsequently negotiated the sale of temporary barns and racing equipment acquired for Golden State Racing, liquidated CARF track equipment, arranged for CDFA support for purse payments, and secured supplemental funding from Southern California race tracks to help offset closure-related expenses.

- 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, 2024, was \$1,215,092.
- 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, 2024, was \$324,560.

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.

Gilbert CPAs, Certified Public Accountants, have performed an independent audit of the Authority's financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS). Their audit opinion is included in the Financial Section of this report.

CALIFORNIA AUTHORITY OF RACING FAIRS

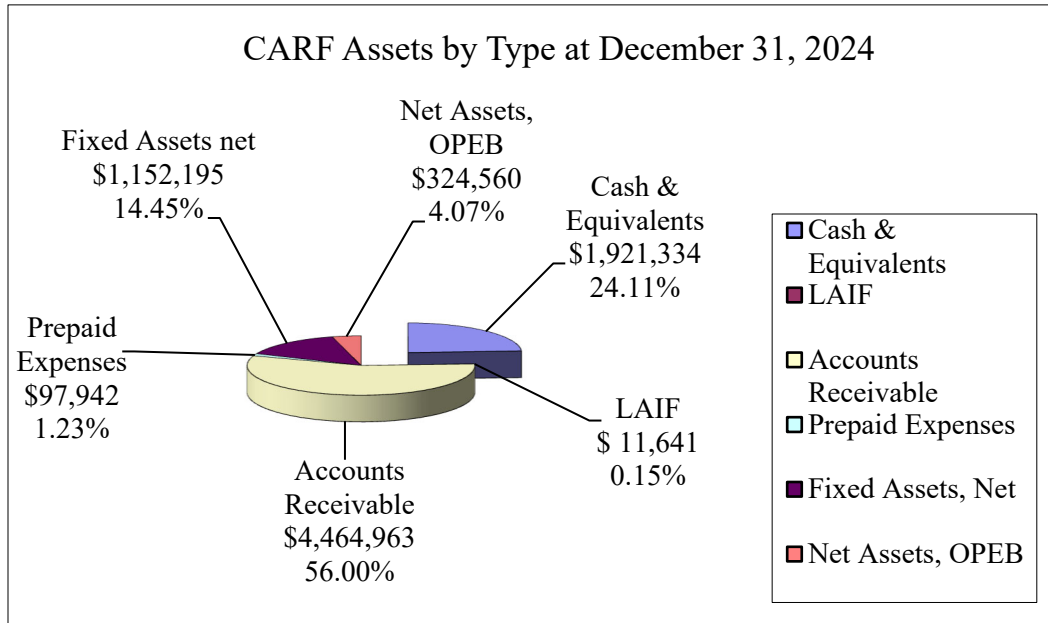
MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Agency Wide Financial Analysis CARF's Statement of Net Position

	12/31/2024	Percentage	12/31/2023	Percentage	12/31/2022	Percentage
Current Assets	\$ 6,495,880	81.49%	\$ 3,834,783	95.21%	\$ 3,395,825	85.38%
Fixed Assets	1,152,195	14.45%	41,721	1.04%	56,010	1.41%
Other Non-Current Assets	324,560	4.07%	151,416	3.76%	525,379	13.21%
Total Assets	7,972,635	100.01%	4,027,920	100.00%	3,977,214	100.00%
Deferred Outflows of Resources:	440,861		719,668		623,907	
Current Liabilities	10,733,544	89.79%	1,787,892	45.89%	1,629,999	44.70%
Non-Current Liabilities	1,220,469	10.21%	2,108,222	54.11%	2,016,743	55.30%
Total Liabilities	11,954,013	100.00%	3,896,114	100.00%	3,646,742	100.00%
Deferred Inflows of Resources:	209,388		179,407		378,501	
Net Investment in Capital Assets	1,152,195	-30.73%	41,721	6.21%	56,010	9.76%
Restricted Net OPEB	324,560	-8.66%	151,416	22.53%	523,379	91.20%
Unrestricted	(5,226,660)	139.38%	478,930	71.26%	(5,511)	-0.96%
Total Net Position	\$ (3,749,905)	100.00%	\$ 672,067	100.00%	\$ 573,878	100.00%

Statement of Net Position ended the year 2024 with a deficit of \$3,749,905 due to the Golden State Racing expenses exceeding the revenues and the start-up costs incurred.

Assets



Total agency assets increased by \$3,944,715 from \$4,027,920 at December 31, 2023, to \$7,972,635 on December 31, 2024.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Deferred Outflows and Inflows of Resources

Deferred outflows related to pensions and OPEB decreased from **\$719,668** in 2023 to **\$440,861** in 2024. Deferred inflows related to pensions and OPEB increased from **\$179,407** to **\$209,388**. These changes were primarily driven by differences between projected and actual investment earnings in the pension and OPEB plans.

Liabilities

Total liabilities increased from **\$3,896,114 at December 31, 2023** to **\$11,954,013 at December 31, 2024**.

- Net pension liability decreased slightly from **\$1,223,711** in 2023 to **\$1,215,092** in 2024
- Purse payment accruals increased from **\$201,626** to **\$1,489,053**, with Golden State Racing closure payments made in 2025
- Accounts payable increased from **\$995,174** to **\$5,714,770**, largely due to timing of payments made in 2025
- A line of credit recorded for Golden State Racing was forgiven in 2025 following the unsuccessful meet

Revenues and Expenses

- Operating revenues increased from **\$3,153,500 in 2023** to **\$8,029,446 in 2024**, primarily due to revenues generated by Golden State Racing. Other revenue sources in both years included member dues, administrative fees, reimbursements from racing fairs, program revenues, and income from other initiatives.
- Operating expenses rose from **\$3,064,503 in 2023** to **\$12,147,554 in 2024**. Of the **\$9,083,051** increase, **\$6,704,931** was attributable to Golden State Racing operating and start-up costs.

CALIFORNIA AUTHORITY OF RACING FAIRS

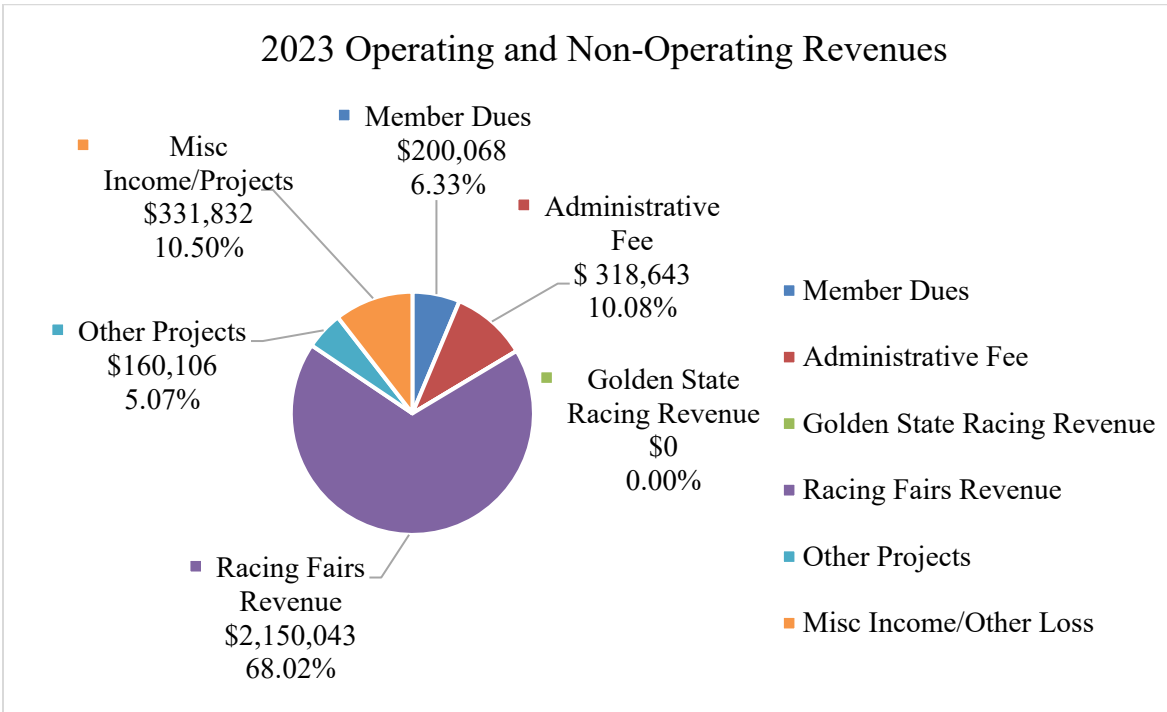
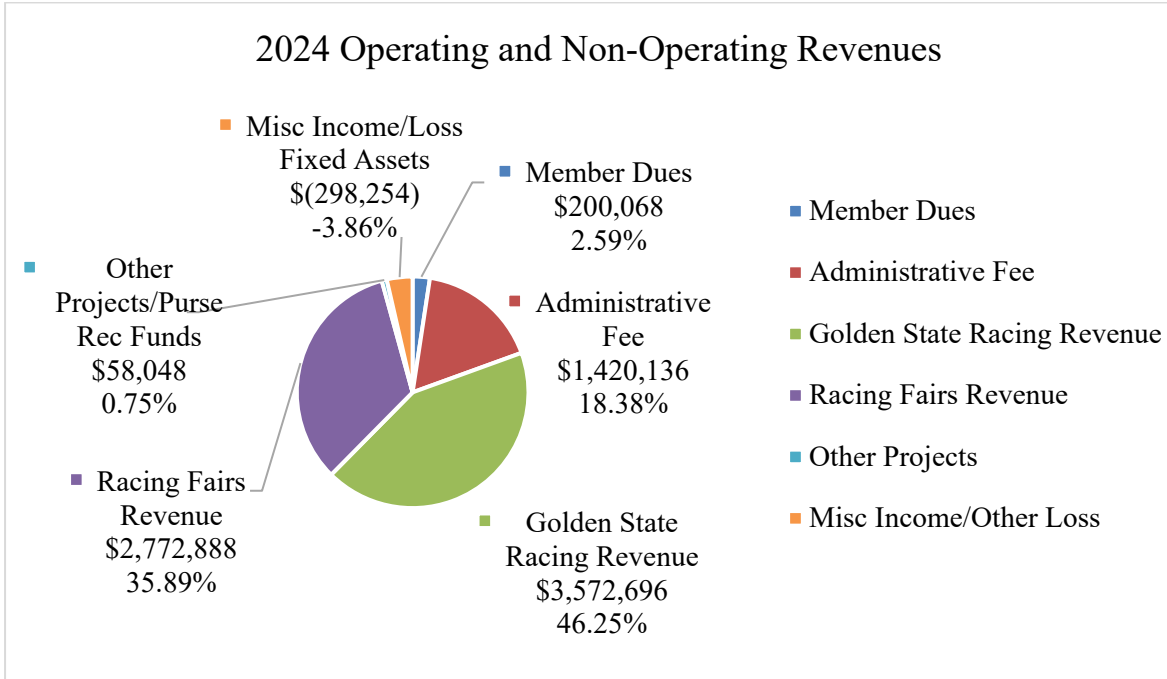
MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

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

Operating Revenues	Year Ended 12/31/2024	Year Ended 12/31/2023	Percentage Change	Year Ended 12/31/2022	Percentage Change
Member Dues	\$ 200,068	\$ 200,068	0.00%	\$ 200,067	0.00%
Administrative Fee	1,420,136	318,643	345.68%	299,797	6.29%
Golden State Racing Revenue	3,572,696	0	0.00%	0	0.00%
Racing Fairs Revenue	2,772,888	2,150,043	28.97%	2,178,073	-1.29%
Other Projects/Purse Rec.	58,048	160,106	-63.74%	163,601	-2.14%
Misc Income/Projects Other	5,610	324,640	-98.27%	355,352	-8.64%
Total Operating Revenues	8,029,446	3,153,500	154.62%	3,196,890	-1.36%
Operating Expenses					
Golden State Racing operating fees	3,470,181	0	0.00%	0	0.00%
Golden State Racing start-up costs	3,234,750	0	0.00%	0	0.00%
Live Racing Fairs	2,111,188	1,127,873	87.18%	1,210,085	-6.79%
Salaries and Benefits	1,178,524	888,142	32.70%	613,432	44.78%
Accounting and Legal	726,431	156,513	364.13%	151,016	3.64%
Travel and Meetings	115,789	77,524	49.36%	87,404	-11.30%
Racing Projects	58,048	160,106	-63.74%	163,601	-2.14%
Interest Expense	46,272	0	0.00%	0	0.00%
Other Operating	1,206,371	654,345	84.36%	870,106	-24.80%
Total Operating Expenses	12,147,554	3,064,503	296.40%	3,095,644	-1.01%
Operating Gain/(Loss)	(4,118,108)	88,997	4727.24%	101,246	12.10%
Loss on impairment of fixed assets	(304,055)	0	0.00%	0	0.00%
Investment Income	191	7,192	-97.34%	4,543	58.31%
Increase/(decrease) in net position	(4,421,972)	96,189	4697.17%	105,789	9.07%
Beginning Net Position	672,067	575,878	16.70%	470,089	22.50%
Ending Net Position	\$ (3,749,905)	\$ 672,067	-657.97%	\$ 575,878	16.70%

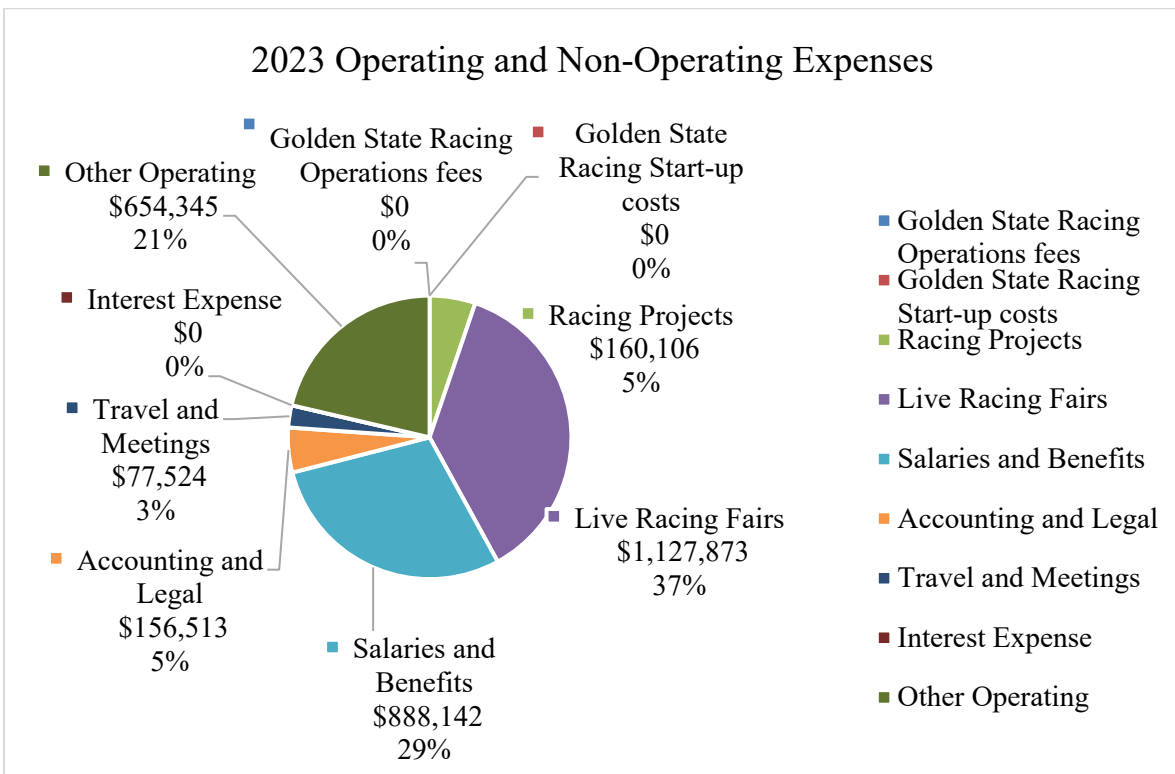
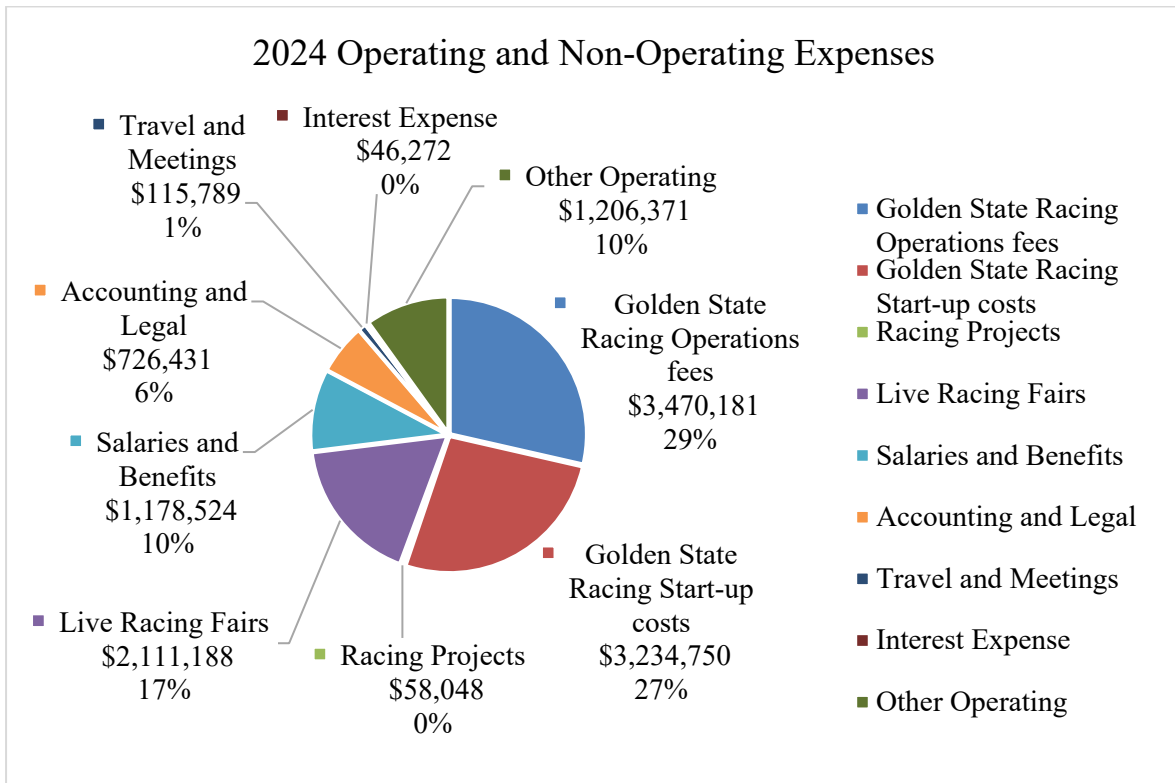
CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024



CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024



CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Budgetary Highlights

Each year, the CARF Board of Directors approves a budget and sets rates and funding levels for all programs. This budget is presented to the Board for approval towards the end of the current year.

Below is a summary of budget information compared to actual revenues and expenditures. Note that individual line items are based on internal financial statements and may differ from the audited financial statements due to variations in the classification of certain revenues and expenses.

Significant Variances

- Agency Revenues

For fiscal year 2024, agency revenues totaled approximately 270% of the approved budget. This significant variance was primarily the result of the reclassification of project-related funds and reimbursements for live racing activities associated with Golden State Racing.

- Agency Expenses

Total agency expenses reached approximately 179% of budgeted amounts. The most significant variance occurred in legal services, which totaled \$520,600 compared to a budgeted amount of \$60,000, exceeding the budget by 868%. These higher-than-anticipated costs were largely driven by matters related to Golden State Racing operations and associated contractual and regulatory issues.

- Live Racing Revenues and Expenses

Revenues and expenses for live racing fairs ranged between 126% and 130% of budget. These variances were primarily attributable to changes in the number of live racing days conducted by CARF member fairs during the year, as well as reimbursable expenses associated with those operational changes.

- Golden State Racing Revenues and Expenses

Golden State Racing revenues and expenses were not included in the original budget, as the initiative was developed after budget adoption and accurate projections were difficult to estimate for a newly established race meet. Initially, racing equipment purchases and the golf course buyout line of credit were expected to be depreciated over an extended period under the assumption that Northern California racing operations would continue long-term as a replacement for Golden Gate Fields.

- Net Income

The variance between the audited financial statements and the agency's budgeted financial results is primarily due to the recognition of Golden State Racing operating and start-up costs in 2024. These unbudgeted expenditures resulted in a deficit net position of \$3,749,905 at year-end. This deficit is expected to be substantially offset in 2025 through the sale of racing equipment and the forgiveness of the golf course buyout line of credit.

CALIFORNIA AUTHORITY OF RACING FAIRS

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,932,975	\$ 2,106,422
Accounts receivable	4,059,293	1,463,082
Outstanding/refund tickets	405,670	172,694
Prepaid expenses and deposits	97,942	90,211
Advanced deposit wagering asset	<u> </u>	<u>2,374</u>
Total current assets	<u>6,495,880</u>	<u>3,834,783</u>
Noncurrent assets:		
Net OPEB asset	324,560	151,416
Fixed assets, net	<u>1,152,195</u>	<u>41,721</u>
Total noncurrent assets	<u>1,476,755</u>	<u>193,137</u>
Total assets	<u>7,972,635</u>	<u>4,027,920</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pension	287,966	459,238
Deferred outflows of resources related to OPEB	<u>152,895</u>	<u>260,430</u>
Total deferred outflows of resources	<u>440,861</u>	<u>719,668</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF NET POSITION - CONTINUED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accruals	\$ 5,714,770	\$ 995,174
Racing distributions payable	9,107	
Unredeemed winning tickets	405,670	172,694
Purse liability	1,489,053	201,626
Line of credit, due within one year	3,114,944	
Unearned revenue		<u>418,398</u>
Total current liabilities	<u>10,733,544</u>	<u>1,787,892</u>
Noncurrent liabilities:		
Member equipment replacement fund	5,377	354,134
Net pension liability	1,215,092	1,223,711
Change fund liability		<u>530,377</u>
Total noncurrent liabilities	<u>1,220,469</u>	<u>2,108,222</u>
Total liabilities	<u>11,954,013</u>	<u>3,896,114</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to pension	117,119	147,011
Deferred inflows of resources related to OPEB	<u>92,269</u>	<u>32,396</u>
Total deferred inflows of resources	<u>209,388</u>	<u>179,407</u>
NET POSITION:		
Net investment in capital assets	1,152,195	41,721
Restricted for OPEB	324,560	151,416
Unrestricted (deficit)	<u>(5,226,660)</u>	<u>478,930</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (3,749,905)</u>	<u>\$ 672,067</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES:		
Member dues	\$ 200,068	\$ 200,068
Administration fees	1,420,136	318,643
Golden State Racing revenue	3,572,696	
Live racing reimbursements	2,772,888	2,150,043
Purse receivable from members	58,048	160,106
Miscellaneous income	<u>5,610</u>	<u>324,640</u>
Total operating revenue	<u>8,029,446</u>	<u>3,153,500</u>
OPERATING EXPENSES:		
Golden State Racing operating fees	3,470,181	
Golden State Racing start-up costs	3,234,750	
Live racing	2,111,188	1,127,873
Salaries and benefits	1,178,524	888,142
Accounting and legal	726,431	156,513
Travel and meetings	115,789	77,524
Racing projects	58,048	160,106
Interest expense	46,272	
Other operating	<u>1,206,371</u>	<u>654,345</u>
Total operating expenses	<u>12,147,554</u>	<u>3,064,503</u>
Operating income (loss)	(4,118,108)	88,997
NON-OPERATING INCOME (LOSS):		
Loss on impairment of fixed assets	(304,055)	
Interest income	<u>191</u>	<u>7,192</u>
Total non-operating income	<u>(303,864)</u>	<u>7,192</u>
Increase (decrease) in net position	(4,421,972)	96,189
Net position, beginning of year	<u>672,067</u>	<u>575,878</u>
Net Position (deficit), end of year	<u>\$ (3,749,905)</u>	<u>\$ 672,067</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA AUTHORITY OF RACING FAIRS

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members, member activities, and member support	\$ 4,397,487	\$ 2,469,706
Payments to members, member activities, and member support	(2,511,051)	(2,109,366)
Receipts from racing activities	2,083,198	
Payments for racing activities	(976,372)	
Payments to/on behalf of employees	(784,221)	(210,249)
Other operating receipts	5,610	324,640
Other operating payments	(839,428)	(344,481)
Net cash provided by operating activities	<u>1,375,223</u>	<u>130,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(1,429,055)	(1,125)
Interest income	191	7,192
Net cash provided (used) by investing activities	<u>(1,428,864)</u>	<u>6,067</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	(119,806)	
Payments on note payable		(83,074)
Net cash used by financing activities	<u>(119,806)</u>	<u>(83,074)</u>
Increase (decrease) in cash and equivalents	(173,447)	53,243
Cash and cash equivalents – beginning of year	<u>2,106,422</u>	<u>2,053,179</u>
Cash and cash equivalents – end of year	<u>\$ 1,932,975</u>	<u>\$ 2,106,422</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (4,118,108)	\$ 88,997
Reconciliation to net cash provided by operating activities:		
Depreciation expense	14,526	15,414
GSR start-up costs incurred through debt	3,234,750	
Changes in:		
Accounts receivable	(2,596,211)	(397,792)
Outstanding/refund tickets	(232,976)	25,870
Prepaid expenses and deposits	(7,731)	(11,419)
Advanced deposit wagering asset	2,374	(2,608)
Net OPEB asset	(173,144)	373,963
Deferred outflows of resources	278,807	(95,761)
Accounts payable and accruals	4,728,703	656,192
Unredeemed winning tickets	232,976	(25,870)
Purse liability	1,287,427	(427,759)
Unearned revenue	(418,398)	38,638
Member equipment replacement fund	(348,757)	93,882
Net pension liability	(8,619)	103,524
Change fund liability	(530,377)	(105,927)
Deferred inflows of resources	29,981	(199,094)
Net cash provided by operating activities	<u>\$ 1,375,223</u>	<u>\$ 130,250</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Line of credit issued for expenses paid on behalf of CARF	\$ 3,234,750	

The accompanying notes are an integral part of these financial statements.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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.

In 2024, the Authority established and operated Golden State Racing (GSR), a California Horse Racing Board (CHRB) licensed live race meet conducted in partnership with the Alameda County Agricultural Fair Association at the Pleasanton racetrack, to help maintain continuity of Northern California live racing following the closure of Golden Gate Fields.

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.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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 5 for further details related to these pension deferred outflows and inflows. See Note 6 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 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.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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 AND CASH EQUIVALENTS

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

	2024	2023
Cash and cash equivalents:		
Deposits with financial institutions	\$ 1,898,635	\$ 1,364,344
Money market	22,699	530,437
Deposits in LAIF	11,641	211,641
Total cash and cash equivalents	\$ 1,932,975	\$ 2,106,422

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, 2024:

	Beginning Balance	Additions	Disposals and other decreases	Ending Balance
Vehicles	\$ 352,786			\$ 352,786
Furniture, fixtures, and equipment	857,321	\$ 1,429,055	\$ (304,055)	1,982,321
Computers	50,394			50,394
Total	1,260,501	1,429,055	(304,055)	2,385,501
Less accumulated depreciation	(1,218,780)	(14,526)		(1,233,306)
Fixed assets - net	\$ 41,721	\$ 1,414,529	\$ (304,055)	\$ 1,152,195

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Fixed assets activity consisted of the following during the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Vehicles	\$ 352,786			\$ 352,786
Furniture and equipment	857,321			857,321
Computers	49,269	\$ 1,125		50,394
Total	1,259,376	1,125		1,260,501
Less accumulated depreciation	<u>(1,203,366)</u>	<u>(15,414)</u>		<u>(1,218,780)</u>
Fixed assets - net	<u>\$ 56,010</u>	<u>\$ (14,289)</u>	<u>\$</u>	<u>\$ 41,721</u>

During 2024, management determined that certain racing equipment associated with Golden State Racing was no longer expected to be used in operations due to the planned cessation of racing activities. Accordingly, the assets met the criteria for impairment and were classified as held for sale.

The assets were written down to their estimated fair value less costs to sell, resulting in the recognition of an impairment loss of \$304,055 for the year ended December 31, 2024. The estimated fair value was based on the expected sales proceeds, which were subsequently realized upon sale of the assets in early 2025.

As a result, the carrying amount of the assets was reduced from \$1,429,055 to \$1,125,000 as of December 31, 2024.

4. LINE OF CREDIT

During 2024, CARF entered into a secured revolving line of credit with the Alameda County Agricultural Fair Association with a maximum borrowing capacity of \$4,000,000 and an interest rate of 8.5% per annum. The line of credit matures on April 4, 2029 and requires monthly payments of principal and interest based on the outstanding balance.

The line of credit is secured by substantially all of CARF's tangible and intangible assets and includes provisions that allow the lender to accelerate repayment upon the occurrence of certain events of default. As of December 31, 2024, the outstanding balance under the line of credit was \$3,114,944.

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.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2024 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.

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, 2024 measurement period was 11.84% and 7.68% of annual pay for Classic and PEPRAs employees, respectively. Employer contribution 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 years ended December 31, 2024 and 2023, the employer contributions to the plan were \$87,823 and \$78,158, 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, 2024 and 2023 for the years ended December 31, 2024 and 2023, respectively. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2023 and 2022 rolled forward to June 30, 2024 and 2023, respectively, using standard update procedures. As of December 31, 2024 and 2023, the Authority's proportionate share of the Plan's NPL was \$1,215,092 and \$1,223,711, respectively.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2024 was as follows:

2024:

	Plan
Proportion - June 30, 2024	0.0251230%
Proportion - June 30, 2023	0.0244720%
Change - increase	0.0006510%

2023:

	Plan
Proportion - June 30, 2023	0.0244720%
Proportion - June 30, 2022	0.0239400%
Change - increase	0.0005320%

For the year ended December 31, 2024, the Authority recognized pension expense of \$220,584. At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,056	\$ (4,099)
Changes in assumptions	31,230	
Net differences between projected and actual investment earnings of pension plan investments	69,951	
Change in proportions	37,796	
Change in proportionate share of contributions		(113,020)
Pension contributions subsequent to measurement date	43,933	
Total	\$ 287,966	\$ (117,119)

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

The \$43,933 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, 2025. 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>	
2025	\$ 37,578
2026	124,704
2027	(11,395)
2028	<u>(23,973)</u>
Total	<u>\$ 126,914</u>

For the year ended December 31, 2023, the Authority recognized pension expense of \$206,193. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,514	\$ (9,697)
Changes in assumptions	73,881	
Net differences between projected and actual investment earnings of pension plan investments	198,130	
Change in proportions	81,008	
Change in proportionate share of contributions		(137,314)
Pension contributions subsequent to measurement date	<u>43,705</u>	
Total	<u>\$ 459,238</u>	<u>\$ (147,011)</u>

The \$43,705 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, 2024. 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>	
2024	\$ 75,698
2025	51,319
2026	135,821
2027	<u>5,684</u>
Total	<u>\$ 268,522</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Actuarial Assumptions

For the measurement period ended June 30, 2024 (the measurement date), the TPL was determined by rolling forward the June 30, 2023 TPL. The June 30, 2024 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.

Changes in Assumptions

For the measurement periods ended June 30, 2024 and 2023, 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.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10^{(a)(b)}</u>
Global Equity – cap-weighted	30.00%	4.54%
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	<u>(5.00)</u>	<u>(0.59)</u>
Total	<u>100.00%</u>	

^(a) An expected inflation of 2.30% was used for this period.

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

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, 2024 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:

	<u>Discount Rate – 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
Authority’s Proportionate Share of Plan’s NPL	\$ 1,929,240	\$ 1,215,092	\$ 627,244

The following presents the Authority’s Proportional Share of the NPL of the Plan as of the June 30, 2023 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:

	<u>Discount Rate – 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
Authority’s Proportionate Share of Plan’s NPL	\$ 1,897,702	\$ 1,223,711	\$ 668,959

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, 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.

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 2024 are equal to the maximum amounts provided by the "100/90" formula, as shown below.

2024 Subsidy for the 100/90 Formula

<u>Retiree</u>	<u>Retiree + 1</u>	<u>Retiree + 2</u>
\$983	\$1,890	\$2,366

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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 \$218.47	

The 2024 maximum portion of the dental premiums paid by the Authority are \$52.50 for single coverage and \$134.40 for family coverage.

As of the December 31, 2023 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	4
Total	10

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 2024 and 2023 was \$0. The Authority's employees are not required to contribute to the Plan.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Net OPEB Liability

The Authority's net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2023, 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
2024	Actual
2025	6.50%
2026	6.00%
2027	5.50%
2028	5.40%
2029	5.30%
2030	5.20%
2031	5.10%
2032-2037	5.00%
2038-2039	4.90%

- (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 on 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 periods ended December 31, 2023 demographic assumptions were updated from those in the 2017 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021. Additionally the base healthcare trend scale was updated from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries; the dental trend was decreased from 3.5% per year to 3.0% per year after premium rates over the past 7 years; and the long-term care benefit increased from 3.0% to 3.5% per year. For the measurement period ended December 31, 2022, there were no changes in assumptions that applied to the Plan.

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Discount Rate

The discount rate used to measure the total OPEB liability was 5.55 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 5.55 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1-10⁵</u>
Public Equity	34.00%	4.50%
Fixed Income	41.00%	1.40%
Global Real Estate (REITs)	17.00%	3.70%
Treasury Inflation Protected Securities	5.00%	0.50%
Commodities	<u>3.00%</u>	1.10%
Total	<u>100.00%</u>	

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

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2023	\$ 1,175,482	\$ 1,326,898	\$ (151,416)
(Roll back balance at December 31, 2022 measurement date)			
Changes recognized for the measurement period:			
Service cost	36,508		36,508
Interest on TOL	66,039		66,039
Expected investment income		72,196	(72,196)
Contributions—employer		(7,274)	7,274
Contributions—employee			
Administrative expenses		(672)	672
Benefit payments	(44,189)	(44,189)	
Change due to investment experience		81,511	(81,511)
Change due to plan experience	(53,989)		(53,989)
Change due to assumption changes	(75,941)		(75,941)
Net changes	<u>(71,572)</u>	<u>101,572</u>	<u>(173,144)</u>
Balance at December 31, 2024 (Measurement date December 31, 2023)	<u>\$ 1,103,910</u>	<u>\$ 1,428,470</u>	<u>\$ (324,560)</u>

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, 2024:

	Discount Rate -1% (4.55%)	Current Discount Rate (5.55%)	Discount Rate +1% (6.55%)
Net OPEB liability (asset)	\$ (181,220)	\$ (324,560)	\$ (443,038)

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2023:

	Discount Rate -1% (4.55%)	Current Discount Rate (5.55%)	Discount Rate +1% (6.55%)
Net OPEB liability (asset)	\$ (6,704)	\$ (151,416)	\$ (271,808)

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, 2024:

	Trend Rate -1%	Current Health Care Trend Rate	Trend Rate +1%
Net OPEB liability (asset)	\$ (456,906)	\$ (324,560)	\$ (160,688)

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, 2023:

	Trend Rate -1%	Current Health Care Trend Rate	Trend Rate +1%
Net OPEB liability (asset)	\$ (209,253)	\$ (151,416)	\$ 18,742

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, 2024 AND 2023

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 (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended December 31, 2024, the Authority recognized OPEB benefit of (\$4,327). At December 31, 2024, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 23,494	\$ (53,929)
Differences between expected and actual experience	8,219	(38,340)
Net difference between projected and actual earnings on OPEB plan investments	119,773	
OPEB contributions subsequent to the measurement date	1,409	
Total	\$ 152,895	\$ (92,269)

The \$1,409 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2023 measurement will be recognized as a reduction of the net OPEB liability during the fiscal year ending December 31, 2025. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended December 31,	
2025	\$ 23,603
2026	9,294
2027	42,623
2028	(16,303)

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

For the year ended December 31, 2023, the Authority recognized OPEB expense of \$47,323. At December 31, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 50,813	\$ (7,088)
Differences between expected and actual experience	17,775	(25,308)
Net difference between projected and actual earnings on OPEB plan investments	199,116	
OPEB contributions subsequent to the measurement date	(7,274)	
Total	\$ 260,430	\$ (32,396)

The (\$7,274) reported as deferred outflows of resources related to contributions (reimbursements) subsequent to the December 31, 2022 measurement date was recognized as a reduction (increase) of the net OPEB liability during the fiscal year ending December 31, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended December 31,		
2024	\$	18,613
2025		77,566
2026		63,257
2027		75,872

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

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, 2024:

Receipts:	
Takeout	\$ 10,865,675*
CHRB short/over	29,958
Intra outs/refunds	333,522
Misc. revenue	46,547
Programs	14,801
AB509 Los Alamitos Proxy Fees	27,890
Rights Fees/Tattsbet/Tabcorp	50,486
Track only misc. rev WC refund/H&W credits	<u>46,307</u>
Total receipts	<u>\$ 11,415,186</u>
Expenses:	
License fees	\$ 86,101*
Intrastate/interstate fees	3,642,994*
Location fees	517,503*
City/county fees	111,530*
Stabling/Vanning	550,305*
Equine lab	33,798*
Owners/Breeders	213,246*
Host commission/horsemen	5,979,121*
CHRB Support	236,873*
CHRIMS	13,757*
CHRB Surplus	<u>29,958</u>
Total expenses	<u>\$ 11,415,186</u>

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Horse racing receipts and disbursements on behalf of the live racing fairs are detailed as follows for the year ended December 31, 2023:

Receipts:	
Takeout	\$ 8,948,557*
CHRB short/over	(8,844)
Intra outs/refunds	165,349
Misc. revenue	17,400
Programs	14,449
AB509 Los Alamitos Proxy Fees	20,795
Rights Fees/Tattsbet/Tabcorp	<u>45,566</u>
Total receipts	<u>\$ 9,203,272</u>
Expenses:	
License fees	\$ 84,545*
Intrastate/interstate fees	3,103,049*
Location fees	391,827*
City/county fees	88,197*
Stabling/Vanning	418,008*
Equine lab	26,726*
Owners/breeders	170,814*
Host commission/horsemen	4,743,077*
CHRB Support	175,423*
CHRIMS	10,450*
CHRB Shortfall	<u>(8,844)</u>
Total expenses	<u>\$ 9,203,272</u>

* Represents activity 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, 2024 AND 2023

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, 2024, 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. GOING CONCERN

As of December 31, 2024, CARF reported a net deficit of \$3,749,905, primarily resulting from operating losses and startup costs incurred in connection with Golden State Racing during 2024. These conditions raised substantial doubt about CARF's ability to continue as a going concern without consideration of management's plans.

Management has developed plans to mitigate these conditions, including the cessation of live racing operations, reduction of staffing levels, and settlement of outstanding obligations related to the 2024 racing season.

In addition, CARF entered into a settlement agreement during 2025 under which the Golf Course Buyout line of credit in the amount of \$3,052,567 was forgiven. Management also considered proceeds from the sale of racing equipment held for sale at December 31, 2024, which were subsequently realized in early 2025.

Following these actions, CARF expects ongoing operations to consist primarily of administrative oversight and support of member fairs' simulcast wagering activities, funded through member dues and related revenues. Management believes these actions, together with anticipated cash inflows and

CALIFORNIA AUTHORITY OF RACING FAIRS

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

reduced operating expenses, are expected to provide sufficient liquidity to meet obligations as they become due for at least twelve months from the date the financial statements are available to be issued.

Accordingly, the accompanying financial statements have been prepared on a going concern basis.

12. SUBSEQUENT EVENT

Management has evaluated subsequent events through the date the financial statements were available to be issued.

In 2025, the CARF Board of Directors voted to withdraw its application for a 2025 Golden State Racing meet and determined that CARF would no longer apply for licenses with the California Horse Racing Board.

During 2025, CARF sold and liquidated racing equipment associated with Golden State Racing and settled certain outstanding obligations related to the 2024 racing season, including purse payment accruals and accounts payable recorded at December 31, 2024.

In addition, CARF entered into a settlement agreement with the Alameda County Agricultural Fair Association, executed on October 15, 2025, under which the Golf Course Buyout line of credit in the amount of \$3,052,567 was forgiven.

Management determined that conditions related to the planned sale of racing equipment existed as of December 31, 2024, and the related impairment was recognized in the accompanying financial statements. All other subsequent events described above occurred after December 31, 2024 and do not require adjustment to the financial statements but are disclosed due to their significance.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA AUTHORITY OF RACING FAIRS

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AS OF DECEMBER 31, 2024
LAST 10 YEARS**

	Measurement Date									
	<u>2024</u>	<u>2023</u>	<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	0.025123%	0.024472%	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	\$ 1,215,092	\$ 1,223,711	\$ 1,120,187	\$ 416,667	\$ 900,032	\$ 797,110	\$ 697,111	\$ 719,467	\$ 587,914	\$ 376,158
Authority's covered-employee payroll	\$ 528,260	\$ 510,579	\$ 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	230.02%	239.67%	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	78.08%	76.21%	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 2024, 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, 2021, 2023, and 2024 there were no changes to the assumptions.

CALIFORNIA AUTHORITY OF RACING FAIRS
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
AS OF DECEMBER 31, 2024
LAST 10 YEARS

	<u>Fiscal Year</u>									
	<u>2024</u>	<u>2023</u>	<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)	\$ (87,823)	\$ (78,158)	\$ (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>87,823</u>	<u>78,158</u>	<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>	<u>\$</u>	<u>\$</u>
Authority's covered-employee payroll	\$ 564,271	\$ 529,600	\$ 447,057	\$ 479,571	\$ 447,701	\$ 529,312	\$ 555,163	\$ 593,559	\$ 700,256	\$ 472,976
Contributions as a percentage of covered-employee payroll	15.56%	14.76%	15.48%	13.07%	15.58%	12.77%	7.04%	5.29%	4.22%	7.44%

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, 2024 LAST 10 YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY							
Service cost	\$ 36,508	\$ 35,445	\$ 34,674	\$ 33,664	\$ 60,492	\$ 58,943	\$ 57,088
Interest	66,039	62,881	56,437	53,664	62,210	57,711	53,461
Differences between expected and actual experience	(53,989)		36,887		(155,084)		
Changes of assumptions	(75,941)		105,451		(43,440)	(3,100)	
Benefit payments	<u>(44,189)</u>	<u>(40,773)</u>	<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	(71,572)	57,553	190,530	46,010	(114,077)	71,580	69,359
TOTAL OPEB LIABILITY, Beginning	<u>1,175,482</u>	<u>1,117,929</u>	<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>1,103,910</u>	<u>1,175,482</u>	<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	(7,274)	13,996	925			1,623	3,714
Net investment income	153,707	(288,927)	156,772	169,861	230,030	(69,133)	160,389
Benefit payments	(44,189)	(40,773)	(42,919)	(41,318)	(38,255)	(41,974)	(41,190)
Administrative expense	<u>(672)</u>	<u>(706)</u>	<u>(786)</u>	<u>(692)</u>	<u>(655)</u>	<u>(636)</u>	<u>(624)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	101,572	(316,410)	113,992	127,851	191,120	(110,120)	122,289
PLAN FIDUCIARY NET POSITION, Beginning	<u>1,326,898</u>	<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>	<u>1,198,176</u>
PLAN FIDUCIARY NET POSITION, Ending (b)	<u>1,428,470</u>	<u>1,326,898</u>	<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>\$ (324,560)</u>	<u>\$ (151,416)</u>	<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	129.40%	112.88%	147.00%	164.90%	159.01%	121.59%	142.93%
Covered-employee payroll	\$ 446,035	\$ 449,137	\$ 417,092	\$ 447,701	\$ 479,001	\$ 497,659	\$ 538,824
Authority's net OPEB liability as a percentage of covered-employee payroll	-72.77%	-33.71%	-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, 2022, 2018 and 2017.

For the measurement period ended December 31, 2023 demographic assumptions and healthcare trend rates were updated. 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 seven years are presented.

CALIFORNIA AUTHORITY OF RACING FAIRS

SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS AS OF DECEMBER 31, 2024 LAST 10 YEARS*

	<u>2024</u>	<u>2023</u>	<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	\$ (1,409)	\$ 7,274	\$ (13,996)	_____	_____	_____	(1,623)
Contribution deficiency (excess)	<u>\$ (1,409)</u>	<u>\$ 7,274</u>	<u>\$ (13,996)</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 9,405</u>	<u>\$ 27,671</u>
Covered-employee payroll	481,707	446,035	449,137	417,092	447,701	479,001	497,659
Contributions as a percentage of covered-employee payroll	0.29%	-1.63%	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 2021 and 2020 were from the December 31, 2019 valuation.

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 and 2022 were from the December 31, 2021 valuation.

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were from the December 31, 2023 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 6 for summary of methods and assumptions

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

SUPPLEMENTARY INFORMATION

CALIFORNIA AUTHORITY OF RACING FAIRS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2024

	Agency	Programs	Live Racing	Golden State Racing	Racing Projects	Total
OPERATING REVENUES:						
Member dues	\$ 200,068					\$ 200,068
Administration fees	1,420,136					1,420,136
Golden State Racing revenue				\$ 3,572,696		3,572,696
Live racing reimbursements			\$ 2,772,888			2,772,888
Purse receivable from members					\$ 58,048	58,048
Miscellaneous income	5,610					5,610
Total operating revenue	1,625,814	_____	2,772,888	3,572,696	58,048	8,029,446
OPERATING EXPENSES:						
Golden State Racing operating fees				3,470,181		3,470,181
Golden State Racing start-up costs				3,234,750		3,234,750
Live racing			1,474,686	636,502		2,111,188
Salaries and benefits	374,354		536,892	267,278		1,178,524
Accounting and legal	557,806		136,987	31,638		726,431
Travel and meetings	14,290		81,683	19,816		115,789
Racing projects					58,048	58,048
Interest expense				46,272		46,272
Other operating	274,127		555,641	376,603		1,206,371
Total operating expenses	1,220,577	_____	2,785,889	8,083,040	58,048	12,147,554
Operating income (loss)	405,237		(13,001)	(4,510,344)		(4,118,108)
NON-OPERATING INCOME:						
Loss on impairment of fixed assets				(304,055)		(304,055)
Investment income	191					191
Increase (decrease) in net position	\$ 405,428	\$ _____	\$ (13,001)	\$ (4,814,399)	\$ _____	\$ (4,421,972)

OTHER INFORMATION

CALIFORNIA AUTHORITY OF RACING FAIRS

ADW RACING ACTIVITY YEAR ENDED DECEMBER 31, 2024

ADW distributions payable at December 31, 2023	\$ 234
Receipts:	
Net market access fees	13,404,291
Host fees	470,163
Worker's compensation	90,179
Total receipts	<u>13,964,633</u>
Disbursements:	
CHRB support & F&E fund	1,097,118
Host commissions/horsemen	9,554,874
Breeders	543,108
Worker's comp to horsemen	90,179
Equine	119,494
Backstretch	179,241
Location fees	1,029,143
AB480	1,143,474
Retirement fund	111,655
DIR	32,590
HISA	63,991
Total disbursements	<u>13,964,867</u>
ADW distributions payable at December 31, 2024	<u>\$</u>

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

In planning and performing our audit of the financial statements of the California Authority of Racing Fairs (the Authority) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Capitalization of Golden State Racing Startup Costs

During our audit, we identified a material misstatement related to the capitalization of Golden State Racing (GSR) startup costs. Specifically, the Authority capitalized approximately \$3,234,750 of GSR-related costs within right-of-use lease assets that did not meet the criteria for capitalization under applicable accounting guidance. These costs should have been expensed as incurred. The misstatement was identified through audit procedures and corrected by management prior to the issuance of the financial statements.

This condition indicates that controls over the identification, evaluation, and accounting for startup and other nonroutine expenditures were not designed or operating effectively to ensure that only qualifying costs are capitalized in accordance with applicable accounting standards. As a result, costs that did not meet capitalization criteria were recorded as assets, resulting in a material misstatement of both assets and expenses.

We recommend that management strengthen controls over the accounting for startup and other nonroutine transactions. Such controls should include procedures to evaluate capitalization criteria at the time costs are incurred, as well as documented review by personnel with sufficient technical accounting expertise to ensure compliance with applicable accounting standards.

This communication is intended solely for the information and use of management of the Authority, and others within the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Gilbert CPAs". The letters are cursive and somewhat stylized.

GILBERT CPAs
Sacramento, California

May 21, 2026

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors Meeting
Tuesday, January 27, 2026

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Board of Directors was held at 10:00 A.M., Tuesday, January 27, 2026. The meeting was held via teleconference originating from the CARF Office, 1776 Tribute Road, Sacramento, CA 95815.

CARF Board Directors joining by conference call: Armando Carlos, Daniel Castillo, Tom Keaney, Tom Martinez, Dana Stoehr and Kelly Violini.

Staff and Guests participating via conference call: Heather Haviland and Raechelle Gibbons.

Agenda Item 1 – Attendance Roll Call. Quorum present.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Board Member Comment. Ms. Stoehr formally welcomed Armando Carlos to the board and expressed appreciation at having Santa Clara County Fairgrounds and its satellite represented. She encouraged Mr. Carlos to reach out to any of the board members as he becomes familiar with CARF's operations, noting that the organization is still working through a significant transition—shifting from supporting both live racing and satellite operations to supporting satellites only.

Ms. Stoehr thanked Deputy Secretary Flores for his continued leadership and for helping secure the funding that allowed CARF to stabilize during this transition. She highlighted the new dues structure as a strong example of the fair industry's collaborative spirit, with larger fairs stepping up to help support the smaller fairs with fewer resources.

Mr. Carlos thanked Ms. Stoehr for the welcome and stated that he looked forward to working with the board and getting fully up to speed.

Agenda Item 4 – Approval of Minutes: December 9, 2025.

ACTION: Mr. Martinez moved to approve the December 9, 2025 meeting minutes as presented. Ms. Violini seconded.

YES Vote: Mr. Carlos, Mr. Castillo, Mr. Martinez, Ms. Stoehr, Ms. Violini
Outcome: Motion passed unanimously; minutes adopted as presented.

Agenda Item 5 – Board Chair Update. No update was provided.

Agenda Item 6 – Election of Officers. Mr. Keaney joined the meeting at this time.

Ms. Stoehr explained that both the Board Chair (herself) and Vice-Chair (Dan Jacobs) positions were up for election. She nominated Tom Martinez for Chair and asked whether there were any additional nominations; none were offered.

Mr. Castillo then asked whether Ms. Stoehr would be willing to serve as Vice Chair. Ms. Stoehr stated she would be willing to do so if Mr. Martinez was comfortable with the arrangement. Mr. Martinez responded that he welcomed the opportunity to continue learning from her. Ms. Stoehr asked for additional nominations; none were offered.

ACTION: Mr. Castillo moved to elect Mr. Martinez as Chair and Ms. Stoehr as Vice Chair of the CARF Board of Directors.

YES Vote: Mr. Carlos, Mr. Castillo, Mr. Keaney, Mr. Martinez, Ms. Stoehr, Ms. Violini
Outcome: Motion passed unanimously.

Agenda Item 7 – 2026 Meeting Schedule. Ms. Stoehr explained that CARF will transition to a quarterly meeting schedule in 2026. Meetings will be held on the first Tuesday of March, June, September, and December.

This item was informational only; no action was required.

Agenda Item 7 – Financials. Ms. Gibbons provided an update on the 2024 audit, noting that Gilbert CPA began their work in mid-December. She explained that 2024 was a more complex audit year because it included both the racing-fair activity and the GSR meet (October–December), which expanded the scope of work. She reported that fieldwork was nearly complete and anticipated that Gilbert would present the full audit at the June meeting.

Ms. Gibbons then reviewed the 2025 financials, noting that the November 2025 statements had already been provided to the board. She explained that she expects to have the full year-end financials ready for presentation at the next meeting, along with an updated overview of CARF's overall financial position. The board then discussed the need for CARF staff to issue an RFP for a 2025 financial review, given the reduced scope of CARF's operations and the shift away from a yearly full audit.

No action was required.

Agenda Item 8 – New Business. None

Agenda Item 9 – Closed Session: Pending Litigation pursuant to Brown Act. Section 54956.9. Ms. Stoehr reported no action was taken in closed session.

Agenda Item 10 – Adjournment.

Respectfully submitted,

Heather Haviland



CALIFORNIA AUTHORITY OF RACING FAIRS
STATEMENT OF NET POSITION
April 30, 2026

	CURRENT YTD	PRIOR YTD
	04/30/26	04/30/25
ASSETS		
Cash - LAIF & Investments	11,641	11,641
Cash - Operating/Money Market	204,313	45,030
Cash - Trust	631,566	959,103
Cash - Paymaster	53,966	103,296
CHECKING - PPP PMB	0	0
Marketable Securities	0	0
A/R - Member Dues	24,445	178,783
A/R - Programs South	0	0
A/R - Racing Fairs & Settlements	13,047	819,469
A/R - Other Receivables ERF,Misc	3,585	5,261
A/R - PURSE OVERPYTS	0	0
RECEIVABLE FROM HORSEMEN UNSECURED	0	0
Prepays/Deposits	3,376	50,121
OPEB Assets	331,728	324,560
Total Current Assets	1,277,667	2,497,265
Fixed Assets		
AUTOMOBILE	0	0
FURNITURE & EQUIPMENT	0	0
COMPUTER HARDWARE/SOFTWARE	577	894
SIMULCAST EQUIPMENT	0	0
PRINTING EQUIPMENT	0	0
TRACK EQUIPMENT	0	0
Total CARF Fixed Assets (Net of Depr.)	577	894
GOLDEN STATE RACING EQUIPMENT	0	0
GOLF RIGHT OF USE	0	3,234,750
TOTAL ASSETS	1,278,244	5,732,909
DEFERRED OUTFLOWS - OPEB	193,361	260,742
DEFERRED OUTFLOWS - PENSION GASB68	287,966	287,966
TOTAL ASSETS	1,759,571	6,281,617
LIABILITIES		
A/P & Withholdings	70,520	1,825,760
Compensated Leave Accruals	21,710	15,787
A/P - Program Royalties to Host	0	0
PPP LOAN	0	0
LINE OF CREDIT GSR	0	2,935,236
Racing Distributions	19,157	39,052
Purses - FAIRS	171,407	617,033
Purses - GSR	66,184	66,184
AB460 1%/RTM	0	0
PROMOTIONAL MATERIALS	0	0
LOU-5 - Symposium Funds	0	0
Revenue Generating Project Funds	0	0
Racing Operations Augmentation Funds	0	0
Change Fund	0	0
FAIRS - Equipment Replacement Funds	5,377	5,377
NET PENSION LIABILITY, GASB68	1,215,092	1,215,092
NET OPEB LIABILITY	0	0
TOTAL CURRENT & NONCURRENT LIAB.	1,569,446	6,719,521
DEFERRED INFLOWS - OPEB	167,640	200,116
DEFERRED INFLOWS - PENSION GASB68	117,119	117,119
NET POSITION		
Equity CARF	2,656,659	1,762,554
Equity GSR	(1,948,075)	(4,814,399)
F&E Net Assets	0	0
Reserves - PENSION GASB68	(1,044,245)	(1,044,245)
Reserves, OPEB GASB 75	357,449	385,186
Net Income/(Net Loss) CARF	(116,423)	(213,784)
Net Income/(Net Loss) GSR	0	3,169,549
TOTAL NET POSITION	(94,635)	(755,138)
	1,759,571	6,281,617



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

	2024	2025	2026	2026	2026	2026
	Year End	Year End	Actual	Annual	Budget	% Budget
	Actual	Actual	Jan-April	Budget	Variance	
Summary Operating Expenses						
Agency & Live Racing Expenses:						
SALARIES	541,755	215,254	32,979	107,182	74,203	31%
BENEFITS	78,194	28,598	5,095	15,000	9,905	34%
POST RETIREMENT BENEFITS	33,677	64,505	25,548	75,000	49,452	34%
ER TAXES	162,863	139,103	39,081	130,000	90,919	30%
ACCOUNTING	75,315	65,674	16,667	35,000	18,333	48%
AUDIT SERVICES	130,515	39,350	1,800	5,000	3,200	36%
AUTOMOBILE	11,675	94	0	0	0	0%
OUTSIDE LABOR	3,091	9,635	1,950	5,000	3,050	39%
DEPRECIATION	14,526	568	51	500	449	10%
DUES/SUBSCRIP	99	0	0	200	200	0%
INSURANCE	73,953	101,883	6,240	12,000	5,760	52%
LEGAL	520,600	38,326	0	5,000	5,000	0%
LEGISLATIVE	45,410	7,540	0	0	0	0%
MEETINGS	631	578	0	250	250	0%
MISC	46,459	364,121	4	200	196	2%
OFFICE SUPP/LABOR	6,066	4,778	824	1,500	676	55%
POSTAGE/SHIP	696	1,342	0	0	0	0%
RENT/UTIL	13,414	7,060	1,416	4,300	2,884	33%
REPAIRS/MTCE	0	0	0	0	0	0%
TELEPHONE	15,471	6,875	1,080	1,500	420	72%
TRAINING	0	0	0	0	0	0%
TRAVEL	102,482	1,177	0	0	0	0%
Total Operating Expenses	1,876,891	1,096,458	132,735	397,632	264,897	33%



**California Authority of Racing Fairs
Agency Income Statement
April 30, 2026**

	2024 Year End Actual	2025 Year End Actual	2024 Jan-April YTD	2025 Jan-April YTD	2026 Jan-April YTD	2026 Annual Budget	2026 Budget Variance	2026 % Budget
Revenue:								
Other Revenue/OPEB trust Reimb	(86,054)	1,342,893	1,652	6,634	11,277	110,000	(98,723)	10%
OTHER REV - SALE OF ASSETS	0	1,125,000	0	1,125,000	5,000	0	5,000	0%
Interest Income	191	45	116	2	35	0	35	0%
Member Dues	200,068	300,000	100,034	150,000	0	304,310	(304,310)	0%
Project Funds	901,493	0	0	0	0	0	0	0%
CARF Live Racing Agency Allocation	518,643	0	0	0	0	0	0	0%
Total Revenue	1,534,352	2,767,938	101,802	1,281,636	16,312	414,310	(397,998)	4%
Expenses:								
Salaries	172,350	170,402	51,789	74,540	32,979	107,182	74,203	31%
Employee Benefits	23,901	24,739	8,102	13,504	5,095	15,000	9,905	34%
Post Retirement Benefits	33,677	64,505	11,719	13,156	25,548	75,000	49,452	34%
Payroll Taxes	49,669	128,465	15,012	42,024	39,081	130,000	90,919	30%
Accounting Costs	18,881	65,674	6,340	25,229	16,667	35,000	18,333	48%
Advertising Expense	0	0	0	0	0	0	0	0%
Audit Services	18,325	39,350	3,850	0	1,800	5,000	3,200	36%
Automobile Expense	11,675	94	10	0	0	0	0	0%
Contracted Services	3,091	9,635	845	1,136	1,950	5,000	3,050	39%
Depreciation	1,526	568	657	301	51	500	449	10%
Dues & Subscriptions	99	0	99	0	0	200	200	0%
Insurance Expense	73,953	101,883	24,073	47,820	6,240	12,000	5,760	52%
Legal Expenses	520,600	38,326	127,338	39,862	0	5,000	5,000	0%
Legislative Expenses	45,410	7,540	15,105	7,540	0	0	0	0%
Meetings Expense	614	578	0	167	0	250	250	0%
Miscellaneous	187	577	61	563	4	200	196	2%
Loss on sale/disposal of assets	0	1,201,458	0	1,201,458	0	0	0	0%
Office Supp/Receptionist Labor	6,066	4,778	1,184	1,390	824	1,500	676	55%
Postage & Shipping	648	1,342	253	1,155	0	0	0	0%
Rent (Tribute Road)	13,414	7,060	4,471	3,586	1,416	4,300	2,884	33%
Repairs & Maintenance	0	0	0	0	0	0	0	0%
Telephone Expense	5,805	6,707	2,020	3,647	1,080	1,500	420	72%
Training	0	0	0	0	0	0	0	0%
Travel Expense	2,001	245	73	0	0	0	0	0%
Total Expenses	1,001,890	1,873,923	273,002	1,477,076	132,735	397,632	264,897	33%
Agency Income (Loss)	532,462	894,014	(171,200)	(195,439)	(116,423)	16,678	(133,100)	
Total Bal Sheet Net Income (Loss)	532,462	894,014	(171,200)	(195,439)	(116,423)	16,678	(133,100)	
GASB 68 PENSION EXPENSE	132,761	0	0	0	0	25,000		0%
GASB 75 OPEB EXPENSE	(5,736)	27,737	0	0	0	0		0%
Total Net Income after GASB68, GASB75	393,965	921,751	(171,200)	(195,439)	(116,423)	(8,323)		0



**California Authority of Racing Fairs
Live Racing/Training Facility Income Statement
April 30, 2026**

2023 = 35 days 2024 = 70 days

	2024	2025	2024	2025	2026	2026	2026	2026
	Year End	Year End	Jan-April	Jan-April	Jan-April	Annual	Budget	% Budget
	Actual	Actual	YTD	YTD	YTD	Budget	Variance	
Revenues:								
Reimb. From Live Racing Fairs	2,684,313	293,177	42	293,177	0	0	0	0%
3rd Party Lasik Reimb	88,575	0	35,509	0	0	0	0	0%
Racing Operations Augmentation Funds	0	0	0	0	0	0	0	0%
NCOTWINC Reimbursement	0	0	0	0	0	0	0	0%
RTM 1% Funds	0	0	0	0	0	0	0	0%
Revenue Sub-Totals	2,772,888	293,177	35,551	293,177	0	0	0	0%
Operating Expenses:								
Salaries	369,405	44,852	96,428	44,180	0	0	0	0%
Employee Benefits	54,293	3,859	18,266	3,859	0	0	0	0%
Payroll Taxes	113,194	10,638	33,586	10,584	0	0	0	0%
Accounting Costs	56,434	0	18,811	0	0	0	0	0%
Audit Services	80,553	0	6,750	0	0	0	0	0%
Automobile Expense	0	0	0	0	0	0	0	0%
Depreciation	0	0	0	0	0	0	0	0%
Dues & Subscriptions, NTRA	0	0	0	0	0	0	0	0%
Insurance Expense	0	0	0	0	0	0	0	0%
Legal Expenses	0	0	0	20,368	0	0	0	0%
Meetings Expense	17	0	0	0	0	0	0	0%
Misc. Exp (Storage,Bank fee)	0	0	0	0	0	0	0	0%
Telephone Expense	9,666	168	2,034	237	0	0	0	0%
Travel Expense	80,666	932	6,627	932	0	0	0	0%
Operating Exp. Sub-Totals	764,226	60,449	182,502	80,159	0	0	0	0%
Racing Support Services:								
Announcer	23,865	0	0	0	0	0	0	0%
Condition Bk/Program Cover	8,414	0	2,723	0	0	0	0	0%
Racing Operations Support	213,620	15,077	8,193	15,077	0	0	0	0%
Simulcast Management	40,000	0	20,000	0	0	0	0	0%
RCN Broadcast	23,293	0	0	0	0	0	0	0%
Fitness Vet/TC02 Testing	200,809	66,060	0	66,060	0	0	0	0%
3RD Party Lasiks	42,599	0	0	0	0	0	0	0%
Marketing/Web Devel	8,180	0	80	0	0	0	0	0%
Network Management	0	0	0	0	0	0	0	0%
Paymaster Operations	5,723	0	1,022	0	0	0	0	0%
Incompass Racing Office	126,867	9,890	3,025	8,615	0	0	0	0%
Racing Office Expenses	9,836	0	173	0	0	0	0	0%
Recruitment	6,439	0	0	0	0	0	0	0%
Jumbo Screen	105,975	0	0	0	0	0	0	0%
Supplies	21,753	0	466	0	0	0	0	0%
Tattooing	11,080	0	0	0	0	0	0	0%
Timing/Clocker	0	0	0	0	0	0	0	0%
Transportation-silks	1,000	0	0	0	0	0	0	0%
TV Production/Simulcast	433,310	0	0	0	0	0	0	0%
RTM Allocation (Maintenance)	271,496	29,810	42,263	29,810	0	0	0	0%
RTM Transportation	124,622	1,196	14,253	1,196	0	0	0	0%
RTM Prior Year	0	0	0	0	0	0	0	0%
Stabling & Training	0	3,805	0	3,805	0	0	0	0%
RTM Support	329,780	106,800	21,483	106,800	0	0	0	0%
Racing Support Exp. Sub-Totals	2,008,661	232,638	113,681	231,363	0	0	0	0%
Total Gross Expenses	2,772,887	293,086	296,183	311,522	0	0	0	0%



**California Authority of Racing Fairs
Golden State Racing Income Statement
April 30, 2026**

	2024 Year End Actual	2025 Year End Actual	2026 Jan-April YTD	2026 Annual Budget	2026 Budget Variance	2026 % Budget
Revenues:						
B&M COMMISSIONS- GSR	953,638	0	0	0	0	0%
MISC RACING REVENUE - GSR	391,827	0	0	0	0	0%
ADW COMMISSIONS - GSR	1,662,352	0	0	0	0	0%
GRANDSTAND REV GSR @ ACF	0	0	0	0	0	0%
VANNING/STABLING REVENUE	564,879	0	0	0	0	0%
Total Revenue	3,572,696	0	0	0	0	
ACF Invoice Expense	3,356,021	0	0	0	0	0%
NCOT - ontrack labor	267,278	4,682	0	0	0	0%
Operating Expenses:						
Salaries	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	31,638	0	0	0	0	0%
Automobile Expense	0	0	0	0	0	0%
Depreciation GSR	0	0	0	0	0	0%
Dues & Subscriptions, NTRA	0	0	0	0	0	0%
Insurance Expense	0	0	0	0	0	0%
Legal Expenses	0	0	0	0	0	0%
Meetings Expense	0	0	0	0	0	0%
GSR Misc LOC interest Exp	46,272	363,544	0	0	0	0%
GSR Loss on sale/disposal assets	3,538,805	(3,234,750)	0	0	0	0%
Telephone Expense	0	0	0	0	0	0%
Travel Expense	19,816	0	0	0	0	0%
Operating Exp. Sub-Totals	3,636,531	(2,871,206)	0	0	0	0%
Racing Support Services:						
Announcer	0	0	0	0	0	0%
Condition Bk/Program Cover	8,823	0	0	0	0	0%
Racing Operations Support	87,702	0	0	0	0	0%
Simulcast Management - GSR	25,000	0	0	0	0	0%
RCN Broadcast - GSR	9,987	0	0	0	0	0%
Fitness Vet/TC02 Testing	162,973	200	0	0	0	0%
3RD Party Lasiks	7,800	0	0	0	0	0%
Marketing/Web Devel	18,724	0	0	0	0	0%
Network Management	0	0	0	0	0	0%
Paymaster Operations	434	0	0	0	0	0%
Incompass Racing Office	80,848	0	0	0	0	0%
Racing Office Expenses	0	0	0	0	0	0%
Recruitment	767	0	0	0	0	0%
Jumbo Screen	0	0	0	0	0	0%
Supplies	54,632	0	0	0	0	0%
Tattooing	4,572	0	0	0	0	0%
Timing/Clocker	0	0	0	0	0	0%
Transportation-silks	0	0	0	0	0	0%
TV Production/Simulcast	267,444	0	0	0	0	0%
RTM Allocation (Maintenance)	21,690	0	0	0	0	0%
RTM Transportation	0	0	0	0	0	0%
RTM Prior Year	0	0	0	0	0	0%
Stabling & Training	0	0	0	0	0	0%
RTM Support	261,660	0	0	0	0	0%
Racing Support Exp. Sub-Totals	1,013,056	200	0	0	0	0%
Racing Billback Exp Allocation	114,160	0	0	0	0	0%
Total Gross Expenses	8,387,046	(2,866,323)	0	0	0	0%
Net of Revenue minus Expenses	(4,814,350)	2,866,323	0	0	0	