

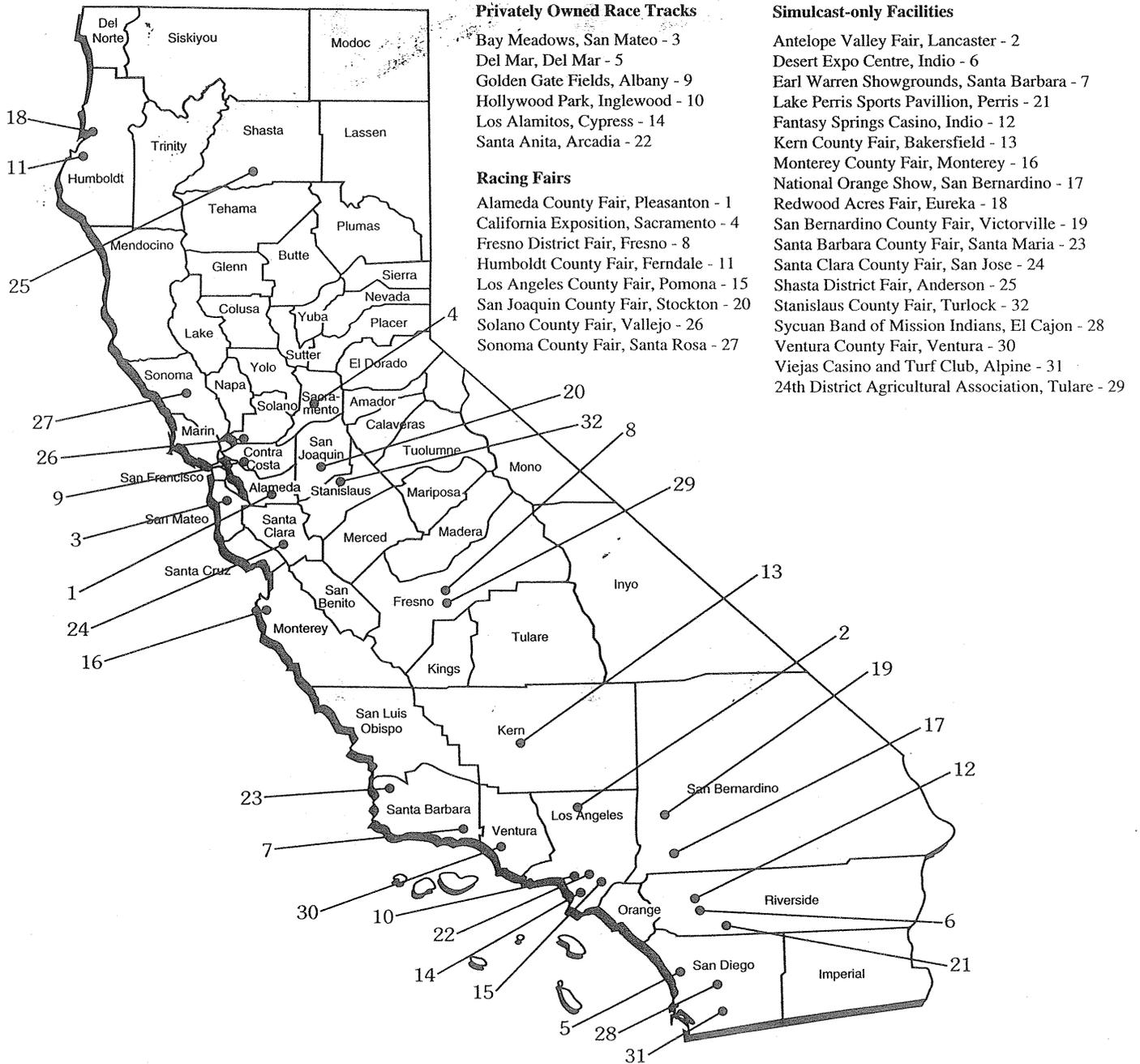
ANNUAL
REPORT
1995-1996

CALIFORNIA
HORSE RACING
BOARD



Names and Locations of All Wagering Facilities Regulated by the California Horse Racing Board

Wagering Facilities in California



Twenty-Sixth Annual Report
of the
California Horse Racing Board

A Summary of the
FY 1995 - 1996 Racing in California

California Horse Racing Board

Ralph M. Scurfield, Chairman
Donald Valpredo, Vice-Chairman
Stefan L. Manolakas, Member
George Nicholaw, Member
James C. Watson, Member
Robert H. Tourtelot, Member
Hyla Berteau, Member
Roy C. Wood, Jr., Executive Director
Roy Minami, Assistant Executive Director

Table Of Contents

Report of the Chairman	1
The California Horse Racing Board	2
CHRB Meetings	2
Members of the California Horse Racing Board	3
Commissioners	3
Committees	5
Operating Budget	7
Organization Chart	8
Executive Division	9
Headquarters	9
Licensing and Enforcement	14
Summary Licensing and Enforcement	16
Racing Supervision	18
Appointed Racing Officials	20
Laboratory Services	21
Equine Postmortem Program	22
Track Safety Program	23
Racing Fatalities	24
Racing Injuries	25
Horse Racing in California	26
Schedule of Horse Racing Meets in 1996	27
Racetracks and Meets	28
Simulcast Facilities	41
Horse Racing Revenues	45
Pari-mutuel Distributions	46
Uncashed Tickets	48
Occupational Licenses and Fees	49
Fines Imposed	50
Distribution by Fund	51
Other Public Revenues	51
Racetrack Commissions	52
Horsemen's Purses	52
Authorized Horse Sales	53
Horse Breeding Programs	53
Charity Days	55
Revenue Stream (charts)	56
California Horsemen's Organizations	62
Audited Expenses of California Horsemen's Organizations	62
Thoroughbred Owners of California	63
California Horsemen's Benevolent and Protective Association, Inc.	64
Pacific Coast Quarter Horse Racing Association, Inc.	65
California Harness Racing Association	66
California Harness Horseman's Association	67
Cal Western Appaloosa Racing, Inc.	68
Arabian Racing Association of California	69



REPORT OF THE CHAIRMAN

The California Horse Racing Industry continues to play a vital role in the state's economy by providing thousands of jobs to residents, generating significant revenue to local and state governments, and heavily investing in racetrack improvements and the acquisition of young horses. Some of horse racing's contributions are described in this Twenty-Sixth Annual Report for the 1995-96 fiscal year, which as chairman of the California Horse Racing Board, I respectfully submit to the Governor and Members of the California Legislature.

The scope of horse racing in California is tremendous. California racing associations and simulcast wagering facilities reported a total pari-mutuel handle of \$3.52 billion during the fiscal year, an increase of 12% from the 1994-95 total. Of this amount, \$980 million was wagered on-track — a reduction of 4.85% from the previous year — while pari-mutuel wagers placed at intrastate simulcast wagering facilities increased 4% to \$1.53 billion and interstate wagering on California racing jumped a staggering 50% to \$1.015 billion as the program expanded to other jurisdictions.

The popular California Cup, sponsored each year by the California Thoroughbred Breeders Association, was held November 2, 1996 at Santa Anita Park. California Cup VII featured nine races with fields restricted to California-bred horses. The total wagers on those races exceeded \$13 million.

The Board involved itself in numerous, significant racing-related activities. It continued its enforcement of track safety standards; published and distributed conclusions and recommendations to help ensure proper care for horses; continued the postmortem program, which has obtained national attention and respect for its contributions to the health and safety of horses; supported legislation providing license fee relief to racing associations; reduced racing days that overlapped with California Fairs, resulting in fuller fields and higher revenue; and assisted the industry in dealing with the human substance abuse problem.

In an ongoing effort to improve the public perception of horse racing, the Board published a quarterly newsletter and developed an informational video to help educate the public about the safety and security of horse racing in California; continued its Integrity of Racing Program, one aspect of which authorizes the use of therapeutic medications necessary for the health and welfare of horses; and continued allowing the public to, in a sense, watch over the stewards' shoulders (over the closed-circuit monitors) as the stewards conducted race inquiries.

I wish to thank Vice-Chairman Donald Valpredo and all members of the Board for their hard work and dedication to the State of California and horse racing.

Respectfully submitted,

Ralph M. Scurfield
Chairman

The California Horse Racing Board

A Brief History

Horse racing has been taking place in California since the turn of the century, but horse racing as we now know it — under the pari-mutuel wagering system — was not made possible until the electorate passed a Constitutional Amendment in 1933. The Horse Racing Law prompted construction of new racetracks on solid economic foundations.

The expressed intent of the Horse Racing Law is to allow pari-mutuel wagering on horse races and:

- ◆ Assure protection of the public;
- ◆ Encourage agriculture and the breeding of horses in this state;
- ◆ Generate public revenues;
- ◆ Provide for maximum expansion of horse racing opportunities in the public interest; and
- ◆ Provide uniformity of regulation for each type of horse racing.

To accomplish this, the Constitutional Amendment authorized pari-mutuel wagering on the results of

horse races at licensed race meetings and created the California Horse Racing Board to oversee the industry.

The CHR B's principal responsibilities are to:

- ◆ Adopt rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering;
- ◆ Adjudicate controversies arising from the enforcement of laws and regulations of horse racing and pari-mutuel wagering;
- ◆ License each racing association, each simulcast wagering facility, and all persons, other than the public at large, who participate in

a horse race meeting with pari-mutuel wagering; and

- ◆ Allocate racing dates to qualified associations in the best interests of the people of California.

The Attorney General of the State of California is the Board's legal counsel, and the Board is assigned a deputy attorney general to provide general legal service. As a member of the Association of Racing Commissioners International, the Board exchanges information on licensees and disciplinary proceedings with other commissions of the ARCI through the National Association State Racing Information System.

Board Meetings

The California Horse Racing Board meets from 10 to 12 times a year, generally once a month, depending on the need. Meeting locations rotate throughout the state and usually are held in conjunction with a licensed racing meet. Board meetings are open to the public. In the last fiscal year those meetings were held:

July 27, 1995
Del Mar Simulcast Facility, Del Mar

August 25, 1995
Del Mar Simulcast Facility, Del Mar

September 22, 1995
Bay Meadows Race Track, San Mateo

November 10, 1995
Arcadia City Hall, Arcadia

December 15, 1995
Los Angeles Airport Hilton,
Los Angeles

January 26, 1996
Arcadia City Hall, Arcadia

February 23, 1996
Bay Meadows Race Track, San Mateo

March 22, 1996
Embassy Suites, Arcadia

April 26, 1996
Embassy Suites LAX, Los Angeles

May 31, 1996
Golden Gate Fields, Albany

June 21, 1996
State Capitol, Sacramento

The general office of the CHR B is located at 1010 Hurley Way, Sacramento, CA 95825. Regional and field offices are located in the Los Alamitos-Stanton area and at all operating racetracks.

Members of the California Horse Racing Board

The California Horse Racing Board consists of seven members appointed by the Governor, generally to four-year terms, who are subject to Senate confirmation. Members are eligible for reappointment at the discretion of the Governor. The terms are specific; no more than two of the terms expire in any calendar year.

At least four members of the Board must concur in the taking of any official action or in the exercise of any of the Board's duties, powers or functions. The member commissioners elect their chairman, who presides over meetings of the Board. The members also elect a vice-chairman to preside in the absence of the chairman.

Commissioners receive a per diem of \$100 for each day spent in atten-

dance at meetings and are reimbursed for traveling and other expenses necessarily incurred in the performance of their official duties.

Committees Of The Board

The executive director is directed to provide public notice of a meeting of a standing committee, other than a meeting of the Stewards' Committee. Whenever a Board quorum is expected at any meeting of a committee, the executive director shall give

notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the item to be discussed at the meeting, and the expected commissioners in attendance so that legal notice may be published.

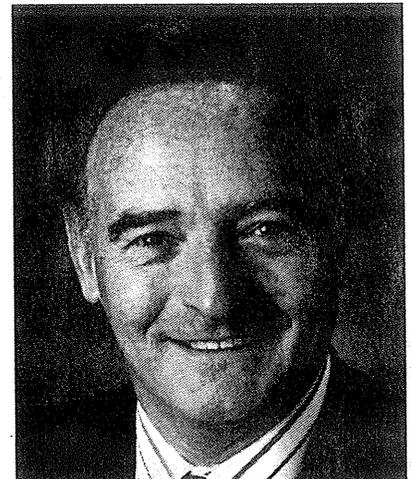
Assignments for the standing committees of the Board during 1995-96, as assigned by Chairman Ralph Scurfield, were as follows:

*The members
of the
California
Horse Racing
Board during
the fiscal year
and their
terms of office:*



**Ralph M. Scurfield,
Chairman**

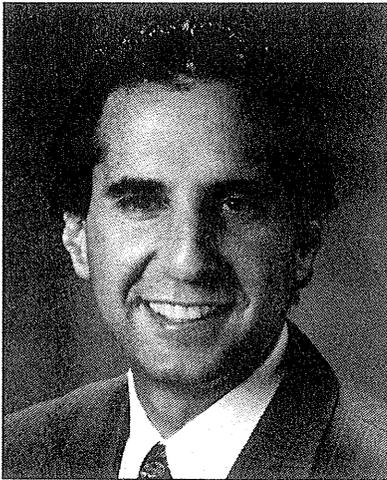
President of the Scurfield Company in Sacramento. Appointed to the CHRB by Governor George Deukmejian on January 4, 1991. Reappointed by Governor Pete Wilson through July 26, 1999. Chairman since September 23, 1992.



**Donald J. Valpredo,
Vice Chairman**

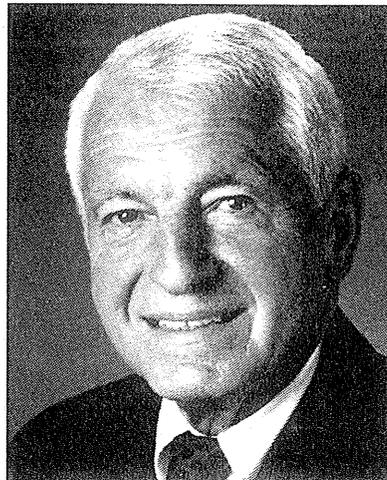
Owns and operates Donald Valpredo Farms in Bakersfield. Appointed to the CHRB by Governor Pete Wilson on May 13, 1991. Reappointed through January 1, 1998. Vice-Chairman since September 23, 1992.

Members of the California Horse Racing Board



**Stefan L. Manolakas,
Member**

President of Palisades Properties, Inc., in Folsom. Appointed to the CHRHB by Governor Pete Wilson on July 25, 1991. Reappointed by Governor Pete Wilson through January 1, 1999.



**George Nicholaw,
Member**

Vice-president and general manager of KNX Newsradio in Los Angeles. Appointed to the CHRHB by Governor Pete Wilson on March 26, 1992. Reappointed by Governor Pete Wilson through January 1, 2000.

**James C. Watson,
Member**

President of Koll International in Newport Beach. Appointed to the CHRHB by Governor Pete Wilson on December 17, 1992. Term expired July 26, 1996.



**Robert H. Tourtelot,
Member**

Partner in the professional law corporation of Tourtelot and Butler in Los Angeles. Appointed to the CHRHB by Governor Pete Wilson on October 6, 1993, through July 26, 1997.



**Hyla Holmes Berteau,
Member**

Senior marketing consultant with Grubb and Ellis in Newport Beach. Appointed to the CHRHB by Governor Pete Wilson on April 7, 1994, through January 1, 1998.

BENEVOLENT PROGRAMS COMMITTEE

Commissioner Hyla Berteau,
Chairwoman

Commissioner George Nicholaw

The Benevolent Programs Committee provides oversight of the Horsemen's Organizations Welfare Special Account funds; makes recommendations to the Board on submitted requests for distributions of charity racing funds; oversees the propriety of charity racing distributing agents; and makes recommendations to the Board as to revisions of laws or regulations deemed necessary to ascertain appropriate benevolent and charitable uses of funds designated for such purposes.

EXECUTIVE COMMITTEE

Chairman Ralph Scurfield,
Chairman

Vice-Chairman Donald Valpredo

The Executive Committee considers matters dealing with the policies and programs determined by the Board, to exercise oversight and supervision of the execution of the Board's decisions and determinations, and to provide the appropriate directions to the Board's senior staff during intervals between regular meetings of the Board.

FINANCE COMMITTEE

Chairman Ralph M. Scurfield,
Chairman

Vice-Chairman Donald Valpredo

The Finance Committee considers matters dealing with the Board's fiscal support; provides oversight of the utilization of budgeted resources; and recommends revisions of laws or regulations deemed necessary to ascertain adequate financial resources for Board operations and to promote efficiency and economical operation of its functions.

HORSEMEN'S REPRESENTATION AND ORGANIZATION BYLAWS COMMITTEE

Commissioner Robert H. Tourtelot,
Chairman

Commissioner George Nicholaw

The Bylaws Committee considers matters dealing with horsemen's organizations and makes recommendations to the Board regarding their approval. In addition, the Bylaws Committee is responsible for the review and consideration of revisions to Article 22 of the Board's rules, which contains the regulations governing horsemen's organizations.

LEGISLATIVE COMMITTEE

Chairman Ralph M. Scurfield,
Chairman

Vice-Chairman Donald Valpredo

The Legislative Committee considers proposed legislative bills and if warranted recommends positions to be taken by the Board before the Legislature and Governor; transmits such Board views to the authors and appropriate legislative committees; responds to questions from the public concerning such legislation; and considers appropriate regulatory or administrative actions required by enacted legislation.

MEDICATION COMMITTEE

Commissioner Stefan L. Manolakas,
Chairman

Commissioner George Nicholaw
Commissioner James C. Watson

The Medication Committee selects advisory members to the committee from regulatory veterinarians, chemists, horsemen's organizations, racing associations, and practicing veterinarians; establishes the Board's veterinary practices and procedures; selects official veterinarians for assignment to racing meetings; meets not less than twice annually to offer recom-

mendations for laws or regulations deemed necessary to improve veterinary practices; provides oversight of official racing laboratories; oversees Board enforcement of veterinary practices and medication procedures; oversees the track safety standards; and provides leadership and direction in the development of new or amended track safety standards.

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner George Nicholaw,
Chairman

Commissioner James C. Watson
Commissioner Robert H. Tourtelot

The Pari-mutuel Operations Committee provides oversight of all pari-mutuel operations; recommends to the Board any necessary changes to law or regulations governing pari-mutuel operations; determines appropriate procedures for pari-mutuel operations; considers matters dealing with expansion to pari-mutuel wagering; approves agreements, facilities equipment and accommodations necessary for wagering; and reviews reports for wagering operations.

RACE DATES COMMITTEE

Chairman Ralph M. Scurfield,
Chairman

Vice-Chairman Donald Valpredo

The Race Dates Committee considers requests from racing associations that typically conduct night racing meets and interested organizations concerning the racing weeks and dates to be allocated by the Board pursuant to Section 19440 (5) of the Business and Professions Code, reviews staff proposals for the racing calendars, conducts public hearings where varying proposals are considered, and thereafter recommends to the Board the California horse racing schedule for the calendar year or for multiple years.

SECURITY AND LICENSING COMMITTEE

Commissioner George Nicholaw,
Chairman

Commissioner James C. Watson
Commissioner Hyla Berteau

The Security and Licensing Committee selects advisory members from among racing managements, horsemen's organizations and labor organizations representing racing employees; oversees the Board's occupational licensing operations; reviews security controls maintained by racing associations; makes recommendations to the Board as to necessary changes to laws or regulations governing security at racing meetings; and meets with the security services subcommittee, which consists of the Board's chief investigator, supervising investigators, and designated chiefs and/or supervisors of security for racing associations to consider reports and recommendations of the subcommittee.

SIMULCAST OPERATIONS COMMITTEE

James C. Watson, *Chairman*
Robert H. Tourtelot, *Member*
Hyla Berteau, *Member*

Recognizing that simulcasting accounts for approximately 70 percent of California's horse racing handle, the Simulcast Operations Committee was created by the Board in November of 1994 to protect the state's share of the simulcasting market and to keep California in front of competition from other states. The committee is an industry-wide group that will address simulcasting issues and make recommendations to increase revenue to the horsemen, the associations, and to the state.

STEWARDS' COMMITTEE

Vice-Chairman Donald Valpredo,
Chairman

Commissioner Stefan L. Manolakas

The Stewards' Committee exercises authority over stewards, meets quarterly with representatives of stewards, selects qualified stewards for assignments to race meetings, selects by examination qualified applicants for listing of stewards, adopts policies relative to the duties of stewards, and recommends to the Board revisions to laws and regulations deemed necessary to improve race officiating.

SPECIAL AD HOC COMMITTEES

The chairman may appoint special ad hoc committees to consider and make recommendations on designated issues. It is the policy of the chairman to appoint at least two commissioners to such ad hoc committees. The appointment of two commissioners allows attendance of an additional commissioner at meetings without amended notice.

TRIBAL-STATE COMPACT NEGOTIATION COMMITTEE

Commissioner Stefan L. Manolakas,
Chairman

Commissioner Robert H. Tourtelot

Upon direction of the Governor to the Board subsequent to a request of a California Indian tribe for license to conduct pari-mutuel wagering on horse races as a Class III gaming activity, Public Law 100-497 (gaming on Indian lands), the Tribal-State Compact Negotiation Committee conducts negotiations for a proposed Tribal-State Compact and will propose and recommend a compact for adoption by the Board and later transmittal to the Governor for State approval and adoption.

ARCI COMMITTEES

Members of the Board participate in Committee functions of the Association of Racing Commissioners International.

Drug Testing Standards and Practices Committee

Ralph M. Scurfield, *Chairman*
Roy C. Wood, Jr., *Executive Director*

Executive Directors Committee
Roy C. Wood, Jr., *Executive Director*

Indian Gaming

Donald Valpredo, *Vice-Chairman*

Finance Committee

Ralph M. Scurfield, *Chairman*

Stewards Accreditation and Technical Committees

Roy C. Wood, Jr., *Executive Director*

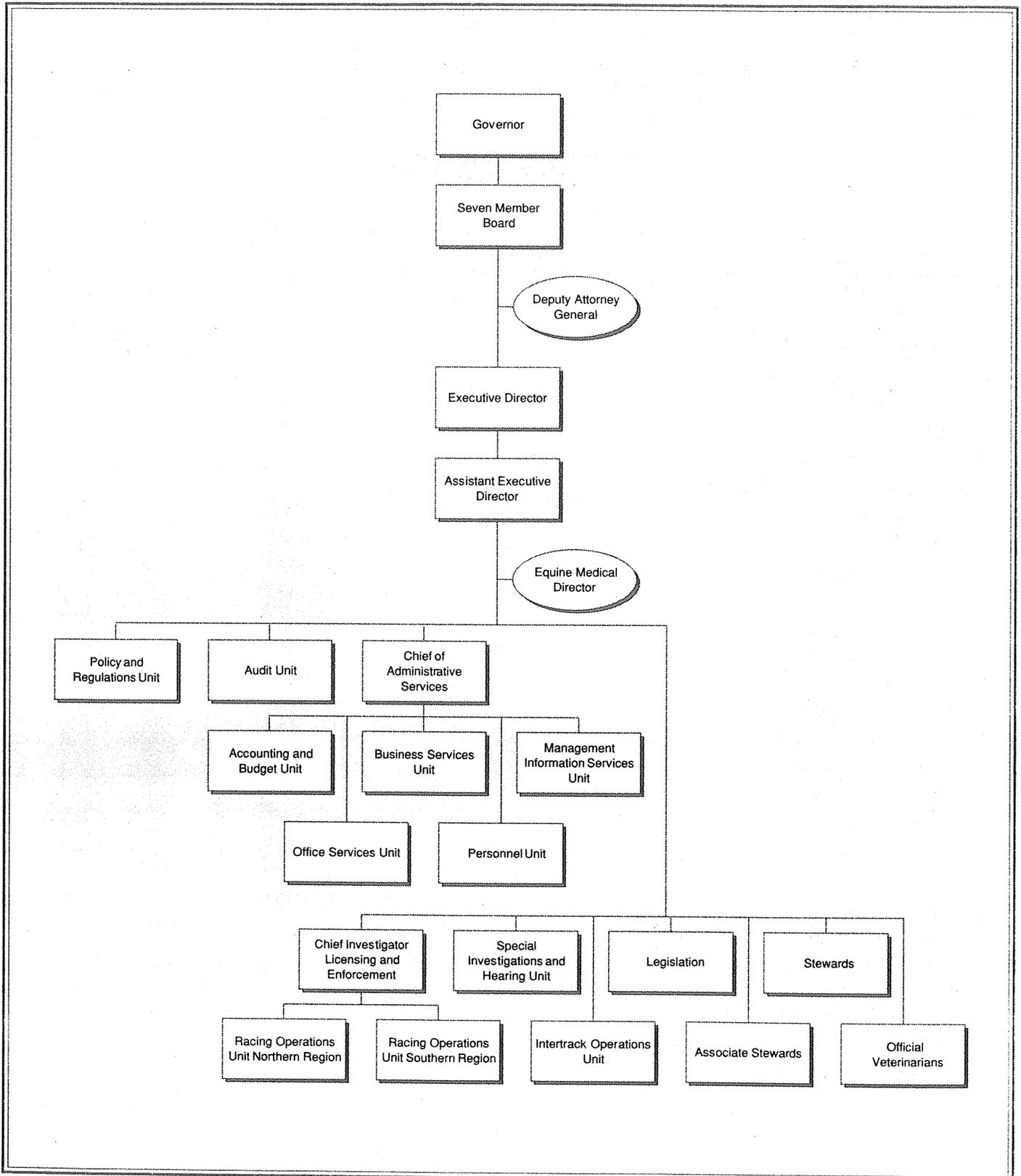
California Horse Racing Board – Operating Budget

July 1, 1995 - June 30, 1996

Appropriations	Item	Total
Personal Services	\$3,358,000	
Operating Expenses	4,480,000	
Total Appropriation		\$7,838,000
Expenditures — Personal Services		
Salaries and Wages	\$2,487,000	
Staff Benefits	760,000	
Total Personal Services		\$3,247,000
Operating Expenses and Equipment		
General Expense	101,000	
Printing	65,000	
Communications	54,000	
Postage	10,000	
Travel-in-State	180,000	
Travel-out-of-State	14,000	
Training	6,000	
Facility's operation	148,000	
Contractual & Professional Services-Interdepartmental	415,000	
Contractual & Professional Services-External	2,981,000	
Consolidated data center: Stephen P. Teale Data Center	203,000	
Data Processing	1,000	
Central Administration Services: Pro Rata	170,000	
Equipment	76,000	
Architecture Rev. Fund	100,000	
Total Operating Expenses and Equipment		\$4,524,000
Total Expenditures		* \$7,771,000
Unexpended Balance FY 1995/96 to be reverted to General Fund 6/30/98		\$ 67,000
Total Expenditures & Unexpended Balance		\$7,838,000

* Includes year-end accruals

Organization Chart



Executive Division

The specialized and complex requirements for regulation of horse racing demand a unique organizational structure and joint responsibilities for the operational divisions of the Board.

The Board appoints an executive director and assistant executive director to execute the duties as specified. They are responsible for the depart-

ment's operations, which includes overseeing on a daily basis all office and field operations conducted by the staff and contract employees.

The dynamics, complexity, and broad geographical base of the horse racing industry place a tremendous responsibility on the executive staff of the Board as it deals with a myriad of situations that arise on almost a daily basis. The stewards at the various

racetracks are in continual contact with Board executives, who in turn have direct access to the chairman and vice-chairman if their guidance is required. The horse racing industry operates seven days a week — 365 days a year — and Board executives remain available by pager and cellular telephone at any hour of the day.

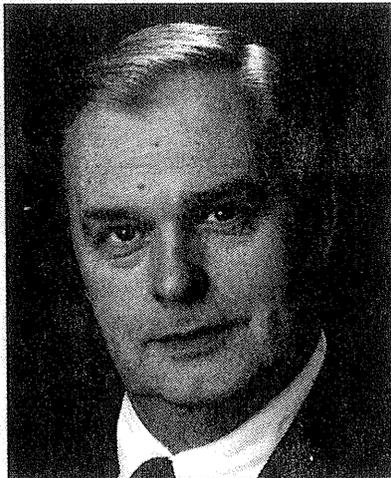
MISSION

To Coordinate and Manage
All Administrative
Departments

ACHIEVEMENTS

Run by the chief of administration, the **ADMINISTRATION DIVISION** managed all aspects of administrative and support functions through its various units: Budget and Accounting Unit, Management Information Systems Unit, Business Services Unit, Office Services Unit, and Personnel Unit.

The division managed the general office, which is the repository for the Board's records, including all proceedings of the Board, records of individuals prohibited from participating in pari-mutuel wagering, records of horses and races, and various files, documents and papers of the Board.



Roy C. Wood, Jr.
Executive Director

Appointed January 1, 1994.
Previously director of racing for
the Texas Racing Commission
and assistant director for the
Louisiana State Racing
Commission.



**Roy Minami, Assistant
Executive Director**

Appointed November 1, 1990.
Previously served as CHRB's
chief of administration. Served as
interim executive director from
May 28, 1993, through
December 31, 1993.

MISSION

To Meet Increasing Demands For Fiscal Information for The Effective Execution of Program Operations and Decision Making

MISSION

To Provide Support Activities, Such as Procurement, Travel, and Space

MISSION

To Improve and Enhance Business Practices and Service to the Public Through the Prudent Use Of Information Technology

ACHIEVEMENTS

The **BUDGET AND ACCOUNTING UNIT** accurately and efficiently accounted for all revenue, expenditures, receipts, disbursements, and property of the state. This mission was realized despite a reduction in staffing and increasing revenue complexity, largely through use of the fully automated California State Accounting and Reporting System and related computer technologies.

ACHIEVEMENTS

The **BUSINESS SERVICES UNIT** ensured continuous operation and processing for the acquisition, storage, distribution, and reutilization of supplies and equipment. This unit processed travel and business needs of Board members and staff, processed travel expense claim documents, and acted as a resource for Board members and staff on the business operations of the department. The unit also worked with other state agencies for space planning and office space needs. This included working with various control agencies during all phases of acquisition, negotiations, construction, and occupancy.

ACHIEVEMENTS

The **MANAGEMENT INFORMATION SYSTEMS UNIT** enhanced the Board's communications capabilities to transfer information in ways never before possible by implementing a comprehensive e-mail service, permitting easy distribution of sizable text and graphic documents, such as this annual report.

MIS developed the Board's Web site on the Internet to deliver on-line services and information. The CHRB Web page includes the Board's mission statement, a list of Board members, meeting schedules, agendas, California and national racing events, special announcements, news releases, lists of racetracks, fairs, and simulcast facilities, statistical information, links to other horse racing-related Web sites, and CHRB rules and regulations. The CHRB Internet address is: <http://www.chrb.ca.gov>

Striving to develop a photo license identification card for individuals licensed by the Board, MIS completed a feasibility study report proposing replacement of the current film-based identification card with a digitized licensing identification card. The Board began accepting solution proposals from imaging vendors. The new digitized ID will provide a common method of encoding the licensee's data on license, reduce the cost required to physically produce a photo-license for each applicant, reduce opportunities for errors and for misuse, and provide staff access to back-up photos of applicants.

MIS re-engineered the Board's on-line system — the California Horse Racing Information System (CHRIS) — to accept the year 2000 date calculation, while giving the system added functionality, and began an impact analysis on the CHRIS system to determine the feasibility of accepting credit cards in the licensing system.

MISSION

To Provide Clerical Support to the Board and Staff Relating to All Office Operations

MISSION

To Comply with All Programs Mandated by the State While Effectively Handling All Personnel Transactions and Related Activities for Employees of the Board

ACHIEVEMENTS

The **OFFICE SERVICES UNIT** provided support with office-telephone reception, word processing, filing, mail distribution, and photocopying. This included the critical function of photocopying, collating, and distributing the monthly Board and Committee meeting notices and “packages” to the Board members, staff, and interested members of the public.

OSU performed more tasks with fewer staff and operated more efficiently than ever. Due to clerical staff turnover in other units of the Board, OSU provided direct clerical support to the Administrative Hearing Unit and accepted the additional responsibility of posting non-sufficient fund checks to the computer system.

The unit successfully transformed its computer environment from DOS to MS-Windows, which allowed OSU to better maintain and update the mailing lists and other lists relating to the horse racing industry.

ACHIEVEMENTS

The **PERSONNEL UNIT** promoted a healthy and safe working environment for employees. In order to reduce work-related injuries and illnesses, the unit provided managers and supervisors with written guidelines to follow in the reporting of occupational injuries and illness. These guidelines also provided information to help the employee return to work as quickly as possible. The unit developed a policy and program encouraging Board employees to embrace healthier and safer lifestyles. Health and safety information was conveyed in part through the distribution of literature and through articles published in the CHRB’s quarterly newsletter.

The unit conducted and arranged for information sessions relating to health and safety, sexual harassment and discrimination prevention, defensive driving, CPR and first aid training, mentoring, reasonable accommodation, and the new wellness program.

This unit participated in an on-line examination process using the Internet. With this progressive approach to examining, the Board will utilize computerized processes to handle a larger candidate group when recruiting for entry-level classifications.

After manually creating and processing personnel transactions and ad hoc reports for many years, the unit automated many of the reports, including employee leave account balances, permitting better control and a more expedient way of accessing the requested information.

MISSION

To Complete Regulatory Rulemaking Files and Develop Policies and Procedures to Implement Regulatory Changes and Board Policies

ACHIEVEMENTS

The **POLICY AND REGULATION UNIT** provided support to commissioners, conducted special projects, and developed recommendations for Board consideration.

In response to industry requests and legislation that impacted the Horse Racing Law, the Unit added and/or amended 21 of the Board's rules governing horse-racing in California. In addition, several antiquated rules were repealed in response to the Governor's Executive Order to repeal or modify superfluous rules or regulations.

PRU streamlined the administrative procedure for the administration of the Board's trainers test program, in addition to facilitating the procedures necessary for the administration of the Board's track safety program, by working closely with the Office of Administrative Law, the Office of the Attorney General and representatives of the racing industry.

The unit was responsible for revisions to pari-mutuel wagering rules relating to the trifecta wager, the daily double payout, and the names of certain exotic wagers. Of particular significance, a rule pertaining to rebates on wagers was added to prohibit any racing association or simulcast organization from having an agreement with any off-track betting facility that does not contain a provision that prohibits rebates.

In the area of medication, the unit completed an amendment eliminating the requirement of taking urine test samples from claimed horses. The track safety rules were amended to require associations requesting approval to implement alternative methods of compliance with those rules to provide a Hold Harmless Agreement with their application to conduct a horse racing meeting.

The unit completed rulemakings and amendments concerning the types of behavior that are subject to disciplinary action by the Board, clarifying which persons are prohibited from wagering in California, permitting the use of whips made from material other than leather, tightening the criteria for removing an owner's name from a stable name registration, making the Appaloosa official registering agency responsible for collecting and paying the Cal-Bred Breeder's Awards to Appaloosa breeders, and mandating a new Bill of Sale form to document the sale of a racehorse while within the enclosure or grounds falling under the Board's jurisdiction.

The unit worked with the California horse racing industry in dealing with the universal problem of human substance abuse. The resulting program emphasizes education, identification, and rehabilitation.

MISSION

To Monitor Legislation and Update the Horse Racing Law

ACHIEVEMENTS

The **LEGISLATIVE UNIT** represented the Board in Assembly and Senate committee hearings while it continually tracked, analyzed, and evaluated all of the 54 Senate and Assembly bills considered by the Legislature with potential impact on the horse racing industry. Of those, 15 were enacted by the Legislature and signed into law by the Governor. The various bills dealt with all as-

pects of horse racing. The unit also updated the Horse Racing Law. The Board was particularly active in support of Senate Bill 2000, which provided badly needed license fee relief to ensure the viability of the vital horse racing industry.

MISSION

To Supervise All Audits and Authorized Pari-mutuel Wagering Operations

ACHIEVEMENTS

The **SENIOR MANAGEMENT AUDITOR** and **TOTALIZATOR SYSTEMS EXAMINER** formulated the audit procedures for the computerized totalizators, reviewed totalizator programs and audit reports, reviewed pari-mutuel pool distributions, resolved pari-mutuel complaints submitted to the Board, reviewed reports of charity racing proceeds, and monitored audits of breeders' award programs and horsemen's organization welfare funds.

MISSION

To Continually Audit Pari-mutuel Operations

ACHIEVEMENTS

PARI-MUTUEL AUDITORS remained on duty throughout each and every racing program, as required of each racing association by the Board, to provide the Board with an ongoing audit of the pari-mutuel operations. The Totalizator Systems Examiner coordinated the efforts of the pari-mutuel auditors by establishing consistent reporting formats and providing technical assistance as required. A daily audit report of the actual amount of pari-mutuel wagers (the handle) was provided to the Board to ensure that the correct license fee was collected from the association and to ensure that the correct pari-mutuel payoffs were made to the public.

Under the supervision of the Senior Management Auditor, the Management Auditors performed audits on the pari-mutuel results of racing associations and other racing-related organizations in California. These audits covered such areas as purses, charity day results, horsemen's welfare organizations, and simulcast organizations.

MISSION

To Respond to Requests for Information from the Public and the Industry and to Improve the Public Image of the CHRB and Horse Racing

ACHIEVEMENTS

The **PUBLIC INFORMATION OFFICER** attended all Board and Committee meetings and issued 20 news releases pertaining to those meetings and other actions of the Board. Those releases were routinely distributed to those members of the news media and news organizations interested in California horse racing, as well as to all major racing organizations, interested state lawmakers and agencies, and certain national and international groups involved in the industry.

The PIO compiled this Annual Report and developed and edited the Board's quarterly newsletter, CHRB News & Review, which emphasized the many positive things accomplished by the CHRB, the California Legislature, and the racing industry as a whole.

In a major effort to enhance the image of horse racing, the PIO assumed the role of producer in developing for the Board a motion-picture-quality video designed to inform the general public of the nature of horse racing and the effectiveness of the State of California in regulating that industry. This video was produced through the generosity of the horse racing industry.

Licensing and Enforcement

The Licensing and Enforcement Division is largely comprised of state peace officers whose primary duty is the enforcement of the Horse Racing Law and the provisions of the Penal Code relating to crimes in connection with sporting events and gaming.

Administered by the Executive Director, this division oversees all locations within the State where either a licensed race meeting is conducted or an authorized stabling or

training facility is operated. During the operation of a licensed race meeting at any of the fourteen racetracks in the State, a field office of the Board is established at the operating facility and staffed with licensing per-

sonnel who license all participants and with investigative personnel who enforce all rules and regulations and investigate all observed or reported offenses.

MISSION

To License All Participants
In Horse Racing

ACHIEVEMENTS

In compliance with laws and regulations requiring all persons who participate in the racing of horses, all employees of a pari-mutuel department, and all persons acting as officials to be licensed by the Board, the **LICENSING AND ENFORCEMENT DIVISION** issued 15,794 licenses of all classes. Of those, 10,274 were renewal licenses for individuals who had been previously licensed, 1,327 were pari-mutuel licenses, and 98 were original trainers' licenses.

MISSION

To Ensure Proper
Licensing

ACHIEVEMENTS

The division constantly checked the racing program and the work lists of individual stables and all racing departments to ensure that each racing participant met the licensing requirements. Inasmuch as the Board demands appropriate workers' compensation sureties for every racing employer and requires that certificates of insurance coverage be filed with the Board by employer-licensees, the Division routinely checked against expiration or termination notice. As a safeguard, copies of all certificates received were kept on file at the Board's headquarters.

MISSION

To Check On Fitness For
Licensure

ACHIEVEMENTS

As part of required background investigations, the Division conducted investigational interviews of each applicant who admitted to having a criminal conviction for any public offense or a suspension or revocation of license for any racing-related violation. The Division submitted 3,062 fingerprints to the Department of Justice for processing, following which 329 arrest notifications were received from DOJ, resulting in 95 complaints against those licensees. The Board also introduced fingerprint reciprocity for owner applicants who are currently licensed and in good standing in a jurisdiction that also requires the submission of two fingerprint cards.

The Division obtained background information on applicants through the computerized national index of the Association of Racing Commissioners International. As part of its participation in this national program, the Board submitted 825 rulings of the California stewards for input into the national sys-

tem. There are on-site microfiche records of the NASRIS index at each office to assist in reviewing an out-of-state applicant's license history. Documents supporting eligibility for employment of resident aliens were checked in an effort to prevent subsequent problems between the applicant and the Immigration and Nationalization Service.

The Division declined to issue 57 licenses to applicants who failed to meet established criteria or because grounds existed to refuse or deny the license. Such refusals were without prejudice to the applicants, who were permitted to reapply if the license criteria were met.

MISSION

To Enforce Rules And Regulations

ACHIEVEMENTS

Observed or reported offenses were investigated, and the majority of those investigations resulted in administrative action against the licensees and the issuance by the stewards of 825 rulings. Of those, 182 concerned riding or driving infractions during races, 143 involved the eligibility of horses entered in races, 404 resulted from financial responsibility complaints, 12 involved possession of contraband, and 31 resulted from the hiring of unlicensed help. Potential or actual criminal offenses were investigated, including horse druggings, bookmaking, possession and/or sales of controlled substances, theft, burglary, arson, and forgery, as well as disorderly conduct and the writing of non-sufficient-fund checks.

Board investigators maintained a close liaison with municipal, state, and federal law enforcement agencies, as well as local enforcement officers assigned to anti-gambling operations. Local policing authorities often worked in conjunction with Board investigators concerning matters of mutual interest.

Board investigators conducted compliance inspections of each racing facility to make certain that required standards for access, maintenance, cleanliness, fire safety, and officiating equipment were being met.

Licensing and Enforcement Summary

Applicant and License Processing — Fiscal Year 1995 — 1996		
	Item	Total
Verification of license qualifications:		
Approval for license	5,326	
Formal refusal of license	57	5,383
Verification of criminal offender records:		
Fingerprints taken and processed		3,062
Subsequent arrest notifications		329
Enforcement Actions		
Investigations:		
Fitness for continued licensing	98	
Unlicensed participation	20	
Conduct of financial affairs	395	
Use of a prohibited drug on entered horse	19	
Improper medication practice	328	
Possession of contraband	11	
General misconduct	222	
Intoxication/alcohol or controlled substance	45	
Simulcast facility inspections	22	
Other	158	
Complaints filed:		1,318
Patron Exclusions		
Ejections/Exclusions from racing enclosures:		28
Steward's Rulings		
Official Rulings of the Board of Stewards:		
Racing infractions during a race	182	
Misconduct concerning entry or procedure	143	
Fitness for continued license	15	
Conduct of financial affairs	50	
Use of a prohibited drug on entered horse	8	
Improper medication practice	101	
Possession of contraband	6	
Unlicensed participation/security control	172	
Intoxication/alcohol or controlled substance	28	
Safety helmet violation	7	
Failure to appear	113	825
Administrative Proceedings		
Administrative Action:		
Appeals and Petitions	72	
License action termination	18	
Failure to appear	4	94

MISSION

To Process Appeals in a Fair
And Timely Manner

ACHIEVEMENTS

The **ADMINISTRATIVE HEARINGS UNIT** received 72 appeals, coordinated 58 administrative hearings, and processed 23 requests for temporary stays and peremptory orders related to those appeals and other actions of the Board.

All decisions and rulings of the Stewards are subject to review by the Board and may be appealed by anyone directly affected by the action. Any applicant for license who is refused the license may appeal for review by the Board. Every person who is excluded and/or ejected from a racing enclosure is entitled to a hearing before the Board for a determination as to the propriety of that action. Complaints not resolved by investigators at the field office are referred to the Administrative Hearing Unit for appropriate action, such as filing an accusation or preparing a statement of issues.

MISSION

To Ensure Compliance
With All Laws and Rules at
Simulcast Facilities

ACHIEVEMENTS

The **SIMULCAST WAGERING OPERATIONS UNIT** randomly conducted 22 compliance inspections of operating simulcast facilities in California regarding the overall operation of those facilities and compliance with all regulations. At the time of each inspection, the unit provided each manager with the name of an assigned investigator to contact about questions or concerns pertaining to the facility's operation.

Additionally, investigators conducted detailed analyses of the satellite uplink and downlink systems between the host and guest facilities.

Investigators in the unit conducted a variety of investigations into allegations of fraud, embezzlement, and moral misconduct at simulcast facilities. Those investigators also provided field support during the Stockton, Cal-Expo, and Fresno race meetings, and they provided administrative support to various headquarters units throughout the year.

The unit reviewed, maintained, and distributed stewards' minutes for each simulcast facility location and prepared staff recommendations for submission to the CHRB Simulcast Operations and Pari-mutuel Operations Committees. The unit also reviewed California State criminal history records on all license applicants and submitted information resulting in the license termination of those licensees who did not accurately state their criminal convictions at the time of the application.

Racing Supervision

The responsibility for on-site supervision of race meetings is placed with designated racing officials appointed or approved by the Board. The racing officials are the Stewards, Associate Judges, Paddock Judges, Patrol Judges, Starters, Clerks of Scales, Official Veterinarians, Racing Veterinarians, Horse Identifiers, Horseshoe Inspectors, and Timers. Of these, the Stewards have overall responsibility for the conduct of the race meetings.

The Board selects and contracts with Stewards and delegates to each panel of three stewards at a race meeting those powers and duties necessary to ensure the integrity of racing and compliance with the Horse Racing Law and all CHRB rules and regulations.

The Board directly appoints the Stewards, Official Veterinarian, and Horse Identifier for each race meeting, while the other racing officials are nominated by the racing association and subject to the Board's approval.

The Board has the responsibility for payment of Stewards' costs, includ-

ing the Official Veterinarians. The Legislature provides an annual appropriation to meet the costs of direct racing supervision. The appropriation for 1995 - 1996 was \$1.8 million for Stewards and Official Veterinarians. Other racing officials were paid by the associations in the manner prescribed by the Board.

MISSION

To Officiate Racing and Enforce Those Laws and Rules Pertaining to Racing and Licensing.

ACHIEVEMENTS

Essentially acting as surrogates for the Commissioners of the Board in all matters relating to the race meeting assigned, the **STEWARDS** at all race meetings used their delegated authority to oversee entries, declarations, and the placing of horses for the official order of finish; conducted administrative hearings on matters involving racing infractions and other racing offenses; issued 825 rulings based on those hearings, in accordance with their delegated authority to impose suspensions of license, impose fines, and/or bar individuals from the enclosure for racing offenses; presided over examinations required for certain classes of licenses; made recommendations to the Board regarding the qualifications and fitness for licensure of applicants referred to them by the Board's licensing staff; and maintained minutes of all such proceedings for review by the Board.

As requested by the Board and horse racing industry, the Stewards permitted the public to "participate" in the inquiry process by having their race reviews shown over the closed-circuit monitors on-track and at simulcast facilities while they conducted those inquiries. To help enhance the public perception of horse racing, the Stewards attended seminars and other public gatherings at which they described their roles, answered questions, and in general educated the public as to the effectiveness of CHRB regulation of the horse racing industry.

To remain current on all laws, regulations, and Board policies, and in order to ensure that all stewards' decisions are made in a fair and consistent manner throughout the state, the Stewards helped organize and attended in-house seminars at which they heard lectures, received information, and shared their own views and experiences relating to race reviews, veterinary practices, proper administrative hearing procedures, public relations, and other important matters relating to their work.

MISSION

To Protect the Public Interest and Ensure the Safety of Racing Participants While Supervising All Veterinary Practices

MISSION

To Properly Identify All Horses Competing at Race Meetings

ACHIEVEMENTS

The **OFFICIAL VETERINARIANS** enforced those CHRB regulations relating to veterinary practices, medication, and the health and welfare of the horse.

They supervised operations of the receiving barn, the collection of urine and blood samples for testing, and the preparation and documentation of the samples to be transported to the laboratory.

The Official Veterinarians consulted with the CHRB's Equine Medical Director (see Laboratory Services) and with the Track Veterinarians, examined horses for fitness, maintained a health and racing soundness record for each race horse eligible to compete at a meeting, reviewed confidential reports of all veterinary treatments of horses under their general supervision, maintained a listing of infirm horses, maintained records of accidents and injuries, approved all prescribed therapeutic treatment regimens, and otherwise acted as the Board's veterinary advisors for each race meeting.

ACHIEVEMENTS

The **HORSE IDENTIFIERS** accurately identified approximately 10,000 of all breeds of racehorses who, in order to compete at licensed race meetings in California, had to be identified before starting in any race. The Horse Identifiers supervised the tattooing of horses and maintained that information in the identification records of each horse, along with photographs and other information relating to unique markings, color, pedigree, and a narrative description.

Appointed Racing Officials – FY 1995–1996

STEWARDS

Pamela Berg	Robert Latzo	Peter Tommila
Albert Christiansen	Darrel McHargue	Merlin Volzke
Michael Corley	William Meyers	Thomas Ward
Ingrid Fermin	Dennis Nevin	John Williams
Sheila Gaudreau	Peder Pedersen	
John Herbuveaux	David Samuel	

ASSOCIATE STEWARDS

Pamela Berg	John Herbuveaux	Peter Tommila
Albert Christiansen	Robert Latzo	John Williams
Michael Corley	William Meyers	

OFFICIAL VETERINARIANS

Dr. Jack Abrahams, DVM	Dr. Christine Cornish, DV	Dr. Joan Hurley, DVM
Dr. B. William Bell, DVM	Dr. Robert Guillen, DVM	Dr. Harvey P. Stein, DVM

Laboratory Services

The accuracy and reliability of California's equine drug testing program goes to the heart of state regulation, for without full public confidence in the honesty and integrity of horse racing, the industry could not survive.

California's drug testing program is recognized throughout the country as a leader in its application of available technology and its ability to detect even trace amounts of prohibited drug substances.

The equine drug testing program is comprehensive. Post-race urine and blood samples are obtained from the winner of every race, every claimed horse, the horses finishing second and third in certain stakes races, and from nine horses selected at random from each racing program, as well as other horses designated by the Stewards. The two equine testing laboratories analyzed more than 30,000 urine and blood specimens in 1995-1996 at a cost in excess of \$1 million.

Truesdail Laboratories, Inc., of Tustin, California, continued performing equine test sample analyses as the CHRB's primary laboratory, while the Veterinary Diagnostic Laboratory at Iowa State University provided complementary laboratory testing services. Additionally, Associated Pathologists Laboratories of Las Vegas, Nevada, performed human drug test analyses when needed by the Board. These official equine laboratories participated in the Laboratory Quality Assurance Program of the Association of Racing Commissioners International. The principal chemists at the official laboratories are members of the Association of Official Racing Chemists.

The Board utilized the services of an Equine Medical Director who, among other duties, advised the Board on all aspects of the drug testing program. Provided by the University of California's School of Veterinary Medicine at Davis, the Equine Medical Director reviewed, evaluated and monitored the testing

programs of the official laboratories and evaluated security policies and procedures for the reporting of prohibited substances; recommended the types of tests and the drugs that needed to be tested by the official laboratories; conducted long-range program planning; recommended policies and programs for Board-administered veterinary regulations; advised the Board on rules and regulations relating to veterinary practices within racing enclosures; and monitored policies and procedures as they applied to the maintenance of the health and welfare of horses in regulated areas.

Because each specimen obtained from a racehorse may be evidence in an administrative or criminal proceeding, a strict chain of custody was maintained for all of the 30,000 urine and blood samples tested. And in order to be used as conclusive evidence, immunoassay results indicating the presence of a drug were confirmed by in-depth instrumental methods.

The following procedures were employed in the collecting, testing, and retention of specimens:

1. The owner, trainer or representative of the horse(s) being tested witnessed the blood and urine sample collection.
2. The specimen containers were identified and sealed against tampering, and the frozen specimen containers were then cooled and later delivered to the laboratory for analysis.
3. After collection of a urine specimen, a portion of the sample was

placed in a separate container for retention by the Board as a horseman's split sample.

4. The blood sample and the amount of urine necessary for analysis were sent directly to the appropriate laboratory. A portion also was sent to the split sample storage site in Sacramento, where an investigator of the Board, designated to be the custodial officer, received and secured the specimens.

5. All specimen containers were identified only by a unique number, and the identity of the horse involved was known only to the Board's official veterinarian until the laboratory informed the Board of the test results.

6. The remainder of the urine specimen, and all horsemen's split samples, were retained under the control of the custodial officer and placed in a secure freezer vault.

7. A complete inventory of the evidence held by the Board was maintained at all times. When a specimen was required by the laboratory for confirmation or additional testing, the portion was removed under supervision of the custodial officer.

8. Following the analysis of specimens, the custodial officer received the analytical results from laboratory personnel and relayed those reports to field offices.

Under the procedures of the Board's drug testing program, the affected trainer and owner (s) were confidentially notified, along with the Board's Executive Director and Equine Medical Director, after the official labora-

tory reported that any test sample contained a prohibited substance. The trainer/owner(s) had 72 hours to request that the horse's split sample be sent to an approved laboratory for retesting at their expense.

If the retest detected the presence of the prohibited substance reported by the official racing laboratory, the test was deemed positive, and the laboratory's test was deemed to be accurate and evidentiary proof of the presence

of such prohibited drugs in the test sample. This did not preclude trainers and owners from seeking all other administrative remedies available.

Equine Postmortem Program

The State of California is recognized for greatly contributing to the health and safety of horses and other racing participants through its continued funding and support of the CHRB Postmortem Program, which distributes information about the nature of catastrophic injuries to veterinarians, trainers, and others involved in the care and training of racehorses.

As conducted by the California Veterinary Diagnostic Laboratory System (CVDLS) at the University of California at Davis, the CHRB Postmortem Program is the first of its kind anywhere in the world. The program's goals are to determine the cause of death and nature of catastrophic injuries to racehorses, the reasons for the injuries, and to develop prevention strategies.

In addition to the postmortem examinations, the program has provided a unique opportunity to the faculty of the School of Veterinary Medicine at UC Davis, with support from the Center for Equine Health, to conduct in-depth studies of equine injuries and medical problems.

With the cooperation of racing associations, owners, trainers, and equine veterinarians, necropsies are performed on all horses that die at California racing and training facilities. During the 1995 calendar year, 214 horses were submitted to CVDLS. Of those, it was determined that 163 suffered musculoskeletal injuries, the vast majority of which involved injuries to the front legs.

The necropsy results showed the majority of catastrophic fractures to the humerus, scapula, and pelvis occurred on the sites of previous incomplete stress fractures. Such fractures usually are not detected by standard radiographic equipment, but they can be detected by nuclear scintigraphy (bone scanning). Accordingly, as a direct result of this program, a nuclear scintigraphy unit was installed at Santa Anita Park, allowing for the detection of stress fractures and appropriate treatment to successfully avoid catastrophic injuries.

Utilizing specimens and data from the CHRB Postmortem Program, researchers at Davis conducted various research projects. They examined risk factors relating to catastrophic injuries and found an association between the aggregate total of racing and works over time with the risk of breakdown. They determined that exercise at racing speed for 25 or more accumulated furlongs during a 60-day period increased the risk for catastrophic injury, higher still for 35 furlongs.

Researchers also determined that the use of low toe grabs or using no toe grabs at all on the shoes of race-

horses significantly reduced the risk of catastrophic injury.

A survey of postmortem changes in horses' stomachs, combined with an extensive program of endoscopic examinations, revealed a high incidence of gastric ulcers in racehorses.

Heart conditions similar to cardiac diseases found in humans were identified as major factors in previously unexplained "sudden deaths."

All information learned from the program is distributed through scientific articles, seminars, and pamphlets, and is publicized in many other ways to make certain that all horses, including those not involved in the racing industry, may benefit from the CHRB Postmortem Program.

Roy C. Wood, Jr., executive director of the CHRB, presented this information in a formal presentation at the University of Arizona's popular Racing Symposium.

The American Association of Equine Practitioners recognized the Board's leadership role in reducing and preventing catastrophic injuries and other risks to racehorses by naming the CHRB as the inaugural recipient of the Equine Welfare Award.

Track Safety Program

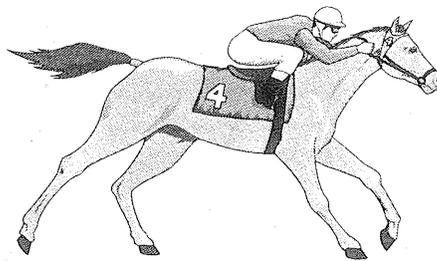
California racetracks invested more than \$600,000 in 1996 for new rails and other safety-related improvements required by the CHRB's Track Safety Program. These improvements and the Board's rigorous enforcement of track safety regulations and the related state law ensured that racing participants in California competed under the safest possible conditions.

The most comprehensive track safety standards in the world were developed and adopted by the Board in 1994 with the cooperation of the racing industry. These standards translated into five rules designed to protect horses and riders.

One rule established the general parameters for implementing the safety standard program at all of the state's racing and sanctioned training facilities. A second rule established standards for rails on the racetrack. A third outlined the renovation requirements for dirt tracks. Another dealt with maintaining dirt racetracks. And the fifth outlined the criteria that must be met by facilities operating golf courses in the infield.

Under the Track Safety Program, all racing facilities were required to comply with the track safety standards or meet other conditions set by the Board as part of their license applica-

tions. CHRB staff and track representatives completed nineteen inspections of racing facilities for compliance with track safety rules.



The racing industry, committed to providing the safest racing arenas possible, took prompt action to correct deficiencies discovered during those inspections. Some \$600,000 was spent on new safety rails alone at four major racetracks in California. As a result, all of California's major

racetracks now have safety rails with elevated covers.

Some objects that were located within ten feet of the inner rail, such as sprinkler heads, were removed, while other objects, such as electrical boxes, light standards, finish-line mirrors, and starter stands, were padded with high-density foam padding. Inspectors verified the proper height of the rails relative to the track. And emergency lighting was installed to facilitate a safe exit from the track during a power failure. Without compromising the safety of racing participants, in 15 cases the Board permitted alternate methods of compliance to applicants who showed that such alternative methods provided equal or superior safety for racing participants. The requesting associations were required to sign a Hold Harmless Agreement to protect the State of California.

Racing Fatalities

A total of 227 fatalities were reported during the 1995-96 fiscal year. The total represents a 4% decrease from 1994-95. Fatalities decreased in all breeds except Arabians, which had one fatality more than in 1994-95.

Associations	Breed of Horse					Occurred During		
	TB	QH	ST	APP	AR	RACE	TRAIN	OTH
Thoroughbred								
Los Angeles Turf Club/SA	33					9	16	8
Hollywood Park Operating Co./HP	17					9	7	1
Del Mar Thoroughbred Club/DM	14					5	5	4
Oak Tree Racing Assn./SA	10					3	5	2
Hollywood Park Fall Operating Co./HP	11					6	5	
Bay Meadows Operating Co./BM	44					18	7	19
Pacific Racing Assn./GGF	25					6	11	8
Harness								
Premier Harness Racing Assn./LA			2			1		1
Capitol Harness Racing Assn./CE			0					
Quarter Horse								
Los Alamitos Quarter Horse Racing Assn./LA	18	15		1	3	23	3	11
Fairs								
Stockton	5					4		1
Pleasanton	1							1
Vallejo	5	1				3	1	2
Santa Rosa	6					4	1	1
San Mateo	4					3		1
Ferndale	2					1		1
Cal Expo	2					2		
Pomona	4					3		1
Fresno	3	1				4		
Total by Breed	204	17	2	1	3	104	61*	62*
Total Fatalities	227					227		

* 8 training and 11 other than racing or training fatalities occurred at an auxiliary stabling facility.

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas AR = Arabians

Racing Injuries

Associations	Breed of Horse			
	TB	QH	APP	AR
Thoroughbred				
Los Angeles Turf Club/SA	70			
Hollywood Park Operating Co./HP	101			
Del Mar Thoroughbred Club/DM	46			
Oak Tree Racing Assn./SA	31			
Hollywood Park Fall Operating Co./HP	28			
Bay Meadows Operating Co./BM	58			
Pacific Racing Assn./GGF	28			
Thoroughbred Total	362			
Harness				
Premier Harness Racing Assn.II/LA*				
Capitol Harness Racing Assn./CE*				
Quarter Horse				
Los Alamitos Quarter Horse Racing Assn./LA	21	10		4
Fairs	TB	QH	APP	AR
Stockton	9	1		
Pleasanton	8	3	2	
Vallejo	8	1	1	
Santa Rosa	7			
San Mateo	3			
Ferndale	4			
Cal Expo	5	1	4	
Pomona	18	1	1	
Fresno	13	5	1	
Fair Total	75	12	9	
Total By Breed	458	22	9	4
Total Injuries	493			

* Statistics not available

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas
AR = Arabians

Horse Racing in California

There is no doubt that Cigar is the most popular horse in the world. The fabulously thoroughbred whose popularity guaranteed the grandstands were filled wherever he raced. California's racetracks and wagering facilities offered simulcast wagering on many of his races in other jurisdictions, and his fans in California had a rare opportunity to see the champion in person when he ventured to Del Mar during the summer. Cigar's presence was one more reminder that California continues to rank among the top racing circuits in the world.



Cigar and jockey Jerry Bailey

California Horse Racing Meetings During 1996

1996 Allocated Racing Dates

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/95 — 04/22/96
Hollywood Park	04/26/96 — 07/22/96
Del Mar	07/24/96 — 09/11/96
Santa Anita Park	10/02/96 — 11/04/96
Hollywood Park	11/06/96 — 12/22/96
Thoroughbred Race Meetings — Northern Zone	
Bay Meadows	*12/26/95 — 01/21/96
Bay Meadows	01/24/96 — 03/24/96
Golden Gate Fields	03/27/96 — 06/16/96
Bay Meadows	08/30/96 — 11/04/96
Golden Gate Fields	11/06/96 — 12/22/96
Quarter Horse Race Meetings — Statewide	
Los Alamitos	04/19/96 — 12/22/96
Harness Race Meetings — Statewide	
Los Alamitos(PHRAII)	12/22/95 — 04/07/96
Cal Expo	04/12/96 — 07/21/96
Cal Expo	10/18/96 — 12/21/96

Fair & Mixed Meetings — Statewide		
Stockton (F)	(San Joaquin County Fair)	06/12/96 – 06/23/96
Pleasanton (F)	(Alameda County Fair)	06/26/96 – 07/07/96
Vallejo (F)	(Solano County Fair)	07/10/96 – 07/22/96
Santa Rosa (F)	(Sonoma County Fair)	07/24/96 – 08/05/96
San Mateo (F)	(San Mateo County Fair)	08/07/96 – 08/19/96
Ferndale (F)	(Humboldt County Fair)	08/08/96 – 08/18/96
Sacramento (F)	(California State Fair)	08/21/96 – 09/02/96
Pomona (F)	(Los Angeles County Fair)	09/12/96 – 09/30/96
Fresno (F)	(Fresno District Fair)	10/02/96 – 10/13/96

* Continued from 8/26/95

California Racetracks

The vast horse racing industry in California stretches from the racing fairs in the far north to the Indian wagering facilities near the southern border, from the racetracks along the coastline to the simulcast wagering facilities nearer the eastern border. California racing fans support 14 racetracks and 17 other wagering outlets, ensuring that everyone in the state has the opportunity to wager on horse racing throughout the year.

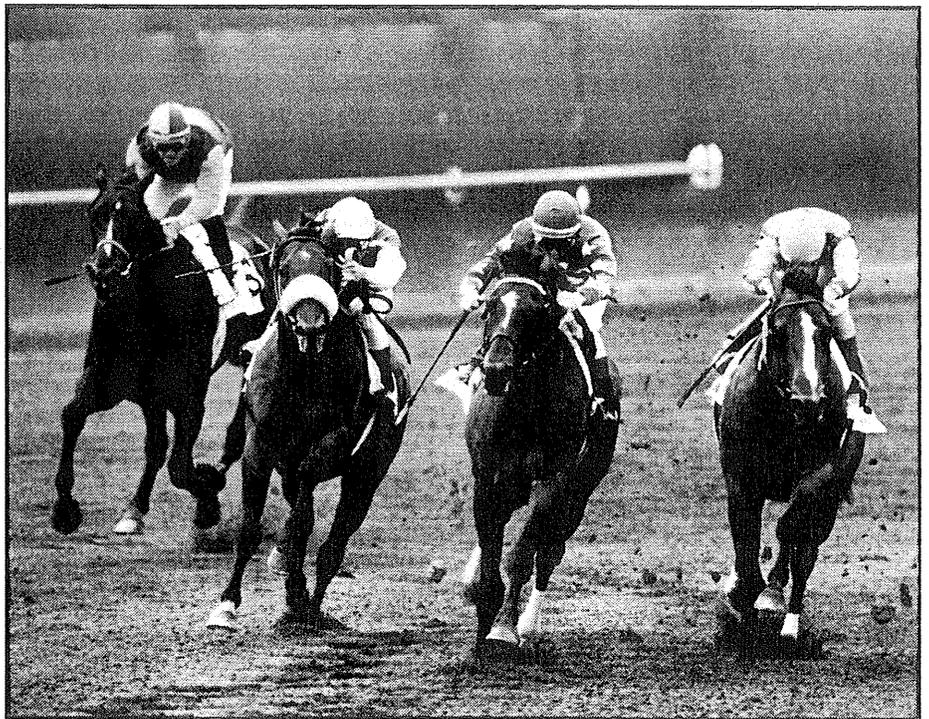
HIGHLIGHT

Cigar Provided Another Magical Moment in Horse Racing When He Came to Town for the Pacific Classic With His Record Winning Streak on the Line

DEL MAR

The fabled place where the turf meets the surf might never be the same. Rarely in racing nowadays does the mere mention of a horse's name cause a ripple of excitement through the racing world in the manner of a Secretariat or an Affirmed, but Cigar earned that kind of reaction by winning 16 races in a row to tie the longstanding record of the immortal Citation. One more victory would have broken the tie and moved him ahead of Citation. His streak was on the line August 10 when he ventured to Del Mar for the \$1 million Pacific Classic.

It was standing room only when 44,181 fans surged through the turnstiles to shatter and exceed the previous single-day attendance mark by more than 10,000. Another 31,020 watched the race at simulcast sites. And the world watched as the televised racing signal beamed to satellites and provided a breathtaking spectacle of California racing at its best.



Turning for home, the outcome was still in doubt as Jerry Bailey urged Cigar to withstand the furious challenge of eventual winner Dare and Go.

Dare and Go Shocked the World by Upsetting the Champion

The race itself proved to be worth all of the attention. Cigar, the overwhelming favorite at odds of 10 cents on the dollar, jumped into an early speed duel with lightning-quick Siphon. Ridden by regular pilot Jerry Bailey, Cigar ran the opening mile in 1:33 3/5, which was only two-fifths of a second slower than the Del Mar track record for that distance. Understandably, he lacked his usual closing kick, so he was unable to hold off late-running Dare and Go, a 39-to-1 longshot who rushed past the champion in the final quarter-mile to win by more than three lengths. As tired as he was, Cigar still managed to hold second place by an easy seven lengths over the third horse, Siphon.

The world was stunned. The connections of Dare and Go were ecstatic. Those in Cigar's camp were in disbelief. And track President Joseph Harper, well, he was pretty happy.

"The 1996 Pacific Classic was a marvelous piece of racing history played out at one of the sport's finest locations. We were delighted to be able to host the race and bring to the people of San Diego a taste of what it means to be involved in our game at its highest level," said Harper. "I think the day also showed the racing world that Del Mar is ready to take up the honor of presenting a Breeders' Cup. I trust that if we're given the opportunity to do so, we'll stand up and do the game proud once again."

The Huge Turnout for Cigar Helped Del Mar Lead the Nation in Attendance

With a record crowd of 75,201 (counting both on-track and off-track attendance) on Pacific Classic Day, Del Mar retained its position as the industry's leader in daily average attendance with an average mark of 31,587 during the 43-day meet. However, the total numbers were down by a small percentage from the previous year, partly due to competition from the televised Olympic Games in Georgia early in the meet.

Buoyed by a huge increase in out-of-state wagering on Del Mar's races, the average pari-mutuel handle increased by more than 3 percent for an average of \$11,677,827, despite decreased handle at Del Mar and other California locations.

Also of note, Del Mar paid out \$17,403,042 in purses for a daily average of \$404,722, again placing the seaside track among the nation's leaders in that category.

HIGHLIGHT

On-Track Attendance Increase Reversed the National Trend

OAK TREE

The Oak Tree Racing Association reversed a national trend of sharply declining on-track attendance by finishing its 28th meeting at Santa Anita Park with a 1.1% increase in on-track attendance. The daily average for the 27-day meeting was 12,451 compared to 12,320 in 1996. Consecutive crowds of 30,293 and 23,589 for Cal Cup VII and the Yellow Ribbon Stakes on the final Saturday and Sunday helped generate an increase in the on-track average for the first time since Oak Tree played host to the Breeders' Cup in 1993.

"On-track attendance is essential to our success, and it is very encouraging to see an increase when every other southern California meeting has been down," said Sherwood C. Chillingworth, director and executive vice president of the Oak Tree Racing Association.

Donna Viola, with Gary Stevens aboard, won the Grade I Yellow Ribbon Stakes during the Oak Tree Meet at Santa Anita



Noting that while on-track attendance was up, the average daily handle of \$2.3 million fell 8.3%, Chillingworth explained, "One of the things we're trying to do is attract new people and younger people. When that program works, your per capita decreases, particularly when you have big groups."

The Oak Tree meeting averaged a record \$9.2 million in common-pool handle, up slightly from the previous mark established in 1995. An additional \$538,000 was wagered daily in separate pool money, giving Oak Tree (all sources) an average of \$9.7 million, compared to \$10.1 (all sources) in 1995.

New Turf Course Popular with Everyone

A significant development at the Oak Tree meeting was the rejuvenation of turf racing, as Santa Anita's revamped grass course proved to be a big hit with jockeys, horsemen, and racing fans.

"A quality product is the key to improving our business," said Thomas S. Robbins, director of racing. "The success of the turf course is a big step in ensuring quality racing in the future."

Jockey Alex Solis, who rode a record-tying four stakes winners on California Cup Day, captured his third consecutive southern California riding title with 35 winners. The title was his first at Oak Tree. Trainer Mike Mitchell saddled 13 winners to win his third Oak Tree title.

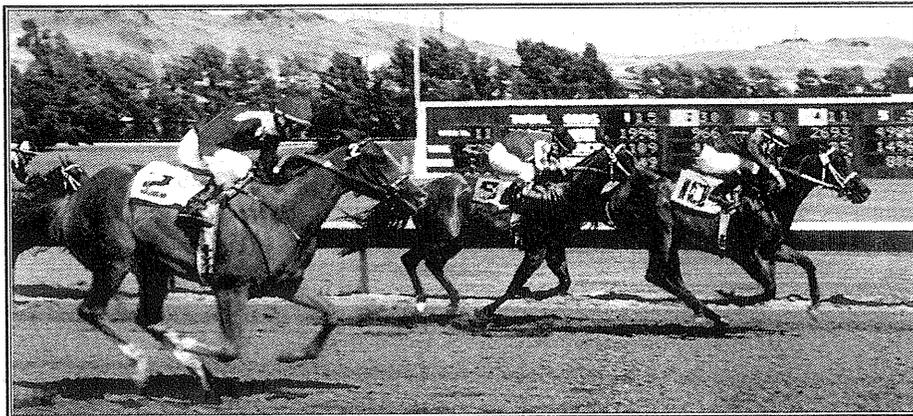
Alphabet Soup — owned by Oak Tree director Mrs. Georgia B. Ridder — and Jewel Princess used Oak Tree's "Gateway to the Breeders' Cup" on opening weekend as a springboard to victories in the \$4-million Breeders' Cup Classic and \$1-million Breeders' Cup Distaff, respectively.

HIGHLIGHT

The Northern Fair Circuit Attracted Larger Fields in Contrast to Trends Elsewhere

THE CALIFORNIA FAIRS

The live racing fairs boasted tremendous gains in attendance and handle, but their single greatest accomplishment during the 1996 racing season was being able to card fairly full fields — something few other racetracks in the country have been able to do in recent years. The average field size for thoroughbred races at the fairs was more than 8.75 per race, about one horse per race more than fields at the Fairs last year and larger than field sizes at the state's major thoroughbred racetracks.



CHRB Policies Paid Off

The CHRB long ago recognized that racing fans lose interest in races with small fields and has been urging the various racing associations and fairs to find ways to increase the size of their fields as one way to boost interest and increase handle. One way to accomplish this is by concentrating the available horse population into a smaller number of races. On the recommendation of the Dates Committee, the Board approved fair meets that ran one fewer day than in previous years. The outcome of larger fields on the fair circuit indicated the tide is shifting to the right direction.

As a group, the fairs operated with a new computerized racing office system, which greatly increased efficiency because many of the horses competing on the fair circuit were stabled at off-site locations or shipped in from out-of-state racetracks. Computers made tracking those horses a lot easier. The purse program included an innovative performance fee of \$50 to all horses that started in a race at each fair. And the fairs continued their practice of dividing purses through the 8th-place finisher in each race. The fairs also developed an "Owners' Information Hotline" in recognition of the difficulties an owner may face racing horses on a circuit of eight different race meets that rotate every two weeks.

HIGHLIGHT

Elimination of Overlap Nearly Doubled Handle

STOCKTON

The San Joaquin County Fair at Stockton kicked off the circuit, and the meet was nothing short of sensational, as total handle increased **96.49%** within the northern California network compared with 1995, due in a large part to not being overlapped by Golden Gate Fields during the meet's last week of racing.

The meet's highest daily handle occurred on Saturday, June 22, when more than \$2.6 million was wagered within the northern network and greater than \$1.2 million was wagered in the southern part of the state. The statewide handle of **\$3,914,776** was an all-time high.

HIGHLIGHT

Meet Set Handle Record

PLEASANTON

The Alameda County Fair at Pleasanton was the next stop on the circuit, and it was one of the most successful ever. The 1996 race meet ran 11 days — two fewer than the previous year — and produced record-breaking average handle figures. The average daily handle of **\$2,721,854** was an all-time high and will lead to an even greater purse program in 1997.

HIGHLIGHT

Did More with Less

VALLEJO

The 47th annual Solano County Fair at Vallejo shattered all previous handle records when, with only eleven days of racing, one less than the previous year, the fair's mutuel handle totaled **\$25,362,618**, breaking the 1995 record of **\$24,191,291**. These figures represented both on-track and off-track handle. The fair proved to have a fitting theme, "Blooming with Excitement," when it set a single-day record mutuel handle on Saturday, July 13, when more than **3.2 million** was wagered.

HIGHLIGHT

Shorter Meet, Higher Handle

SANTA ROSA

The Sonoma County Fair in Santa Rosa continued its tradition of introducing new fans to the sport when more than **65,000** spectators attended the races. The total handle of **\$30,882,882** broke the previous year's record of **\$30,802,298**, with one less day of racing. The on-track handle was up more than **1%** from the previous year, which was significant considering declining on-track handles at most non-fair racing sites.

HIGHLIGHT

Huge Gains in Off-Track Wagering

SAN MATEO

The San Mateo County Fair race meet, which is operated each year at Bay Meadows, closed its 12-day meet with the average daily handle holding steady at **\$2,365,111**, despite a **7%** decline in on-track handle. That decrease was offset by a **32%** increase in handle from out-of-state locations. The southern California satellites continued to support and wager on northern California fair racing, which was apparent by the **11%** boost in total handle for the meet.

HIGHLIGHT

The Fair's 100th Anniversary Celebration Sparked Big Gains in Attendance and Handle

FERNDALE

The Humboldt County Fair in Ferndale pretty much typifies what horse racing at the fairs is all about: tradition, community involvement, agricultural ties, and basic, unembellished racing programs. The racetrack, community, and their combined history are impossible to separate, and this was evident in 1996 when the whole town turned for the fair's centennial celebration.

The festivities were front-page news for the local *Times-Standard*, while some of the major newspapers in California, such as the *San Francisco Examiner* and *Los Angeles Times*, published feature articles on the fair activities. Director of Racing Everett Nevin was a popular subject for interviews. At 90 years of age, and with more than 55 years in the racing fair business, the tireless racing director shared his experiences with reporters and brought the history of racing to life with his vivid recollections.

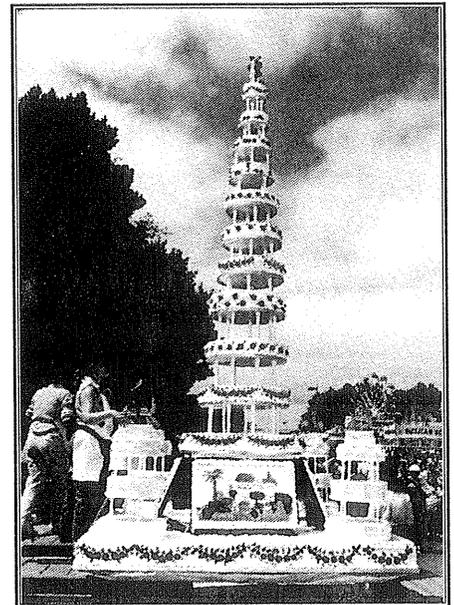
The widespread publicity attracted thousands of visitors to the Eureka area — mostly from the Bay Area, a half-day's drive away. The visitors and the locals together helped boost attendance for the race meet by 22% over the previous year, and the \$1,588,469 they wagered translated into a 5.61% gain.

All of this pleased to no end the popular fair manager, Stuart Titus, whose roots in Ferndale go back to his high school quarter-backing days at nearby Ferndale High, which is so close to the track that the football team practices in the track's infield.

The Fair Had Plenty to Brag About

"We're puffing our chests," Titus told one reporter. "Our attendance (40,216 for the meet) was up 22% over last year (and) our handle was \$2.7 million, second highest in the history of the fair. I think we'll have bragging rights for a year on the fair circuit."

The town itself gained considerably from all the exposure. All of the local hotels were full most of the time. The shops lining the main street of town were filled daily by tourists. And after the races each evening, horsemen and fans alike dined and drank at the Victorian Inn and the Palace Saloon. It was the perfect blending of racing and community interests. And the good news is the shops and the restaurants and the racetrack will be there again next season as the fair turns a hundred and one.



A cake big enough for the whole town was part of the centennial celebration

HIGHLIGHT

Reduced Overlap Meant High Times at Cal Expo

SACRAMENTO

The California Exposition and State Fair meet in Sacramento enjoyed huge increases in handle and attendance, attributed to a reduction in the harsh overlap that had plagued the meet for years. The 1996 meet featured competitive racing due in large part to bulkier fields and increased participation by important trainers and jockeys. The average daily mutuel handle rose by 88%, from \$729,577 in 1995 to \$1,485,181. Some 47,678 people attended the races and bet more than \$4.3 million. Those numbers reflect an on-track handle and attendance increase of 32% and 9%, respectively. And all of this was accomplished with one less day of live racing.

HIGHLIGHT

Circuit Was Successful to the End

FRESNO

The Big Fresno Fair was the final stop on the 1996 northern fair circuit, and it helped the circuit end with a flourish by posting gains in average daily handle, both on-track and off-track. The average daily mutuel handle increased from \$622,266 to \$671,228 from the previous year, while the daily on-track handle increased by 7%.

HIGHLIGHT

Business Kept Improving in Inglewood

HOLLYWOOD PARK

Since the introduction of intertrack wagering in the Los Angeles area and the vast expansion of California's simulcasting network, Hollywood Park's business has grown by 60% — from \$6.5 million daily in 1991 to \$10.5 million in 1996. Continuing that trend, Hollywood Park closed its 1996 spring/summer meeting with a record daily average handle for 67 days of more than \$10.5 million, the fourth straight year overall business increased at the Track of the Lakes and Flowers. That total included a Hollywood Park record daily common-pool

Siphon won the \$1-million Hollywood Gold Cup over eastern invader Geri during Hollywood Park's spring-summer meet



handle of \$9.8 million and \$700,000 daily in separate pool handle. But the downside of all this was a decrease in on-track business. The 1996 daily average of \$2.3 million was off 9.4% from 1995.

“We’re pleased more people are being exposed to our product, but we’re concerned with results on-track,” said track Chairman R.D. Hubbard. “We were hurt by one less week of racing at Golden Gate. We handled \$300,000 less (simulcast wagering) a day.”

The meet wasn’t helped by the defection of Cigar from the Hollywood Gold Cup, which would have been Hollywood Park’s biggest attraction since the 1987 Breeders’ Cup. Even without the superstar, Gold Cup Day generated \$16 million in handle.

The continued expansion of Hollywood Park’s simulcast network generated an increase of 38% from 1995, while handle at California satellite sites averaged \$4.4 million, down 8% from the previous year. On-track attendance slipped by 3.7% to an average of 11,000 in 1996, while combined attendance declined 5.8% to an average of 25,000.

Fall Meet Attracted Some of Racing’s Brightest Stars

The \$2.15-million Turf Festival once again highlighted the autumn meeting at Hollywood Park. Wandesta might have clinched an Eclipse Award with a victory over Windsharp in the \$700,000 Matriarch — the title event for fillies and mares on the turf. D. Wayne Lukas connected on the same card with Marlin in the Crown Royal Derby as the sixth annual Turf Festival had a rousing finish. Alex Solis maintained his hot riding pace and was headed for his fourth consecutive riding title on the Southern California circuit.

Business was up during the Turf Festival, but the entire meet followed a national trend by declining roughly 10% in handle and 6% in attendance.

Wandesta, ridden by Corey Nakatani, made her bid for an Eclipse Award by winning the Matriarch during the fall meet at Hollywood Park



HIGHLIGHT

Handle topped \$1 Billion from All Sources

SANTA ANITA PARK

These might be hard times for horse racing throughout the world and in California as well, but you sure couldn't tell it from the way business went in Arcadia during the 87-day winter meeting at Santa Anita. Spurred by \$20-million-plus handles on Santa Anita Handicap and Santa Anita Derby days, Santa Anita became the first North American track to generate \$1 billion in total handle from all sources.

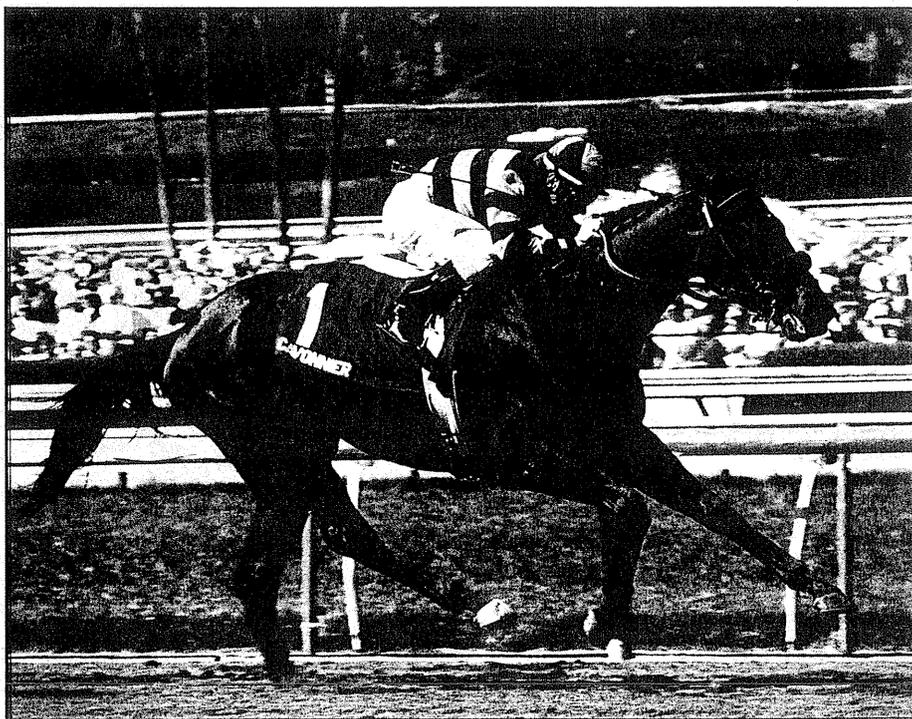
The \$11.5-million daily average was second highest in North America, surpassed only by the \$12.2 million averaged at Saratoga's 34-day meeting in 1996. The total included a Santa Anita Park record average common-pool handle of \$10.4 million and \$1.1 million in separate pool handle. The previous common-pool handle record of \$9.9 million was established during an 88-day meeting in 1994-95.

The 59th running of the Santa Anita Handicap generated a Los Angeles Turf Club common-pool record handle of \$22,819,018 — highest in track history with the exception of the \$36 million wagered on Breeders' Cup X in 1993. Handle also surpassed \$20 million on Santa Anita Derby day. The final count of \$20,117,840 eclipsed the Derby day record of \$19,994,115 set in 1995.

While the continued growth of Santa Anita's simulcasting network helped increase the common-pool average for the meeting by 4% from 1994-95, on-track handle fell 5% to \$2.5 million daily, while on-track attendance dipped 7%.

"While we are proud to set a North American record for average daily handle, we do not take the reduction in average daily on-track attendance lightly," said track President Cliff Goodrich. "Although this is a clear trend in American racing, we feel strongly that it can be turned around if a quality product can be pre-

Cavonnier, ridden by Chris McCarron, established himself among the nation's leading 3-year-olds by winning the \$1-million Santa Anita Derby



sented in an environment people enjoy. We will continue to do everything we can to enhance the Santa Anita experience.”

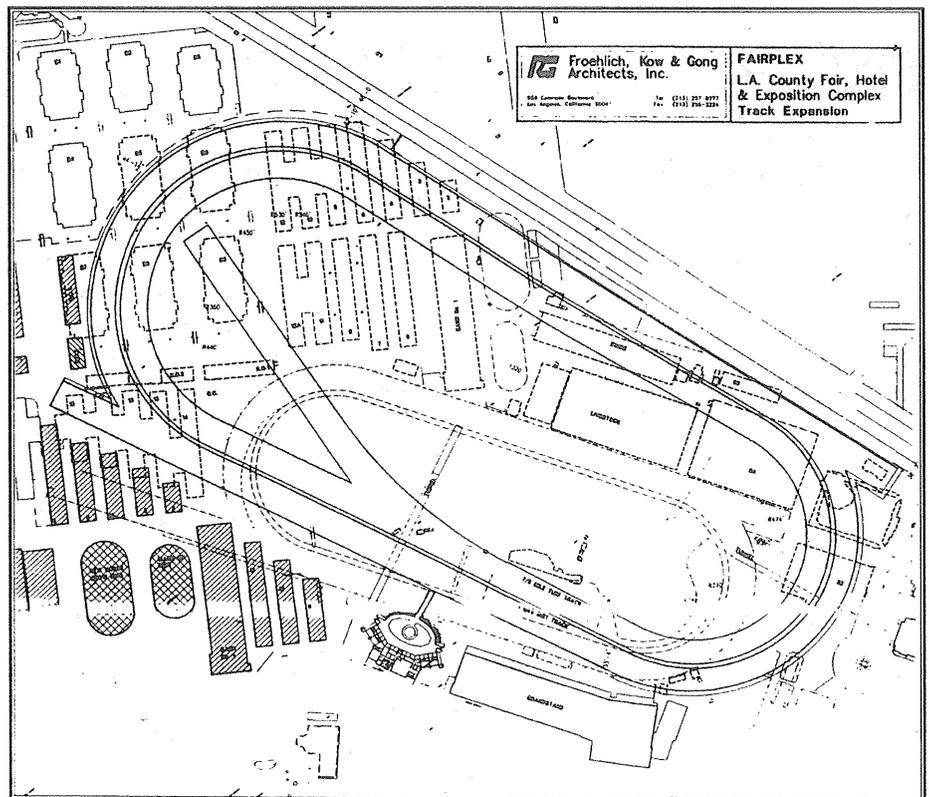
Jockey Corey Nakatani, second to Kent Desormeaux in 1994-95, edged Alex Solis 75-74 to earn his first winter/spring title. The title was Nakatani’s second straight at Santa Anita, as he was also leading jockey at the 1995 Oak Tree meeting. Bill Spawr earned his second winter/spring training title, saddling 28 winners — one more than Richard Mandella. Wally Dollase, who saddled eight stakes winners to lead all trainers in that category, also conditioned Windsharp, voted Horse of the Meeting by the media. Windsharp’s three stakes wins included victories over males in the San Luis Obispo Handicap and San Luis Rey Stakes.

HIGHLIGHT

Huge Handle, Big Plans for Fairplex Meet That Ranks High Nationally

FAIRPLEX PARK

It would take something pretty big to overshadow the \$100-million record handle of the Los Angeles County Fair’s 1996 race meet at Fairplex Park in Pomona, but fair directors did just that by unveiling beforehand their plans for a \$20-million expansion of the racing facility — complete with an enlarged racing oval and first-ever turf course.



“Fairplex Park has been able to grow through the years, but we feel that the only way for us to continue in the horse racing business is to expand our (five-eighths of a mile) track to one mile,” explained Fairplex President James Henwood. “We intend to continue to be a major player in North American horse racing for many years to come.”

The proposed new track would be a one-mile dirt track, surrounding a seven-eighths of a mile turf course. Inside the turf course would be a five-eighths dirt track for horse training and unrelated motor sports activities. This will require the relocation of some barns and other structures. Plans also call for a new saddling and walking paddock and an improved jockeys' room.

Original architectural estimates placed costs around \$10 million for the project, but after considerable review and more realistic assessment, the estimated price tag doubled to \$20 million. Henwood said the fair association is currently working with the Fairs and Expositions Division of the California Food and Agricultural Department to pursue all potential areas of financing, as well as looking to private sources for funding.

The 1996 fair meeting posted a 7.4% increase in handle, with \$103,298,938 wagered during the 19-day meet. This was due in large part to the addition of nearby Santa Anita Park to Fairplex' intertrack wagering network, along with wagering facilities in New York. As for attendance, that figure shot up by nearly 6%, as 287,502 patrons visited Fairplex and other wagering sites in California. Fairplex retained its position among the top 10 tracks in the nation for daily handle by averaging \$5,436,786 a day. However, on-track handle was down considerably — almost 23% from the previous year — and the average remained high only because of the increase in off-track wagering.

HIGHLIGHT

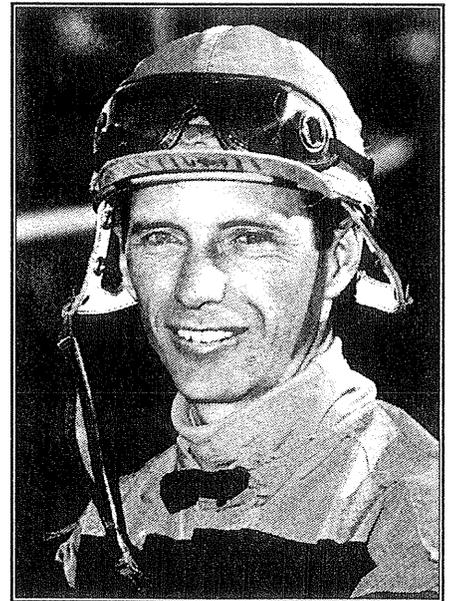
Baze Earned More Riding Titles, Making Him a Star Among Stars

BAY MEADOWS

Not too many racetracks in this country have a resident superstar, but Bay Meadows and nearby Golden Gate Fields can proudly point to nationally famous jockey Russell Baze as their own. Last year Baze once again won the riding titles during the split meetings at Bay Meadows by booting home 158 winners. Those brought his total to 16 riding crowns at the San Mateo facility. His successes in 1996 only added to his huge accomplishments of the previous 20 years, over which Baze won more than 5,200 races and his mounts earned in excess of \$70 million.

Consistency is Baze's trademark, which is why he managed to win at least 400 races for five consecutive years.

In recognition of Baze's accomplishments, the racing industry bestowed two great honors on the popular jockey in 1996. He was presented with a Special Eclipse Award for his riding feats and with the Isaac Murphy Award for his accomplishments. The CHRB also honored Baze with a resolution indicating the State of California's deep appreciation for his contributions to the industry.



Russell Baze

Daily Handle Increased at Bay Meadows

Crunching the figures, daily average handle for the 1996 thoroughbred racing season at Bay Meadows was up about 1% over the previous year at \$3,119,725 per day, largely due to the \$1.2 million per day wagered by southern California fans on Bay Meadows races and to increases in out-of-state wagering. The on-track attendance slipped to an average of 9,780 daily, a development that concerned track President Jack Liebau.

“Certainly we are pleased that Bay Meadows was able to show an increase in handle, but we are aware that was due primarily to the gain in out-of-state wagering,” said Liebau. “In the past, a measure of success I have used was on-track attendance. The fact that on-track attendance was down almost 3% was disappointing, but the stabilization of on-track attendance will continue to be a goal we intend to achieve.

“We are in the process of evaluating our overall marketing, and we will no doubt be making some changes in our marketing plan. I suspect more resources will be devoted to cable TV. It is also imperative for us to improve our basic product, horse racing, by attracting more horses to northern California. We need bigger fields.”

HIGHLIGHT

Major Improvements to Facility Showed Commitment to Horse Racing in State

LOS ALAMITOS

The 1996 racing season at Los Alamitos was one of the most successful years ever, thanks to the opening of the \$5 million Vessels Club and the second running of the Los Alamitos Million Futurity.

Early in the year, Los Alamitos received a complete face-lift, and when the curtains opened, the Vessels Club provided the showcase for a new era of racing at the 45-year-old facility that was opened by Frank Vessels, Sr., in 1951. Since then, Los Alamitos has grown into the largest quarter-horse track in the country with an average handle of more than \$1 million. The facility hosted quarter-horse racing April through December and also offered 15 weeks of winter harness racing. There was racing at Los Alamitos for 50 weeks last year.

Among the finest new facilities in horse racing anywhere, the Vessels Club offers elegant dining while honoring the track's memorable past. The plush furnishings, upscale atmosphere, ample seating, and abundance of television monitors and self-service wagering machines and mutuel clerks make the Vessels Club a popular choice for horsemen and fans alike. Other popular rooms — the Finish Line, Post and Paddock, and Cypress — also were refurbished, giving patrons a choice of desirable sections in which to spend their evenings. Los Alamitos also added a new elevator, new escalators, and a new entrance to the grandstand. The clubhouse also was renovated.

The Los Alamitos Million Futurity became the richest race ever held at the facility when the 1996 purse totaled \$1,075,000. Los Alamitos also is home to the Breeders Classics, which is quarter-horse racing's equivalent to the thoroughbreds' Breeders' Cup program.

Los Alamitos introduced nickel breakage in 1996. It was estimated that \$400,000 more was returned to winning ticket holders under the new system of payment.

HIGHLIGHT

Simulcast Wagering Generated Increased Purses to Horsemen

GOLDEN GATE FIELDS

Riding an 11% gain in handle, Golden Gate Fields distributed an average of \$142,477 in overnight purses in 1996, prompting racing officials and horsemen alike to view the 1997 season with optimism.

The overall wagering gain at the Albany racetrack was the result of a huge 74% increase in out-of-state wagering, further proof that the fortunes of horse racing in California continue to be tied heavily to the state's ability to export its racing signals to other locations and to receive top dollar for the sale of those signals. This matter is a prime concern of the CHRB, which established an advisory committee in 1996 to study the entire simulcast program and make recommendations to the Board on ways of improving the simulcast product.

"We are very pleased with our out-of-state sales," said Golden Gate General Manager Peter Tunney. "The strong handle enables us to continue to offer the highest overnight purses in northern California. Considering the challenges posed by the new split-meet racing schedule — informing patrons of the new dates and developing new events around the new dates — we are pleased with the figures."

Racing fans established a one-day handle record for northern California on May 4, 1996, when they wagered \$7,148,011 on the Kentucky Derby Day program, which included nine local races and 16 simulcast races (five stakes from Churchill Downs and 11 races from Hollywood Park).

HIGHLIGHT

More Racing, Higher Purses, Increased Handle Sparked Revival of Harness Industry

HARNESS RACING

Talk about turnarounds! Not too many years ago people were predicting the demise of harness, or standardbred, racing in California, but first in 1995 then again in 1996 the industry enjoyed dramatic increases in business. Night-racing opportunities increased almost four-fold from 1994 to 1996, with the number of racing programs jumping from 38 to 131. In addition, purses paid to horsemen and license fees paid to the state increased 52% and 23%, respectively, in 1995 and 48% and 39% in 1996.

The dramatic rise in racing opportunities in large part reflected the addition of a fourth racing program per week at the Premier II harness meet conducted at Los Alamitos and the return of harness racing to the Cal Expo racetrack under the management of the Capitol Racing Association — 25 weeks in 1995 and 22 weeks in 1996. — to revive a 40-week circuit in the Golden State.

Wagering on harness racing in California also showed a sharp gain from \$32 million in 1994 to \$59 million in 1995 to \$94 million in 1996. This trend was largely due to increased wagering at California simulcast wagering sites, especially Los Alamitos and Santa Anita Park, and at new out-of-state simulcast locations, such as those in Illinois, Ohio, Maryland, and Michigan.

The rebound in racing opportunities, overall wagering, and nightly purses helped boost the inventory of standardbred racehorses in the state, and continued stability in the racing circuit will most likely enhance the long-term prospects for growth in the California standardbred breeding program.

Simulcast Facilities by Location

2nd District Agricultural Association, Stockton

The San Joaquin County Fair facility is located at the east side of Stockton at 1658 South Airport Way. The simulcast wagering facility opened October 24, 1985. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,113 patrons wagered a total of \$239,425.

7th District Agricultural Association, Monterey

The Monterey County Fair facility is located at 2004 Fairground Road in Monterey, California. The simulcast wagering facility opened on January 6, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 704 patrons wagered a total of \$142,910.

9th District Agricultural Association, Eureka

The Redwood Acres Fair facility is located approximately one mile east of downtown Eureka at 3750 Harris Street. The simulcast wagering facility opened November 11, 1987. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 237 patrons wagered a total of \$35,344.

15th District Agricultural Association, Bakersfield

The Kern County Fair facility is located in the City of Bakersfield at 1142 South P Street. The simulcast wagering facility opened April 1, 1987. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 852 patrons wagered a total of \$119,765.

19th District Agricultural Association, Santa Barbara

The Earl Warren Showgrounds facility is located in the City of Santa Barbara at 3400 Callareal Street. The simulcast wagering facility opened March 3, 1987. The highest pari-mutuel handle and highest attendance in FY 1995-1996 was on May 4, 1996 (Kentucky Derby), when 542 patrons wagered a total of \$147,025.

21st District Agricultural Association, Fresno

The Fresno District Fair facility is located in the City of Fresno at 1121 Chance Avenue. The simulcast wagering facility opened December 18, 1985. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,100 patrons wagered a total of \$193,144.

22nd District Agricultural Association, Del Mar

The Del Mar Fair facility is located in the City of Del Mar at 2260 Jimmy Durante Boulevard. The simulcast wagering facility opened September 12, 1991. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 5,803 patrons wagered a total of \$1,282,437.

24th District Agricultural Association, Tulare

The Tulare County Fair is located 40 miles south of Fresno, a quarter-mile west of Highway 99 at 215 E. Alpine Avenue. The simulcast facility opened June 25, 1989. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 437 patrons wagered a total of \$65,957.

27th District Agricultural Association, Anderson

The Shasta District Fair facility is located 12 miles south of Redding on Highway 273. The simulcast wagering facility opened May 18, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 412 patrons wagered a total of \$59,594.

28th District Agricultural Association, Victorville

The San Bernardino County Fair facility is located approximately 40 miles north of San Bernardino, adjacent and east of Interstate 15, at 14800 Seventh Street. The simulcast wagering facility opened April 26, 1989. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 696 patrons wagered a total of \$118,189.

31st District Agricultural Association, Ventura

The Ventura County Fair facility is located in the City of Ventura at 10 West Harbor Boulevard. The simulcast wagering facility opened November 11, 1987. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,740 patrons wagered a total of \$484,785.

37th District Agricultural Association, Santa Maria

The Santa Barbara County Fair is located in the City of Santa Maria at 937 South Thornburg. The simulcast facility opened April 7, 1987. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 522 patrons wagered a total of \$98,705.

50th District Agricultural Association, Lancaster

The Antelope Valley Fair facility is located in the City of Lancaster on the northeast side of town at 155 West Avenue I, approximately two miles east of Interstate 14. The simulcast wagering facility opened April 27, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 831 patrons wagered a total of \$176,544.

National Orange Show, San Bernardino

The National Orange Show facility is located in the City of San Bernardino at 689 South E Street. The simulcast facility opened November 18, 1987. The highest pari-mutuel handle in FY 1995-1996 occurred on October 28, 1995 (Breeders' Cup) \$512,373. Highest attendance was 2,436 on May 4, 1996 (Kentucky Derby).

California Exposition and State Fair, Sacramento

The Cal Expo facility is located approximately three miles east of downtown Sacramento at 1600 Exposition Boulevard. The simulcast wagering facility opened October 17, 1985. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,817 patrons wagered a total of \$390,882.

Sonoma County Fair and Exposition Inc., Santa Rosa

The Sonoma County Fair is located in the City of Santa Rosa at 1350 Bennett Valley Road. The simulcast facility opened October 17, 1985. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 2,011 patrons wagered a total of \$310,696.

Solano County Fair, Vallejo

The Solano County Fair is located on the north side of Vallejo at 900 Fairgrounds Drive. The simulcast wagering facility opened December 1, 1987. The highest pari-mutuel handle was \$153,026 on October 28, 1995 (Breeders' Cup). Highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 637 patrons attended.

**Alameda County Fair,
Pleasanton**

The Alameda County Fair is located in the City of Pleasanton at 4501 Pleasanton Avenue. Following the start of simulcast wagering on April 27, 1987, the location of the simulcast wagering was changed to a newly constructed facility on October 9, 1992. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,848 patrons wagered a total of \$530,236.

**Bay Meadows Racetrack,
San Mateo**

The Bay Meadows Racetrack is located in the City of San Mateo at 2600 South Delaware Street. The Bay Meadows simulcast wagering facility opened February 4, 1986. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 4,867 patrons wagered a total of \$1,167,423.

Shalimar Sports Center, Indio

The Desert Expo Centre is located approximately 10 miles southeast of Palm Springs just off Highway 111 at 46-350 Arabia Street on the National Date Festival grounds. The simulcast wagering facility opened May 18, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 553 patrons wagered a total of \$146,585.

Fairplex Park, Pomona

The Los Angeles County Fair facility is located in the City of Pomona on the grounds of the Fairplex public events facility, two blocks north of Interstate 10. The simulcast wagering facility opened July 27, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,748 patrons wagered a total of \$548,663.

**Hollywood Park Racetrack,
Inglewood**

The Hollywood Park facility is located in the City of Inglewood at 1050 Prairie Avenue. The simulcast wagering facility opened July 27, 1988. The highest pari-mutuel handle in FY 1995-1996 was \$2,475,764 occurred on October 28, 1995 (Breeders' Cup). Highest attendance was 8,364 patrons on February 4, 1996 (Strub Stakes).

**Santa Clara County Fair,
San Jose**

The Santa Clara County Fair is located in the City of San Jose approximately 40 miles south of San Mateo, just off Hwy. 101 at 344 Tully Road. The simulcast facility opened July 30, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,456 patrons wagered a total of \$359,986.

Golden Gate Fields, Albany

Golden Gate Fields is located in the City of Albany at 1100 Eastshore Highway, just north of Berkeley, off Interstate 80, eight miles from downtown Oakland and 11 miles from San Francisco. The simulcast wagering facility opened September 24, 1985. The highest pari-mutuel handle and attendance in FY 1995-1996 occurred on October 28, 1995 (Breeders' Cup), when 2,248 patrons wagered a total of \$717,031.

Santa Anita Park, Arcadia

The Santa Anita facility is located in the City of Arcadia at 285 W. Huntington Drive. The simulcast wagering facility opened July 27, 1988. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 12,500 patrons wagered a total of \$2,432,768.

**Los Alamitos Race Course,
Los Alamitos**

Los Alamitos Race Course is located in the City of Los Alamitos at 4961 Katella Avenue. The simulcast facility opened July 25, 1990. The highest pari-

mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 7,867 patrons wagered a total of \$1,792,242.

**Fantasy Springs Casino,
Indio**

The Cabazon Band of Mission Indians facility is located approximately 18 miles east of Palm Springs in the City of Indio at the intersection of Interstate 10 and Auto Center Drive. The simulcast wagering facility opened March 3, 1990. The highest pari-mutuel handle FY 1995-1996 was \$158,283 on October 28, 1995 (Breeders' Cup). Highest attendance was 798 patrons occurred on May 4, 1996 (Kentucky Derby).

**Sycuan Gaming Center, El
Cajon**

The Sycuan Band of Mission Indians facility is located approximately six miles east of the City of El Cajon at 5469 Dehesa Road. The simulcast wagering facility opened October 7, 1990. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 754 patrons wagered a total of \$171,987.

**Viejas Casino and Turf Club,
El Cajon**

The Viejas Band of Mission Indians facility is located approximately 13 miles east of the Alpine at 5000 Willows Road. The simulcast facility opened September 13, 1991. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 778 patrons wagered a total of \$152,421.

Barona Casino, Lakeside

The Barona Band of Mission Indians facility is located approximately five miles northeast of Lakeside at 1000 Wildcat Canyon Road. The simulcast wagering facility opened July 4, 1992. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 485 patrons wagered a total of \$84,700.

**Stanislaus County Fair,
Turlock**

The Stanislaus County Fair facility is located in the City of Turlock approximately two miles east of Highway 99 at 900 No. Broadway at Canal. The simulcast facility opened on April 7, 1993. The highest pari-mutuel handle and highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 545 patrons wagered a total of \$91,077.

**46th District Agricultural
Association, Perris**

The Farmer's Fair and Expo facility is located in the City of Perris approximately three miles east of the 215 Freeway at 18700 Lake Perris Drive and Ramona Expressway. The simulcast facility opened on December 1, 1993. The highest pari-mutuel handle in FY 1995-96 was \$211,022 was on October 28, 1995 (Breeders' Cup). Highest attendance in FY 1995-1996 occurred on May 4, 1996 (Kentucky Derby), when 1,179 attended.

Horse Racing Revenues

The State of California's revenue from horse racing is derived primarily from license fees, which are based on percentages of pari-mutuel-pool wagers at racetracks. The pari-mutuel handle totaled more than \$3.5 billion for the 1995-1996 fiscal year at all wagering facilities in the state. The CHRB was responsible for collecting \$108 million from all sources for the 1995-1996 fiscal year.

Revenue for the state also is derived from the breakage (or rounding off) of winning ticket amounts and the escheated unclaimed pari-mutuel tickets. There is also a small amount of revenue from the occupational license fees and fines collected.

Regular takeout on conventional wagering (win, place, and show) is 15% for thoroughbred and quarter-horse meetings and 16% for harness, mixed, and fair meetings. Additional takeout on exotic wagering (e.g., exacta, daily double, and pick six) is 4.75% for thoroughbred, quarter horse, and fair meetings, 6.75% for mixed meetings, and 7.75% for harness meetings. Quarter-horse meetings in the northern zone take an additional 1% on conventional wagers and an additional 2% on exotic wagers.

The distribution of the takeout for thoroughbred meetings varies depending on the amount wagered on-site at each operating racetrack. If

the on-site handle is \$250 million or more, the distribution of the takeout is: 5.7% to the state, 4.93% to the track, 4.03% to purses, and 0.34% to breeders and stallion awards. A sliding scale is used to calculate the distribution of the takeout for racing meets where the on-site handle is less than \$250 million. The scale commences with 4.8% to the state, while the remaining balance is shared 55% to tracks and 45% to purses, with 0.34% to breeders and stallion awards.

The distribution for harness and quarter-horse meetings is 1% to the state as license fees on all wagers and an additional 1% on exotic wagers as additional license fees to the state. Remaining balances for harness meets are distributed 59.5% to tracks and 40.5% to purses. Remaining balances for quarter-horse meetings are distributed 55% to tracks and 45% to purses.

Fair meetings with over \$650,000 handle use a sliding scale of 2.5% and up to the state, with a special ex-

emption for daily handle under \$650,000, utilizing a sliding scale of 2% and up to state. Remaining balances are distributed 48% to tracks and 52% to purses.

All breakage at harness meetings goes to the Sires Stakes Program. Breakage at all other race meetings handling more than \$250 million is distributed 50% to the state, 27.5% to tracks, and 22.5% to purses on the first \$24 million, 100% to the state over \$50 million. Breakage at race meetings handling under \$250 million is distributed 50% exempt breakage, 27.5% to tracks, and 22.5% to purses on the first \$24 million, 100% to purses from \$24 million to \$125 million, 100% to the state over \$125 million. At fairs, breakage is distributed equally between tracks and purses. At quarter-horse meetings, breakage is distributed 55% to tracks and 45% to purses.

Off-Track Pari-mutuel Distributions

Northern Thoroughbred Race Meetings

	Conventional	Exotic
State License Fee	2.50%	4.00%
General Fund	.05	.05
Breeder's Awards	.40	.40
Local Government	.33	.33
Equine Research	.10	.10
Stabling/Vanning		
Racing Fairs and Assoc.	.50	.50
All Others	.40	.40
Guest Location	2.00	2.00
Promotion		
Racing Fairs and Assoc.	.50	.50
All Others	.60	.60
Simulcast Organization:		
Expenses	2.50	2.50
Purses	.05	.05
Commissions	3.25	4.875
Purses	<u>3.25</u>	<u>4.875</u>
Total	<u>15.43%</u>	<u>20.18%</u>

Northern Fair Race Meetings

	Conventional	Exotic
State License Fee	1.50%	3.00%
Fairs and Exposition Fund	1.00	1.00
General Fund	.05	.05
Breeder's Awards	.40	.40
Local Government	.33	.33
Equine Research	.10	.10
Stabling/Vanning		
Racing Fairs and Assoc.	.50	.50
All Others	.40	.40
Guest Location	2.00	2.00
Promotion		
Racing Fairs and Assoc.	.50	.50
All other	.60	.60
Simulcast Organization:		
Expenses	6.00	6.00
Purses	.05	.05
Commissions:	2.17	3.795
Purses:	<u>2.17</u>	<u>3.795</u>
Total	<u>16.77%</u>	<u>21.52%</u>

Northern Harness, Quarter Horse, Appaloosa & Mixed Breed Meetings

	Conventional	Exotic
State License Fee	1.00%	1.00%
General Fund	.05	.05
Breeder's Awards	.40	.40
Local Government	.33	.33
Equine Research	.10	.10
Guest Location	2.00	2.00
Simulcast Organization:		
Expenses	6.00	6.00
Promotion	1.00	1.00
Purses	.05	.05
Commissions:		
Harness	2.75	6.625
Quarter Horse	2.85	5.725
Purses:		
Harness	2.75	6.625
Quarter Horse	<u>2.85</u>	<u>5.725</u>
Total — Harness	<u>16.43%</u>	<u>24.18%</u>
Total — Quarter Horse	<u>16.63%</u>	<u>22.38%</u>

Central & Southern Thoroughbred Race Meetings

	Conventional	Exotic
State License Fee	2.50%	4.00%
General Fund	.05	.05
Breeder's	.40	.40
Local Government	.33	.33
Equine Research	.10	.10
Stabling/Vanning Fund	.50	.50
Guest Location	2.00	2.00
Simulcast Organization:		
Expenses	2.50	2.50
Promotion ¹	1.00	1.00
Purses	.05	.05
Commissions	3.00	4.625
Purses	<u>3.00</u>	<u>4.625</u>
Total	<u>15.43%</u>	<u>20.18%</u>

Off-Track Handle Distributions (cntd)

Central & Southern Fair Race Meetings (Thoroughbred Races)

	Conventional	Exotic
State License Fee		1.50%
Fairs and Exposition Fund	1.00	1.00
General Fund		.05
Breeder's		.40
Local Government		.33
Equine Research		.10
Stabling/Vanning Fund	.50	.50
Guest Location	2.00	2.00
Simulcast Organization:		
Expenses	6.00	6.00
Promotion ¹	1.00	1.00
Purses	.05	5
Commissions	1.92	3.545
Purses	1.92	<u>3.545</u>
Total	<u>6.77%</u>	<u>21.52%</u>

Central & Southern Harness, Quarter Horse, Appaloosa, & Fair Meetings (Non-Thoroughbred Races)

	Conventional	Exotic
State License Fee: Fairs	1.50%	3.00%
State License Fee: All	1.00	1.00
Others		
Fair and Exposition Fund:	1.00	1.00
Fairs only.		
General Fund	.05	.05
Breeder's Awards	.40	.40
Local Government	.33	.33
Equine Research	.10	.10
Guest Location	2.00	2.00
Simulcast Organization:		
Expenses	6.00	6.00
Promotion	1.00	1.00
Purses	.5	.05
Commissions:		
Harness	2.75	6.625
Quarter Horse	2.35	4.725
Fairs		2.17
Purses:		
Harness	2.75	6.625
Quarter horse	2.35	4.725
Fairs	<u>2.17</u>	<u>3.795</u>
Total — Harness	<u>16.43%</u>	<u>24.18%</u>
Total — Quarter Horse	<u>15.63%</u>	<u>20.38%</u>
Total — Fairs	<u>16.77%</u>	<u>21.52%</u>

1) Effective July 27, 1992; Chapter 367, Statutes of 1992 provides that for wagers made on thoroughbred races at specified locations in Los Angeles and Orange counties, promotion is reduced to 0.50 percent and purses and commissions increased equally by 0.25 percent.

Breakage

The total amount of breakage accrued during Fiscal Year 1995-1996 is as follows:

To State	\$2,093,578
To Commissions	4,746,345
To Purses	8,213,208
To Sires Stakes	<u>321,302</u>
Total Breakage*	\$15,374,433

* Accrued receipts total is as reported by CHRB as of end of Fiscal Year 1995-96.

Redistributable Money in Pari-mutuel Pools (Unclaimed Tickets)

1995/96	TB	QH	HH	Fairs
Los Angeles Turf Club	\$608,329.30			
Hollywood Park Operating.	625,023.63			
Del Mar Thoroughbred Club	415,498.40			
Oak Tree Racing Assn.	160,481.85			
Bay Meadows Racing Assn.	232,120.05			
Pacific Racing Assn.	<u>239,463.30</u>			
	\$2,280,916.53			
Los Alamitos Quarter Horse Racing Assn.		\$198,813.38		
Capitol Harness Racing Association			82,348.05	
Premier II Harness Racing Association			<u>25,865.24</u>	
			\$108,213.29	
Los Angeles County Fair				151,566.30
CARF				<u>292,436.20</u>
				\$444,002.50

Escheated (Unclaimed) Pari-mutuel Tickets

Winning pari-mutuel tickets can be cashed by the racing association until May 15 of the year following the year in which the race meet ends. After May 15, the unclaimed monies are distributed as indicated below.

This unclaimed money in the pool is the amount remaining when individuals fail to present winning pari-mutuel tickets for cashing. Racing patrons may mistakenly tear-up, lose, or forget winning tickets. In some cases, racing patrons have, many months after the meeting, presented valid pari-mutuel tickets entitling them to a pari-mutuel payoff.

The amounts derived from unclaimed pari-mutuel tickets during the Fiscal 1995-96 racing year totaled \$3,031,946.

All such unclaimed money resulting from the thoroughbred, harness, or quarter-horse meetings, but excluding the meetings of the California Exposition and State Fair, county, district agricultural association, or citrus fruit fair meetings shall be distributed as follows:

1. Fifty percent shall be used by the Board to support research on matters pertaining to horse racing and racetrack security. The Redistributable money provided to the

Board pursuant to this paragraph shall be subject to annual budgetary review by the Legislature.

2. Fifty percent shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of racing meetings for the benefit of the horsemen, and said organization shall make an accounting to the Board within one calendar year of the receipt of such payment.

All unclaimed money from other meetings shall be paid immediately into the State Treasury to the credit of the General Fund.

Occupational Licenses and Fees

Fiscal Year 1995 — 1996
July 1, 1995 through June 30, 1996

Type of License	Fee	Issued	Total
Stable	\$300	283	\$84,900
Multiple Ownership	300	287	86,100
Horse Owner-Open Claim	250	40	10,000
Officer/Director/Partner	200	31	6,200
Horse Owner	150	5,804	870,600
Trainer, Assistant Trainer	150	675	101,250
Harness Horse Driver	150	43	6,450
Jockey/Apprentice Jockey	150	218	32,700
Jockey Agent	150	56	8,400
Racing Official/Manager of Association	150	203	30,450
Bloodstock Agent	150	19	2,850
Veterinarian	150	52	7,800
Association Employee	75	332	24,900
Valet/Custodian/Attendant	75	19	1,425
Pari-mutuel Employee/Tote	75	1,327	99,525
Horseshoer	75	65	4,875
Exercise Rider/Pony Rider	75	503	37,725
Misc. Employee/Stable Agent Vendor	75	455	34,125
Security Guard	75	310	23,250
Authorized Agent	25	837	20,925
Replacement License	15	382	5,730
Annual Groom/Stable Employee (Original)	35	810	28,350
Annual Groom/Stable Employee (Renewal)	20	<u>3,043</u>	<u>60,860</u>
		15,794	\$1,589,390

All licenses are issued for three years except those for groom and stable employee licenses, which are annual licenses.

Fines Imposed in 1995 — 1996

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates	Paid
Del Mar	96	\$ 8,140	07/26/95 — 09/13/95	\$ 8,140
Santa Anita	53	1,600	10/04/95 — 11/13/95	1,600
Hollywood Park	42	2,055	11/15/95 — 12/24/95	1,855
Santa Anita	131	7,405	12/26/95 — 04/22/96	5,805
Hollywood Park	137	10,255	04/28/96 — 07/25/96	10,105

Thoroughbred Meetings — Northern Zone

Bay Meadows	58	\$4,600	08/25/95 — 11/13/95	\$4,600
Golden Gate	12	4,250	11/15/95 — 12/03/95	4,250
Bay Meadows	22	4,800	12/06/95 — 01/21/96	4,700
Bay Meadows	54	2,800	01/24/96 — 03/24/96	2,800
Golden Gate	77	7,425	03/27/96 — 06/16/96	7,425

Quarter Horse Meetings — Statewide

Los Alamitos	130	\$19,105	04/14/95 — 12/17/95	\$19,105
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Harness Meetings — Statewide

Cal Expo	6	\$350	10/14/95 — 12/10/95	\$350
Los Alamitos	121	5,950	12/22/95 — 04/07/96	5,950
Cal Expo	74	4,350	04/12/96 — 07/21/96	4,350

Fair And Mixed Meetings — Statewide

Pleasanton(F)	4	\$500	06/26/95 — 07/09/95	\$500
Vallejo(F)	11	2,575	07/11/95 — 07/23/95	2,575
Santa Rosa (F)	5	1,800	07/24/95 — 08/26/95	1,800
San Mateo(F)	5	420	08/07/95 — 08/26/95	420
Ferndale(F)	1	300	08/10/95 — 08/20/95	300
Sacramento(F)	5	1,550	08/21/95 — 09/04/95	1,550
Pomona(F)	17	2,100	09/14/95 — 10/02/95	2,050
Fresno(F)	7	1,600	10/03/95 — 10/15/95	1,600
Stockton (F)	3	200	06/12/96 — 06/23/96	200

Statement of Distribution by Fund of Horse Racing Revenues

July 1, 1995 through June 30, 1996

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 191:		
0.63% — total handle	\$14,371,063	
1.00% — fair handle	2,308,546	
Escheat of unclaimed warrant	48	
Section 19620-A	265,000	
Section 19620-B	8,383,314	
Total 191 Fund		<u>\$25,327,971</u>
Satellite Wagering Fees, Fund 192:		
Satellite Wagering	\$12,027,586	
Other regulatory, licenses, and permits — purses	711,998	
Total 192 Fund		<u>12,739,584</u>
Revenue To General Fund		
Horse racing licenses	\$63,470,453	
Breakage	2,109,786	
Fines & Penalties	106,255	
Unclaimed Pari-mutuel Tickets	444,002	
Unclaimed Pari-mutuel Tickets Racetrack Security	2,332,611	
Occupational Licenses	1,089,236	
Miscellaneous Income	19,225	
Total General Fund		<u>69,571,568</u>
Wildlife Restoration		
Horse racing licenses		750,000
Racetrack Security		263,000
Total Revenue		\$108,652,123

Other Public Revenues

In addition to revenues collected from horse racing meetings by the Board, other public revenues are derived from horse race meetings in California.

During the FY 1995-1996 racing year, there were 2,062 horses “claimed” at authorized race meetings. The “Claiming” of a racehorse is in effect a sale of the horse at designated price (as established by the conditions of the race) to a qualified person who submits a “Claim” for the horse at least 15 minutes prior to the race in which the owner of the race horse established the competitive value of the horse. For example, in a claiming race where the claiming price is established by the Racing Secretary as \$10,000, an owner of a horse may enter the horse in the race if willing to lose the horse to another owner (or qualified person) for the price of \$10,000. An owner who over-values the horse will find competition in the race too severe and will not win a purse — but probably retain the horse; the owner who under-values the horse may well win a purse but in all probability lose title to the horse to a successful claimant. Thus it is the owner who establishes the true competitive value of a horse in a claiming race. Inasmuch

as the claim of a horse is in fact a purchase, State sales tax is collected on the amount of the claim. During the 1995-1996 racing year, the total amount paid for claiming of horses was \$31,027,100, resulting in sales tax revenues (based on 0.25%) of \$2,507,745.

Chapter 1202, Statutes of 1982, changed the existing provisions for local license fees and admission taxes. This statute authorizes every racing association other than the California Expo and State Fair or a county or district agricultural association fair to elect permanently to deduct up to 0.33 of 1% from all pari-mutuel pools and to distribute the amounts to the city or county where the racing meeting is held if the city or county passes an ordinance to accept such fees in-lieu of admission taxes and license fees. All eligible racing associations have elected to deduct the 0.33%, and during the FY 1995-1996 racing year, \$7,716,877 was distributed to local governments under this provision.

Track Commissions

Under the system known as pari-mutuel wagering, the racing association acts as the stakeholder for all wagers, deducting from each pari-mutuel wagering pool the statutory "takeout" which includes the state license fee, the percentage deduction for purses, and the track's commission. Commissions retained by California racing associations during FY 1995-96 totaled \$143,922,558.

Track commissions are found in the preceding license fee rate schedules of this report. It should be noted that as the State license fee increases with increases to pari-mutuel handle at a race meeting, the track commissions and the purses must necessarily decrease. Unlike businesses which may adjust mark-ups to reflect additional costs of operation, the racing associations must operate within the fixed percentages mark-up pending adjustments through statutory amendment.

Statistics For Horses Claimed

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Bay Meadows	244	\$2,712,000	\$233,740
Golden Gate Fields	28	339,500	28,009
Bay Meadows	126	1,320,250	108,921
Golden Gate Fields	156	1,820,500	150,191
Sub-total	554	\$6,192,250	\$ 520,861
Thoroughbred Meetings-Central-Southern			
Del Mar	183	4,087,500	286,125
Oak Tree	112	2,289,000	188,843
Hollywood (Fall)	72	1,688,500	139,301
Santa Anita	367	8,681,000	716,183
Hollywood (Spring)	215	5,010,500	413,366
Sub-total	949	\$21,756,500	\$1,743,818
Harness Meetings-Statewide			
Cal Expo	13	\$65,525	5,078
Los Alamitos	24	169,525	13,178
Cal Expo	3	15,200	1,178
Sub-total	40	\$250,250	\$19,394
Quarter Horse Meetings-Statewide			
Los Alamitos	342	\$1,373,800	106,470
Sub-total	342	\$1,373,800	\$106,470
Fair and Mixed Meetings-Statewide			
Pleasanton	18	\$125,650	\$10,366
Vallejo	16	83,150	6,028
Santa Rosa	20	138,650	10,399
San Mateo	21	179,950	14,846
Ferndale	0	0	0
Sacramento	13	61,400	4,759
Pomona	64	738,500	60,926
Fresno	8	35,450	2,783
Stockton	17	91,550	7,095
Sub-total	177	1,454,300	117,202
Grand Total	2,062	\$31,027,100	\$2,507,745

Horsemen's Purses

As with track operator's commissions, the purses for race meetings are determined by the rate schedules or in some cases by agreement with the racing association. Purses for California race meetings during FY 1995 -1996 totaled \$138,263,393. Of this total, \$12,367,652 was paid out in Breeder's and Owner's premiums

In order for the individual racing associations to establish its daily purse structure for the race meeting, the association must first make a projection of the amount of pari-mutuel wagers it expects to handle. The actual purses to be paid for any one race, or for the day's races, are determined by the racing secretary's projections of "handle" and must be revised during the course of the race meeting based on actual handle. The racing association must also conclude an agreement with the respective horsemen's organization representing the horsemen at its meeting to establish the percentage of the total purses which may be used for stakes races.

Authorized Horse Sales

The CHRB supervises authorized horse sales when such sales are solely for the sale of racehorses or breeding stock used in the production of racehorses and when such sales are conducted on the premises of a racing association. During FY 1995 – 1996, 1,444 horses were sold for a total of \$44,808,550. These sales generated a total of \$1,110,094 in sales tax. The Board assigns an Official Veterinarian and an Investigator of the Board to supervise each horse sale. Prospective purchasers may review the reported medication record of any horse offered for sale, and purchasers of a horse may request a verifying blood test of the horse bought.

During FY 1995 – 1996, the following sales were supervised:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. July Sale — Racing Age July 10
2. Fall Sale — All ages October 23, 24
3. Winter Mixed Sale January 22, 23
4. March Selected Two-Year-Olds March 5, 6
5. Spring Two-Year Olds May 6, 7

A total of 1,264 horses were sold for \$43,249,000, which generated \$1,041,896 in sales tax.

California Thoroughbred Breeders Association Sales At Del Mar

1. Del Mar Select and Preferred Yearling Sale August 12, 13

A total of 94 horses were sold for \$1,185,400, which generated \$50,605 in sales tax.

Quarter Horse Sales At Fairplex Park

1. PCQHRA Yearling Sale October 9
2. PCQHRA Mixed Stock Sale October 9

A total of 86 horses were sold for \$374,150, which generated \$17,593 in sales tax.

California Horse Breeding Programs

The Horse Racing Law provides incentives for the breeding and owning of California-bred horses. A principal and explicitly stated intent of the law is to encourage agriculture and the breeding of horses in this state.

Every association licensed to conduct a horse racing meeting in California must provide, each racing day, for the running of at least one race limited to California-bred horses, provided those races can attract a sufficient number of qualified entrants.

An award equal to 10% of the first-place money of any purse won in any race is paid to the breeder of the winning California-bred horse. A further incentive to own a California-bred horse is provided by owners' premiums, which are funds generated from 13.33% (25% in the case of quarter horses) of the amount specified for purse payments from the optional additional takeout, not to exceed 3%, which is deducted from exotic wagering pari-mutuel pools. Owners' premiums are distributed on a pro-rata per-

centage basis to persons owning California-bred horses that are in races having a total purse value of certain qualifying amounts.

Additionally, stallion awards are issued to owners of qualified California thoroughbred stallions standing in California, whose progeny win races in California having a certain qualifying gross purse. A breeders' award is also paid for a California-bred thoroughbred when the horse wins a graded stakes race outside the state or when the horse finishes second or third in a race run in California.

These California breeders programs and distribution of awards and premiums are administered by the recognized California breeders' organizations of the various breeds.

Thoroughbred Breeding Programs

The California Thoroughbred Breeders Association administers the California-bred awards, owners' premiums and stallion awards for thoroughbreds. At California thoroughbred race meetings, the amount of 0.34% on-track and .4% of off-track of all pari-mutuel pools is deducted as takeout and transferred to CTBA for distribution. A further amount equal to 13.33% of that portion of the optional takeout from exotic wagering specified for purses is likewise transferred to the CTBA for distribution.

During fiscal year 1995-96, \$11,200,000 was generated by the 0.34% of the handle and by the 13.33% share of the optional takeout. The CTBA is authorized to deduct up to 5% for administrative overhead and expenses.

The Incentive Awards Program distributes monies as follows: 55% to breeder awards, 15% to owner awards, 20% to stallion owner awards, and 10% to the California-Bred Race Fund. Breeders, owners, and stallion owners receive a prorated share of total monies available in their respective program. All races must be run before awards can be determined. Therefore, incentive award payments are made only once a year.

Standardbred Breeding Programs

The California Standardbred Sires Stakes Committee, Inc., a California non-profit public benefit corporation, administers the Standardbred Breeders' Program. The Sires Stakes Committee is authorized to deduct expenses (not to ex-

ceed 4% of funds generated) for administering the Standardbred Breeders' Program. The program is funded from the breakage at harness meetings and an additional 1% takeout on all exotic wagering at harness meetings. In fiscal year 1995-96, the program generated \$425,550 for horsemen.

Quarter Horse Breeders' Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$452,606 to fund this program in fiscal year 1995-96. The source of these funds was 0.34% of the on-track and 0.40% of the off track handle on quarter horse racing at the fair race meetings, 0.20% of the handle at quarter horse race meetings, and a proportional payment of the monies required by the State, the association, and the horsemen.

Appaloosa Breeders' Program

Cal-Western Appaloosa Racing, Inc., as the recognized breeders' organization, received \$47,354 for the breeders' program in fiscal year 1995-96. This money was received as breeders' awards (0.34% of the on-track and 0.40% of the off-track handle on Appaloosa racing).

Arabian Breeders' Program

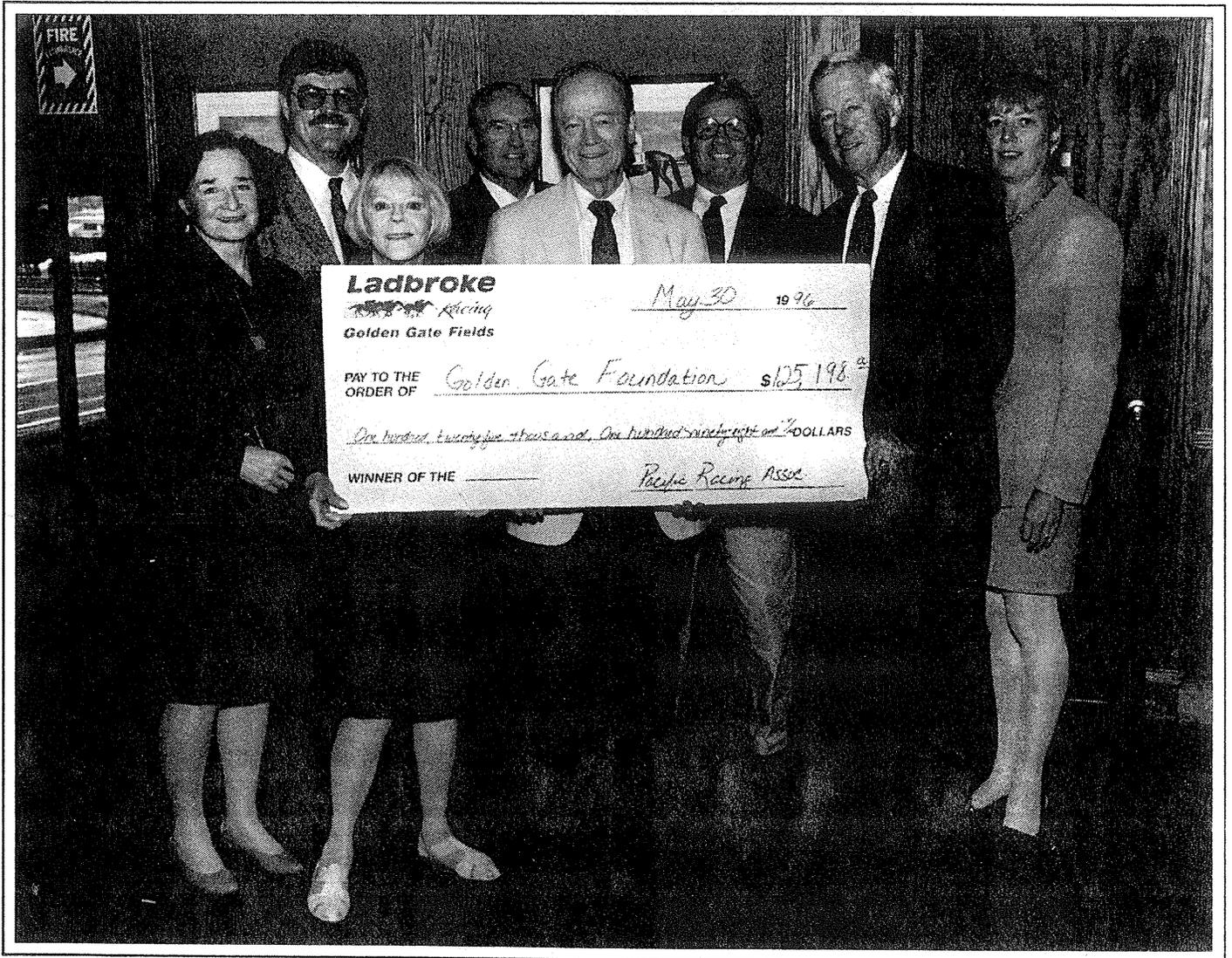
The California Arabian horse breeders' awards received \$75,652 for the program during fiscal year 1995-96.

CHARITY DAYS

California horse racing associations have distributed many millions of dollars to worthwhile charities over the last 60 years. Their donations in the last fiscal year alone totaled \$1,059,675.

By law, each racing association is obligated to conduct a specified portion of its race meeting for the benefit of charities meeting the statutory criteria and approved by the Board. While recognizing the worthwhile nature of all the charitable organizations favored by the various distributing foundations, the CHRB has long advocated giving increased amounts to charitable groups within the horse racing industry. The associations and foundations responded to the Board's requests by increasing their donations to racing-related charities last year.

On charity racing days, the racing association furnishes the facilities and personnel necessary for the conduct of racing. The income from all operations of the race meeting on charity racing days, less deductions for actual expenses, is dedicated to charitable purposes. The other charitable foundations that distributed funds last year were Hollywood Park Racing Charities, Inc., Del Mar Charities, the Oak Tree Charitable Foundation, and the Horsemen's Quarter Horse Racing Association Charitable Foundation.

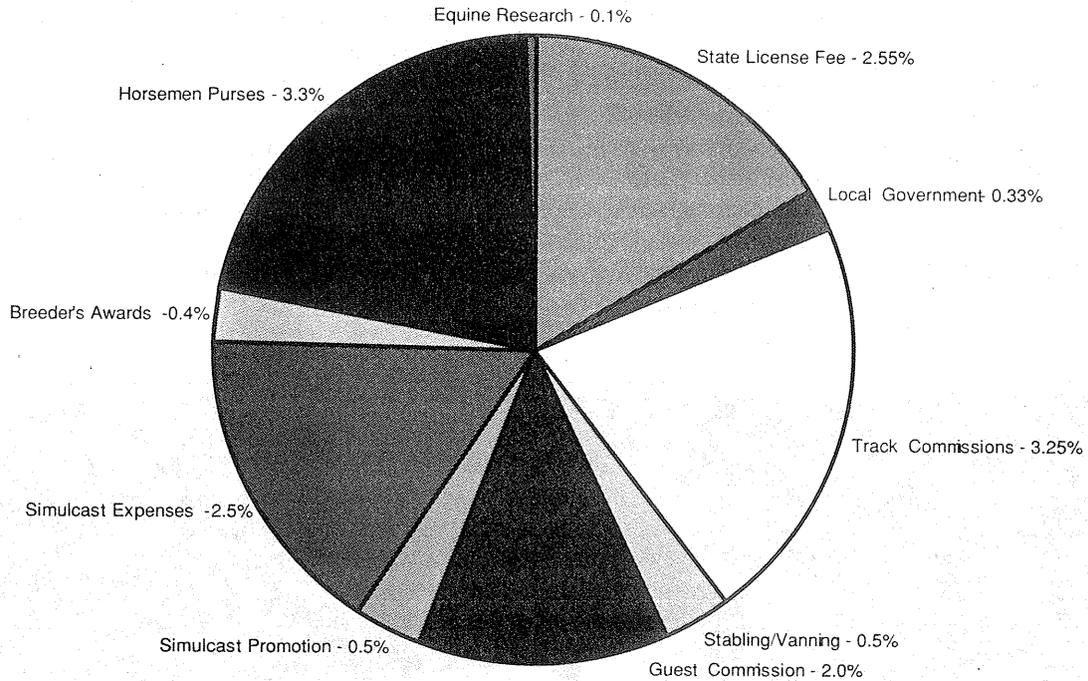


Among the biggest contributors to the state's charities was the Golden Gate Fields Foundation, which distributed \$125,198 to various charitable programs last year. GGFF President James Wickersham is pictured above (center) with other directors and friends of the Foundation.

The Revenue Stream

Conventional Wagers: Off-Track Pari-mutuel

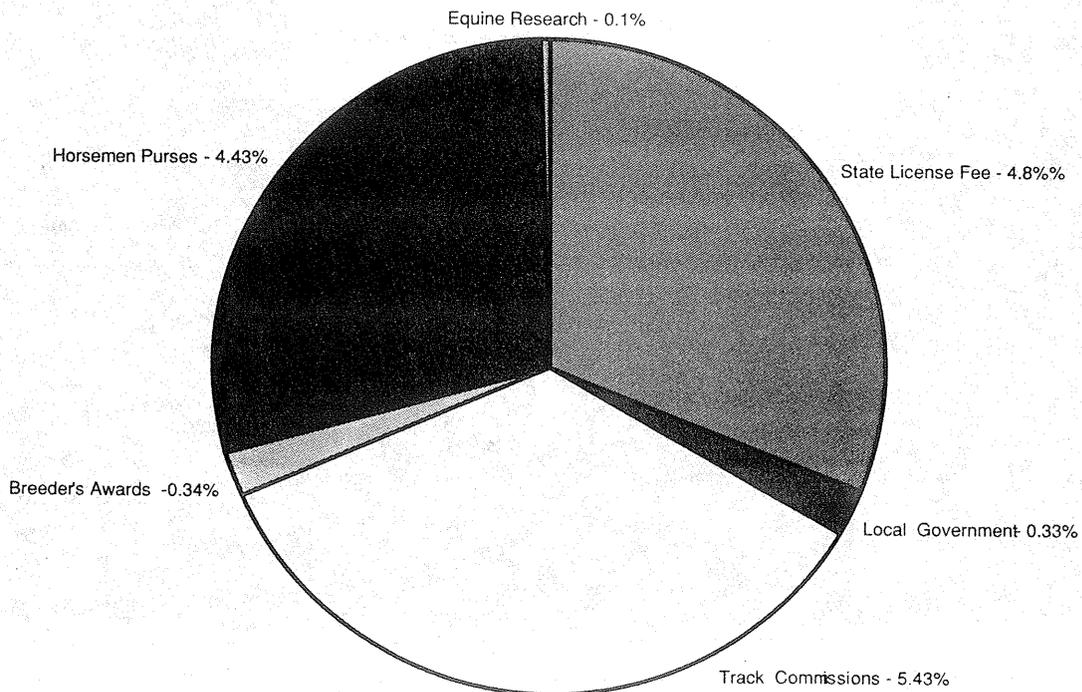
Distribution based on \$636,931,300 wagered this category 1995-1996



\$98,278,498 was taken out from off-track conventional wagers

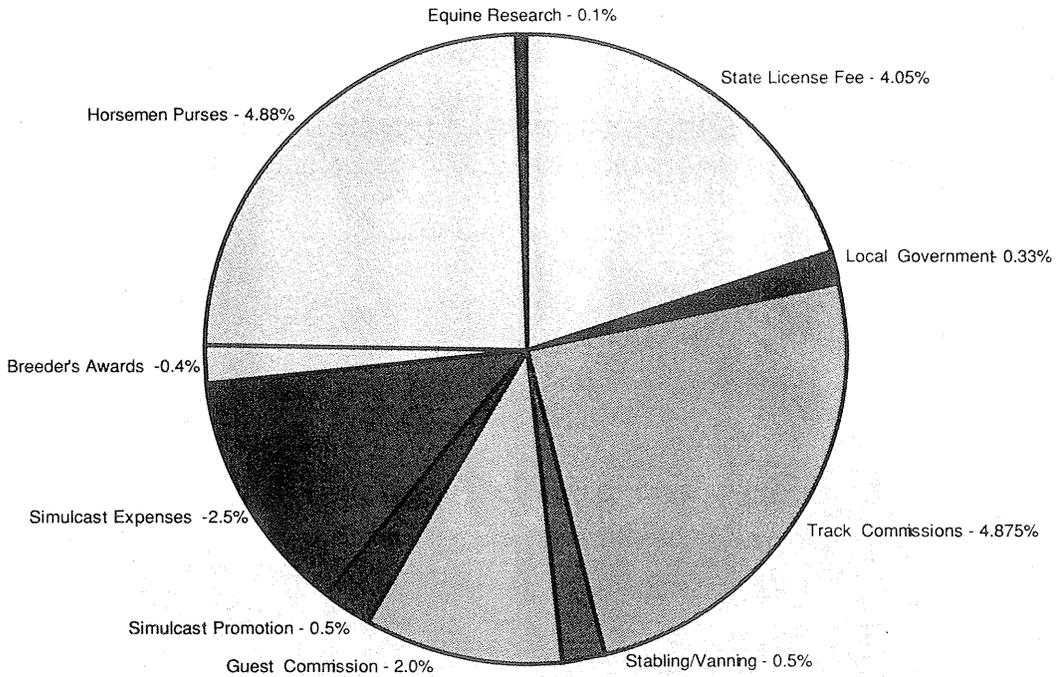
Conventional Wagers: On-Track Pari-mutuel

Distribution based on \$342,963,000 wagered this category 1995-1996



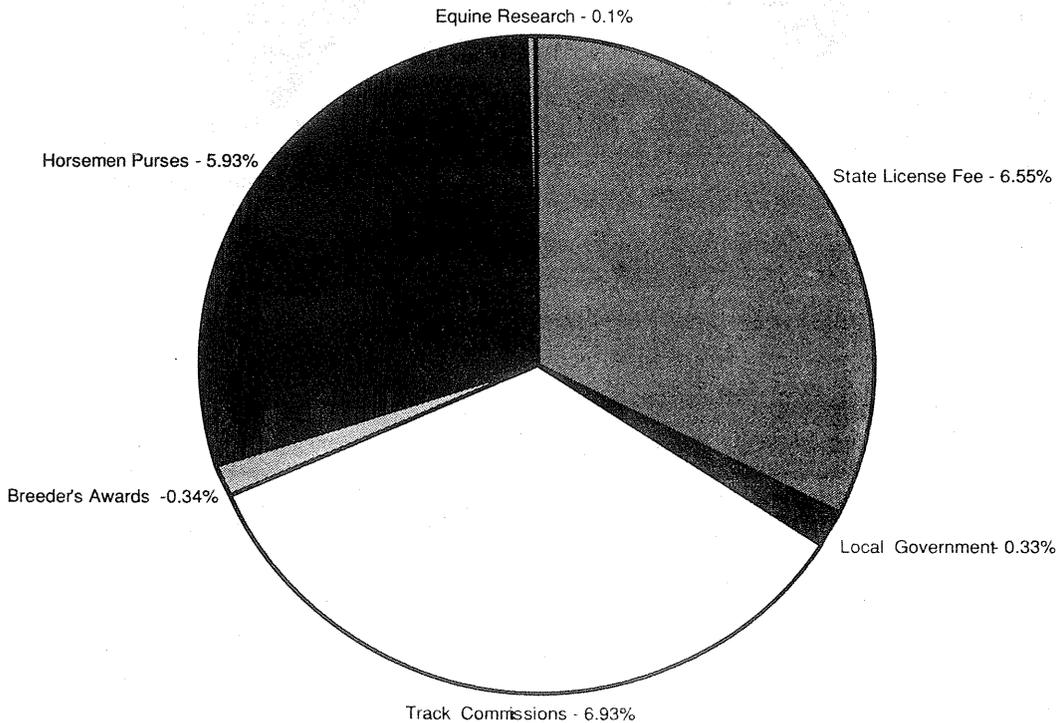
\$52,919,191 was taken out from on-track conventional wagers

Exotic Wagers: Off-Track Pari-mutuel
 Distribution based on \$993,688,560 wagered this category 1995-1996



\$200,526,351 was taken out from off-track exotic wagers

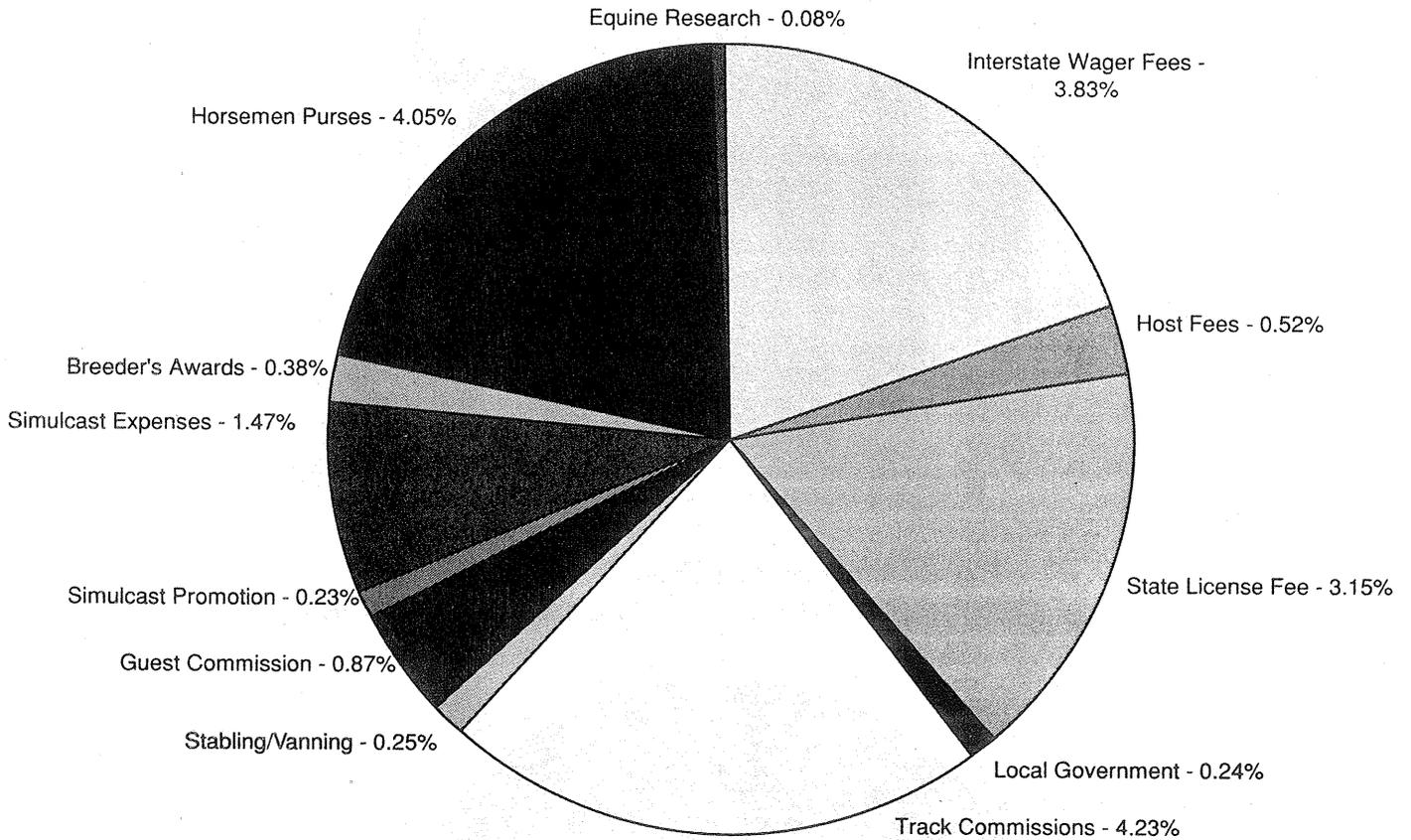
Exotic Wagers: On-Track Pari-mutuel
 Distribution based on \$535,063,070 wagered this category 1995-1996



\$107,975,727 was taken out from on-track exotic wagers

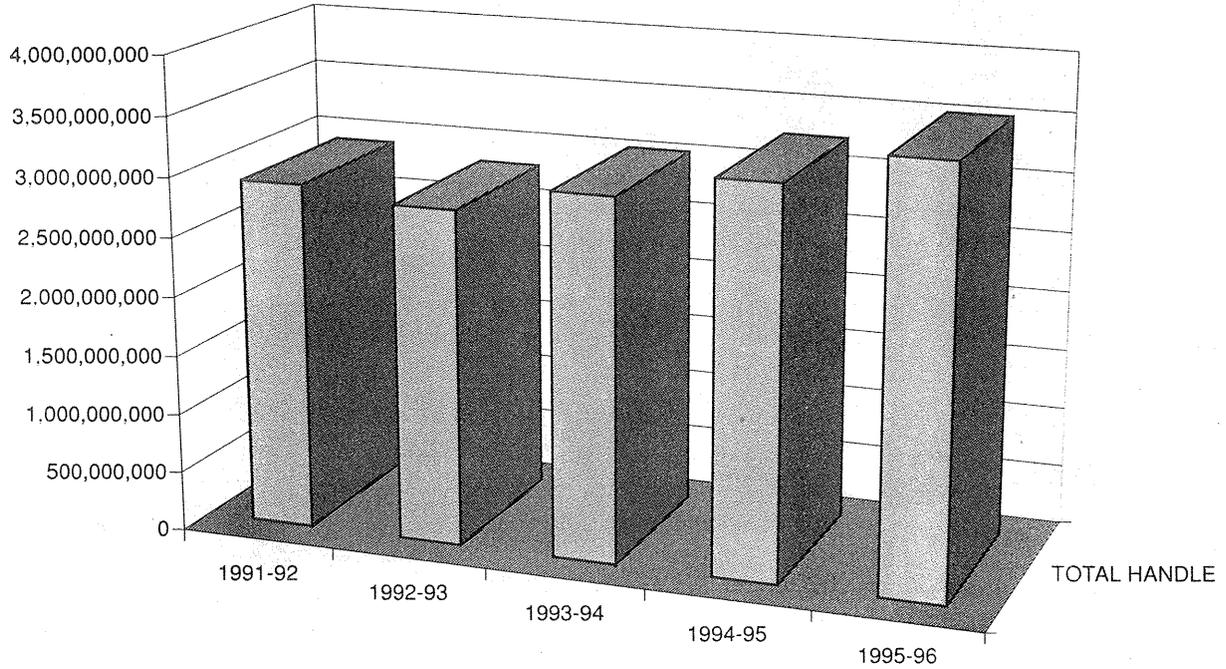
Summary of Total Distribution

Distribution based on \$3,524,519,577 total wagered 1995-1996

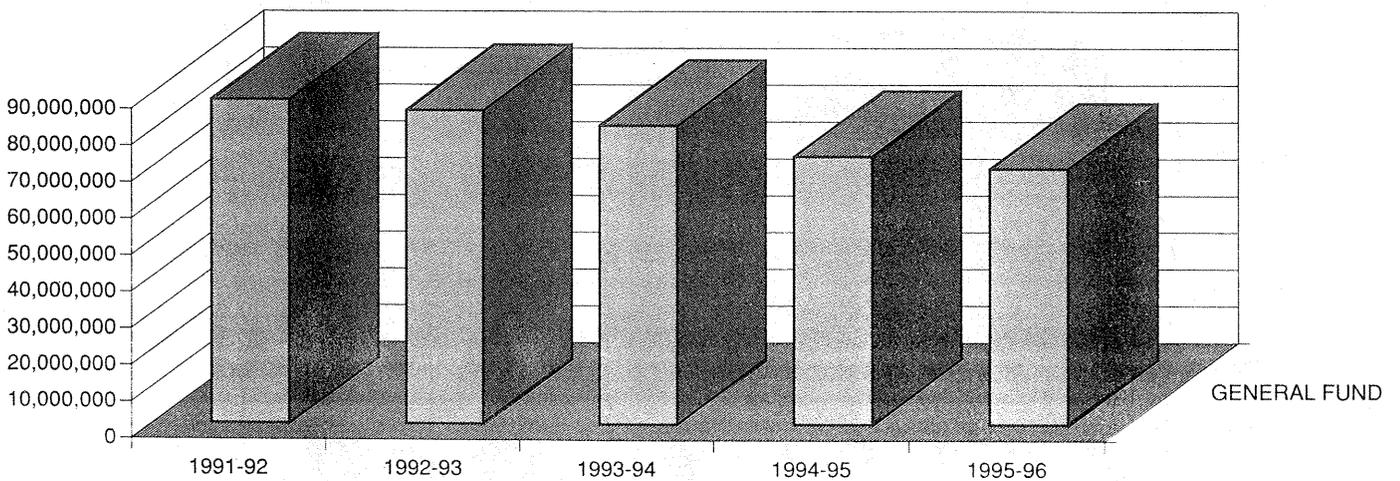


\$660,514,430 was taken out from total wagers

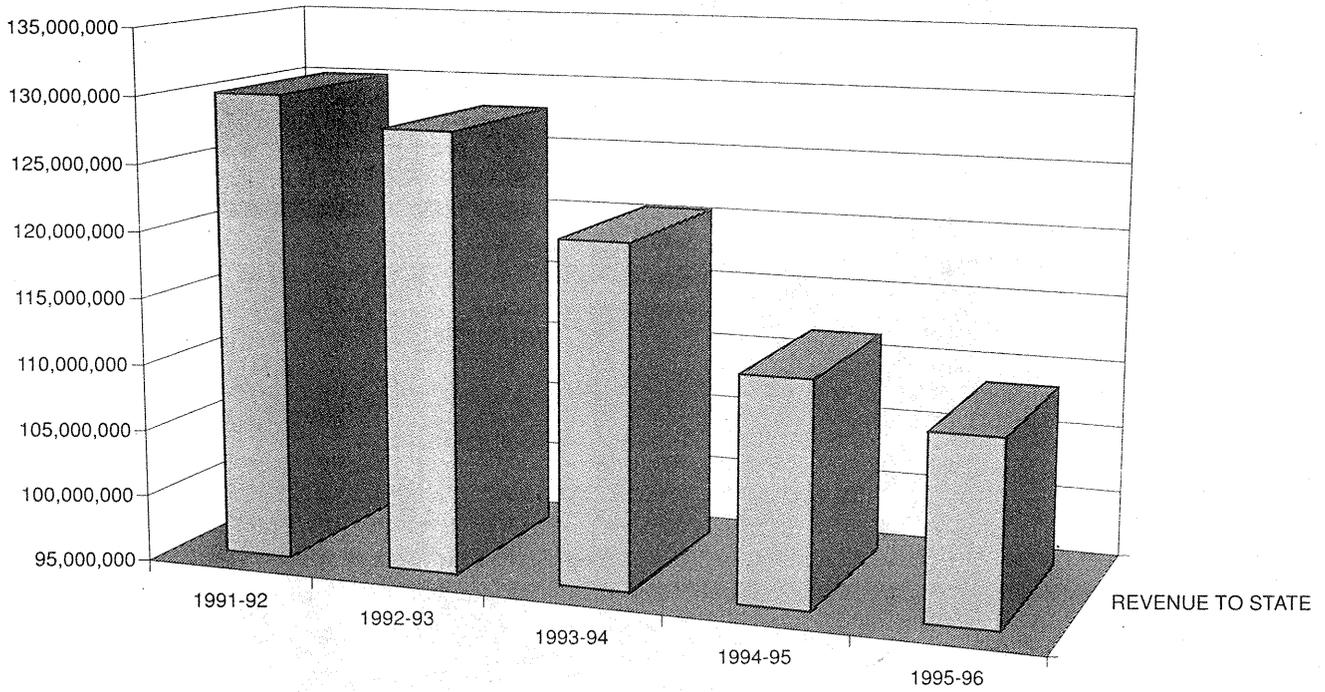
Total Handle Commingled Pools



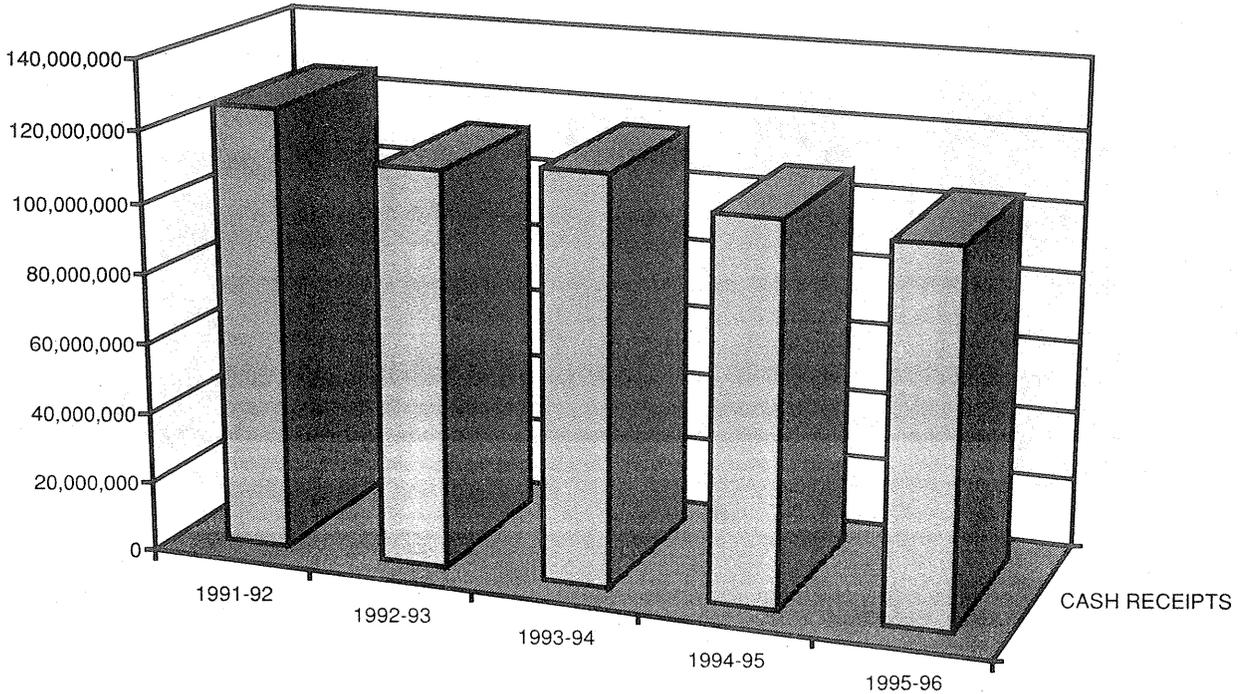
General Fund



Revenue to State

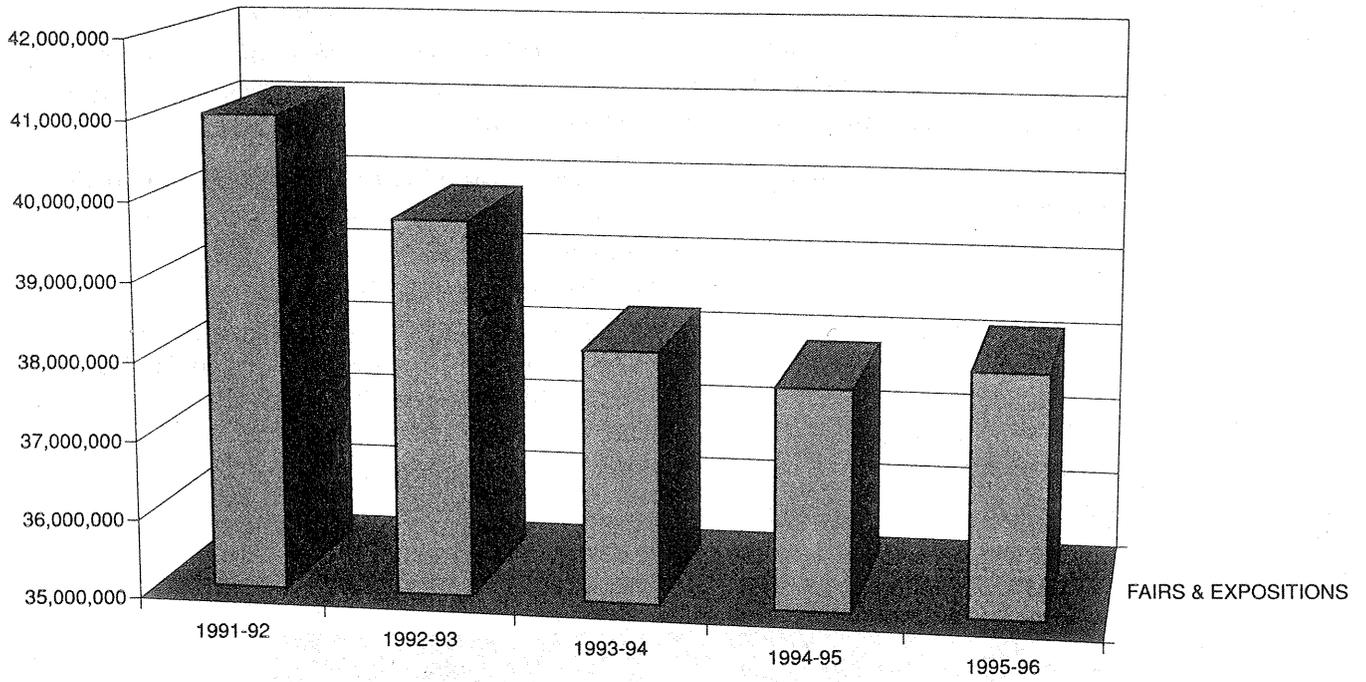


Pari-mutuel Fees License Fee Receipts Received



Fairs & Expositions

Cash Receipts Received



The Horsemen's Organizations Welfare Funds

The Horse Racing Law provides that 50% of the unclaimed redistributable money in pari-mutuel pools (uncashed pari-mutuel ticket amounts) resulting from thoroughbred, harness, or quarter-horse-race meetings be paid to the welfare fund established by the horsemen's organization contracting with the association for the conduct of the race meeting for the benefit of horsemen, which are registered with the Registry of Charitable Trusts of the Office of the Attorney General. The three horsemen's organizations have established and maintain the following welfare funds:

The California Thoroughbred Horsemen's Foundation, Inc.

285 W. Huntington Drive
P. O. Box 3747
Arcadia CA 91006
(Registry of Charitable Trusts
No. 4833)

Quarter Horse Benevolent Charity Foundation

8295 Westminster Blvd., Suite 160
Westminster CA 92683
(Registry of Charitable Trusts No. CT 18221)

Each of the foregoing welfare funds have a state tax exempt status under the provisions of Section 23701 of the Revenue and Taxation Code.

California Harness Horseman's Association Welfare Fund

11132 Winners Circle, Suite 208
Los Alamitos CA 90720
(Registry of Charitable Trusts No. CT 21800)

The California Horsemen's Organizations

The CHRB determines the organizations to represent California horsemen with respect to each breed. The Board also audits their financial reports (which are contained in the CHRB Statistical Report each year).

The following horsemen's organizations were recognized by the Board during the last fiscal year: Thoroughbred Owners of California for thoroughbred owners; California Horsemen's Benevolent and Protective Association for thoroughbred trainers; California Harness Horseman's

Association for harness horsemen; Pacific Coast Quarter Horse Racing Association for quarter horsemen; Cal-Western Appaloosa Racing, Inc., for appaloosa horsemen; and the Arabian Racing Association of California for Arabian horsemen.

Audited Expenses of California Horsemen's Organizations

Pursuant to AB 3106 (Chapter 594/96), the audited expenditures of all organizations representing horsemen and horsewoman are hereby included in this Annual Report. The information regarding the expenditures of these organizations is only one portion of the total audited finan-

cial statements submitted to the California Horse Racing Board (CHRB). Persons wishing to obtain a copy of the complete audited financial statements of a horsemen's organization can do so by contacting the CHRB's headquarters offices in Sacramento.

THOROUGHBRED OWNERS OF CALIFORNIA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 1996

Unrestricted revenues:	
Proceeds from race tracks	\$ 947,782
Contributed office space	45,000
Interest	28,935
Other	<u>617</u>
Total unrestricted revenues	<u>1,022,334</u>
Unrestricted expenses:	
Salaries and employee benefits	309,349
Consulting	252,169
Professional fees	62,515
General and administrative	72,694
Rent	45,000
Office supplies	5,652
Travel and entertainment	17,981
Newsletter	49,923
Telephone	18,865
Insurance	13,900
Depreciation	<u>11,847</u>
Total unrestricted expenses	<u>859,895</u>
Change in unrestricted net assets	162,439
Unrestricted net assets, beginning of year	736,044
Transfer from C.H.B.P.A. (Note 1)	<u>66,667</u>
Unrestricted net assets, end of year	<u>\$ 965,150</u>

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

California Horsemen's Benevolent and
Protective Association, Inc.

Statements of Activities

	Year ended December 31	
	1995	1994
Revenues		
Track revenues	\$ 429,708	\$ 2,024,010
Recreation hall income	322,193	267,848
Interest income	10,003	7,886
Miscellaneous	35,511	186,817
Total revenues	797,415	2,486,561
Expenses		
Program services:		
Recreation hall and programs	409,281	365,102
Membership services	5,283	340,877
Quality assurance program	-	10,000
Contributions	3,320	6,500
Total program services	417,884	722,479
Supporting services:		
Administrative salaries and related expenses	136,440	385,941
Professional and outside services	69,017	770,498
General office expenses	29,446	66,594
Insurance	70,026	157,701
Travel	776	1,768
Payments to national organization	4,000	75,000
Meetings and conventions	6,949	56,666
Rent and utilities	6,392	10,881
Repairs and maintenance	5,408	5,189
Depreciation	32,230	33,788
Other expenses	23	78,530
Total supporting services	360,707	1,642,556
Total expenses	778,591	2,365,035
Change in net assets before distributions and transfers to Thoroughbred Owners of California	18,824	121,526
Distributions to Thoroughbred Owners of California	(373,333)	(140,000)
Transfers of assets to Thoroughbred Owners of California	(15,444)	-
Net assets at beginning of year	982,424	1,000,898
Net assets at end of year	\$ 612,471	\$ 982,424

See accompanying notes.

PACIFIC COAST QUARTER HORSE RACING ASSOCIATION, INC.
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 1995

REVENUES COLLECTED

Membership dues	\$ 24,460
Mutuel fees- HQHRA	202,359
Mutuel fees- Fairs	30,818
Mutuel fees- Thoroughbreds	47,207
Mutuel fees- 1994 Scotwinc Surplus	11,867
Administration fees-Futurities/Derbies	90,851
Banquet/award income	3,225
Berth transfers	2,050
Cal-Bred Registry fees	19,760
Advertising income	10,769
Interest income	16,781
	<u>460,147</u>

EXPENSES PAID

Salaries	91,612
Advertising	16,015
Annual awards	18,477
Contract services	68,718
Depreciation	14,876
Dues & subscriptions	3,252
Election expenses	2,069
Fair representative expense	12,112
Insurance	12,617
Legal & accounting	11,225
Newsletter & directory	8,656
Office expense & postage	24,856
Purse supplements	2,096
Facility costs	2,900
Repair & maintenance	2,126
Stationery & printing	2,559
Taxes-payroll and property	7,645
Telephone & utilities	10,312
Travel & meetings	13,381
	<u>325,504</u>

INCREASE TO FUND BALANCE BEFORE HORSE SALE	134,643
HORSE SALE, excess of expenses over income	<u>(23,974)</u>
INCREASE TO FUND BALANCE	110,669
BEGINNING FUND BALANCE - JANUARY 1, 1995	<u>478,965</u>
ENDING FUND BALANCE - DECEMBER 31, 1995	<u>\$ 589,634</u>

See accompanying notes.

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION
STATEMENT OF INCOME & CHANGES IN FUND BALANCES
FOR THE TWELVE MONTHS ENDED JUNE 30, 1995

	OPERATING FUND (Unrestricted)	WELFARE FUND (Restricted)	JUNE 30, 1995 TOTAL
<u>REVENUE</u>			
Administrative Fees	\$ 200,000.00	\$ 0.00	\$ 200,000.00
Membership Dues	8,140.00	0.00	8,140.00
Contract Income - Other	11,158.50	0.00	11,158.50
Contract Income - Scotwinc	140,511.50	0.00	140,511.50
Electioneer & CA Pace Income	1,348.33	0.00	1,348.33
Stall Rents	25.36	0.00	25.36
Insurance Assessments, Net	(27.43)	0.00	(27.43)
Insurance Assessments, Net	0.00	30,431.75	30,431.75
Interest Income	1,636.05	0.00	1,636.05
Interest Income	0.00	1,044.56	1,044.56
TOTAL REVENUE	362,792.31	31,476.31	394,268.62
<u>EXPENSES</u>			
Dues & Membership	520.00	0.00	520.00
Third Party Liability Insurance	8,038.00	0.00	8,038.00
Sulky Insurance	(2,530.35)	0.00	(2,530.35)
Worker's Comp Insurance	1,403.00	0.00	1,403.00
Office Liability Insurance	1,250.00	0.00	1,250.00
Race Track Disaster Insurance	2,424.00	0.00	2,424.00
Legal Services	(9,468.00)	0.00	(9,468.00)
Accounting Services	16,218.00	0.00	16,218.00
Bad Debts	18,203.94	0.00	18,203.94
CHHA - Office Staff	75,000.12	0.00	75,000.12
Track Representative	5,500.00	0.00	5,500.00
Payroll Taxes	5,245.45	0.00	5,245.45
Health Benefits	4,612.75	0.00	4,612.75
Miscellaneous Expenses	1,541.44	0.00	1,541.44
Moving Expense	9,272.36	0.00	9,272.36
Promotion & Advertising	2,847.85	0.00	2,847.85
Newsletter & Printing	950.02	0.00	950.02
Mailing & Postage	467.70	0.00	467.70
Hot Line Services	1,522.78	0.00	1,522.78
Office Supplies	33.69	0.00	33.69
Rent	14,360.00	0.00	14,360.00
Equipment Lease	3,277.73	0.00	3,277.73
Equipment Maintenance	1,381.23	0.00	1,381.23
Computer Accessories & Supplies	815.25	0.00	815.25
Telephone	4,511.41	0.00	4,511.41
Depreciation	800.00	0.00	800.00
Taxes & Licenses	72.38	0.00	72.38
Mail & Delivery	218.25	0.00	218.25
Bank Charges	442.77	0.00	442.77
Bank Charges	0.00	11.42	11.42
Directors Meetings	2,983.75	0.00	2,983.75

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
CHAPKIS & MITCHELL, AN ACCOUNTANCY CORPORATION

CALIFORNIA HARNESS HORSEMEN'S ASSOCIATION
 STATEMENT OF INCOME & CHANGES IN FUND BALANCES
 FOR THE TWELVE MONTHS ENDED JUNE 30, 1995

	OPERATING FUND (Unrestricted)	WELFARE FUND (Restricted)	JUNE 30, 1995 TOTAL
CHRB Meetings	8,983.34	0.00	8,983.34
Annual Membership Meetings	1,884.00	0.00	1,884.00
Meetings & Travel	1,764.94	0.00	1,764.94
Electioneer & CA Pace Exp	1,348.33	0.00	1,348.33
TOTAL EXPENSES	185,896.13	11.42	185,907.55
EXCESS REVENUE OVER EXPENSE	176,896.18	31,464.89	208,361.07
FUND BALANCES, BEGINNING OF YEAR	\$ (36,025.30)	\$ 109,436.43	\$ 73,411.13
FUND BALANCES, END OF YEAR	140,870.88	140,901.32	281,772.20

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 CHAPKIS & MITCHELL, AN ACCOUNTANCY CORPORATION

Cal Western Appaloosa Racing, Inc.
 Clovis, California
 Statement of Income and Expenses - Combined
 For The Year Ended May 31, 1996

Income

Racing	\$117,895.87
Magazine	1,337.23
Conventions	1,942.00
Stallion Service Auction	<u>3,075.00</u>
Total Income	\$124,250.10

Expenses

General and Administrative Expenses - Note 9	\$53,999.45	
Track Representative	6,659.34	
Supplies	641.82	
Travel	287.28	
Advertising	1,200.00	
Printing	14,168.15	
Trophies and Awards	5,882.37	
Barbecue	2,441.43	
Articles	1,400.00	
Conventions	3,315.23	
Race Consultant	22,386.00	
CPO Clinic	830.60	
Add Ons	2,223.88	
Pre-Sort Mailing	603.97	
Bulk Postage Stakes Book	485.00	
Promotion	1,202.28	
Miscellaneous	<u>877.09</u>	
Total Expenses		<u>\$118,603.89</u>

Net Income From Operations	\$ 5,646.21
Add: Interest Income	<u>5,080.84</u>
Net Income	<u>\$ 10,727.05</u>

See Independent Auditors' Report.
 The accompanying notes are an integral part of these financial statements.

ARABIAN RACING ASSOCIATION OF CALIFORNIA

Statement of Activities and Changes in Net Assets

For the year ended December 31,

1995

	Administration (unrestricted)	Cal-Bred (restricted)	Eliminations	Total
Revenue and Support:				
Owners' and breeders' awards		\$ 83,718		\$ 83,718
Track administration fees	\$ 89,203		\$ (8,372)	80,831
Membership	5,775			5,775
Other	8,375	3,472		11,847
	<u>103,353</u>	<u>87,190</u>	<u>(8,372)</u>	<u>182,171</u>
Expenses:				
Owners', breeders', and stallions' awards		77,001		77,001
Breed representative	39,673			39,673
Race sponsorship	27,840			27,840
Legal and accounting	9,325	7,000		16,325
Convention, awards and trophies	12,054			12,054
Other	24,136	11,481	(8,372)	27,245
	<u>113,028</u>	<u>95,482</u>	<u>(8,372)</u>	<u>200,138</u>
Decrease in net assets	(9,675)	(8,292)	0	(17,967)
Net Assets:				
Beginning of year	84,985	38,941		123,926
Transfer	6,103	(6,103)		0
End of year	<u>\$ 81,413</u>	<u>\$ 24,546</u>	<u>\$ 0</u>	<u>\$ 105,959</u>

See accompanying notes

OSP 96 75863

