

Twenty-Eighth Annual Report of the California Horse Racing Board

A Summary of
Fiscal Year 1997 – 1998
Racing in California

California Horse Racing Board

Ralph M. Scurfield, Chairman
Stefan L. Manolakas, Vice-Chairman
George Nicholaw, Member
Robert H. Tourtelot, Member
Joseph B. Fenley, Member
Christo D. Bardis, Member
Jack Coffey, Member
Roy C. Wood, Jr., Executive Director
Roy Minami, Assistant Executive Director

Note: This document was altered on March 17, 2020 to conform to accessibility guidelines as required by law (Assembly Bill 434)

The general office of the CHRB is located at 1010 Hurley Way, Suite 300, Sacramento, CA 95825.

Regional and field offices are located in the Los Alamitos-Stanton area and at all operating racetracks. A free copy of this report may be obtained from the general office. Recent annual reports also can be viewed at our world-wide web site www.chrb.ca.gov on the Internet.

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



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The California Horse Racing Board logo conveys the basic nature of the Board and the industry it regulates. At the very heart of the logo are horses, which are the core of the industry. The horses are flowing in action, suggesting beauty and pageantry.

The oval shapes reflect the racing environment. The bold letters “CHRB,” representing the people of the State of California, distinguish the Board as a separate entity from the industry itself. The logo’s blue and gold colors are the official colors of the State of California.

By encircling the horses with the name “California Horse Racing Board,” the logo shows both the benevolent and regulatory natures of the Board. One purpose of the CHRB is to encourage agriculture by supporting the industry. Another purpose is to regulate the industry and protect the public interest. Through its fair and consistent enforcement of all regulations, the Board ensures the integrity of racing and encourages participation in the sport.

REPORT OF THE CHAIRMAN

On behalf of the California Horse Racing Board, I am pleased to submit its 28th Annual Report, which summarizes the activities of the Board and the horse racing industry during the 1997-1998 fiscal year and includes an overview of the Board's operations, statistical data, and activities of the industry. This report highlights the contribution of horse racing to California's economy, since tax revenues, jobs, investments, economic growth for local communities, and stability for the expansion of agriculture, including the breeding of horses, are directly and indirectly impacted by horse racing.

California racing and wagering facilities reported a total pari-mutuel handle of \$3.77 billion, an increase of 8.3% from the total reported for 1996-97. The on-track handle was \$896 million, a reduction of one half of one percent. Pari-mutuel wagers placed at the intra-state simulcast wagering facilities were \$1.44 billion, down 2%. In order to mitigate the adverse effects of these decreases on racing associations and horsemen, Senate Bill 27 (Maddy) was enacted to provide a license-fee reduction for California racing associations, horsemen, and fairs. This reduction will permit the associations and fairs to retain an estimated \$40 million annually. Another positive sign was the continued expansion of interstate wagering on California racing in other states and countries, as out-of-state handle was increased by 29.7% — from \$1.11 billion in 1996-97 to \$1.44 billion in 1997-98.

Although the California Cup was conducted in the fall of 1998, it is referenced in this fiscal-year report due to its significance to California horse racing. The ever-popular California Cup, sponsored by the California Thoroughbred Breeders Association and the Oak Tree Racing Association, was held at Santa Anita Park on October 30, 1998. California Cup IX featured 10 races with fields restricted to California-breds. Total purses for those races neared \$1.2 million, providing another big boost for the California breeding industry.

The California Horse Racing Board's expansion into the Internet permits access for the public and other racing jurisdictions to information concerning the Board's activities, resources, statistics, licensing information, and other horse racing organizations within and outside the United States. It is estimated that the Board's Web site received approximately 2,500 visits per month during this year, and it is anticipated that visits will increase as we add information and expand services.

The California Horse Racing Information Management System (CHRIMS) continued its operation and expansion after several years of development. CHRIMS, a data base under the supervision of the CHRB and the California Authority of Racing Fairs, provides pari-mutuel data to the horse racing industry in California. Autotote, the provider of pari-mutuel systems for California racetracks, supported a direct feed of pari-mutuel data into CHRIMS, greatly increasing the system's efficiency.

The Board continued its commitment to the Post-mortem Program, which has gained national attention. Several studies conducted by the University of California Davis School of Veterinary Medicine were commissioned, which resulted in amendments to CHRB regulations to maintain the health and safety of racehorses.

I wish to thank all members of the Board, and specifically Vice-Chairman Stefan Manolakas, for their hard work and dedication to horse racing in this state.

Respectfully submitted,



Ralph M. Scurfield
Chairman

Scurfield Named RCI Chairman

The Association of Racing Commissioners International met in Palm Springs in May of 1998 to conduct important business relating to enhancing the integrity of horse racing and providing uniformity in the regulation of the industry. The RCI membership includes representatives of racing commissions throughout North America, who each year select a new chairman to spearhead their important activities. In 1998, the RCI elected as their new chairman Ralph Scurfield, the longtime chairman of the California Horse Racing Board.

The RCI provides the framework for uniform regulation of pari-mutuel wagering industries in North America and offers guidance in such critical areas as drug testing, the certification of racing officials, and the development of model rules and practices.

The highlight of the four-day session was the election of CHRB Chairman Ralph Scurfield to the office of RCI chairman and the naming of Louisiana State Racing Commission Chairman Albert Stall to the post of chair-elect.

In his acceptance speech, Scurfield emphasized the need for unity among North American regulators, and he stressed the responsibility of racing commissioners to help maintain the integrity of the horse racing industry.

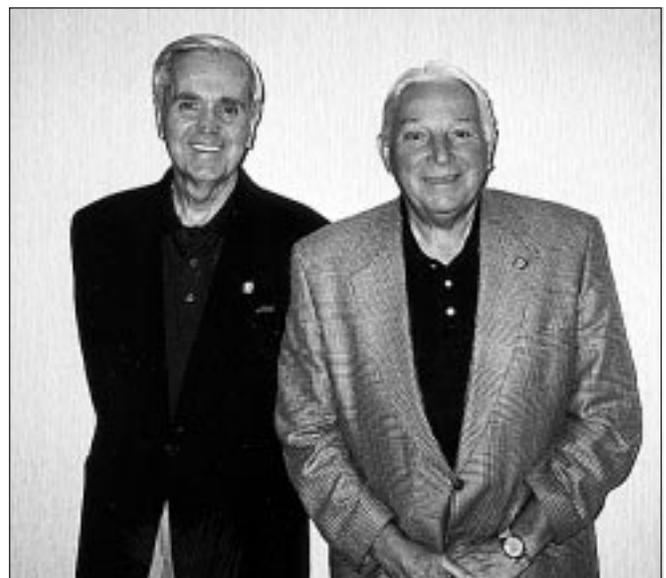
“We must never forget that the success of the pari-mutuel sports industry relies on integrity more than any single other factor,” said Scurfield. “We as racing commissioners have a key role in maintaining integrity by ensuring that the industry is carefully but not overzealously regulated.”

Echoing these thoughts in his first speech to a major horse racing group since being named chief executive director of the National Thoroughbred Racing Association (NTRA), Tim Smith emphasized the need for “competitive integrity” in his keynote address at the convention.

Smith cited the “paramount need to do whatever is necessary to maintain the integrity of our competition and our game. Certain things in any sport are bedrock; competitive integrity is one of those things.” He committed the NTRA to working with the RCI to strengthening this “core value.”

In other highlights:

Mr. and Mrs. Robert Lewis, owners of 1997 Kentucky Derby winner Silver Charm, received the William H. May Award for their “great ambassadorial skills on behalf of horse racing” from RCI President Tony Chamblin.



RCI Chairman Ralph Scurfield (right) and Chair-Elect Albert Stall.

CHRB Chief Information Officer Mory Atashkar demonstrated the RCI’s new data base containing more than 1.5 million entries relating to licensees and official rulings.

Prominent thoroughbred trainer Richard Mandella spoke to delegates on the topic of racing regulation. He described racing regulations and the effective control of illegal drugs as critical to the integrity of horse racing.

Dr. Scott Stanley of the Testing Integrity Program did a presentation relating to drug testing standards and practices.

CHRB Commissioner George Nicholaw participated in the numerous question and answer sessions that followed each presentation. Like the other delegates, he went home with a much clearer understanding of the RCI’s efforts to improve the regulation of horse racing.

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 \$1,425,415.

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 following charitable foundations distributed funds last year: the Santa Anita Foundation, the Hollywood Park Racing Charities, Inc., the Del Mar Charities, the Oak Tree Charitable Foundation, the Golden Gate Fields Foundation, and the Bay Meadows Foundation.



In addition to its many other charitable activities, the Oak Tree Racing Association generates funds each year for the Oak Tree Charitable Foundation. Last year the Foundation distributed \$91,000 to 47 beneficiaries, including the Methodist Hospital Foundation, whose chairman, Jim Helms Jr. (right), and director of fund development, Nicki Keene, are pictured with Oak Tree Executive Vice President Sherwood Chillingworth.

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 CHRB'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 RCI through the National Association State Racing Information System.

Board Meetings

The California Horse Racing Board met 10 times throughout the state during the 1997-98 fiscal year. Meetings were held in conjunction with a licensed racing meet. Board meetings are open to the public and include a published agenda. The following meeting dates and locations were held:

July 24, 1997
Del Mar Simulcast Facility,
Del Mar

August 22, 1997
Del Mar Simulcast Facility,
Del Mar

September 26, 1997
Sheraton Suites Fairplex,
Pomona

October 24, 1997
Los Alamitos Race Course,
Los Alamitos

December 5, 1997
Golden Gate Fields Racetrack,
Albany

January 23, 1998
Bay Meadows Racetrack,
San Mateo

February 20, 1998
Arcadia City Hall, Arcadia

March 20, 1998
Arcadia City Hall, Arcadia

April 24, 1998
Hollywood Park Racetrack,
Inglewood

June 12, 1998
University of California, Davis

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 attendance

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 ex-

ecutive director shall give notice that the meeting is a Special Meeting of the California Horse Racing Board limited to the agenda, the items 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 1997-98, 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.



**Stefan L. Manolakas,
Vice-Chairman**

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

Members of the California Horse Racing Board



**George Nicholaw,
Member**

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

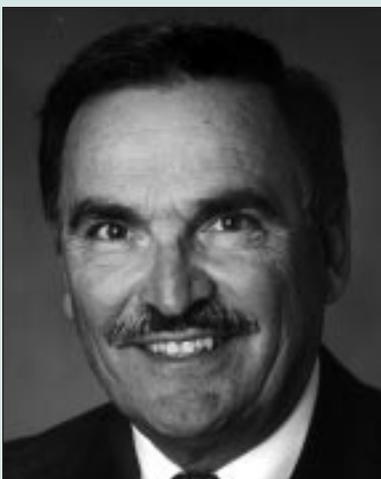


**Robert H. Tourtelot,
Member**

Partner in the professional law corporation of Tourtelot and Butler in Los Angeles. Appointed to the CHRB by Governor Pete Wilson on October 6, 1993. Reappointed by Governor Pete Wilson through July 26, 2001.

**Joseph B. Fenley,
Member**

Founder of Gateway Freight Services and Gateway Passenger Services. Appointed to the CHRB by Governor Pete Wilson on November 22, 1996, through July 26, 2000.



**Christo D. Bardis,
Member**

Co-owner of Wincrest Homes in Sacramento. Appointed to the CHRB by Governor Pete Wilson on March 18, 1998, through January 1, 2002.



**Jack Coffey,
Member**

Manager with Chevron Corporation in Sacramento. Appointed to the CHRB by Governor Pete Wilson on April 13, 1998, through January 1, 2002.



Donald J. Valpredo, (1991 - 1998)
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 from September 23, 1992, through January 1, 1998



Hyla Holmes Berteau, (1994 - 1998)
Senior marketing consultant with Grubb and Ellis in Newport Beach. Appointed to the CHRB by Governor Pete Wilson on April 7, 1994, through January 1, 1998.

BENEVOLENT PROGRAMS COMMITTEE

Commissioner Hyla Berteau, *Chairwoman* (1997)
Commissioner Jack Coffey *Chairman*

Commissioner George Nicholaw

Oversees 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 recommends to the Board revisions of laws or regulations deemed necessary to ascertain appropriate benevolent and charitable uses of funds designated for such purposes.

HORSEMEN'S REPRESENTATION AND ORGANIZATION BYLAWS COMMITTEE

Commissioner Robert Tourtelot, *Chairman*
Commissioner George Nicholaw

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.

EXECUTIVE COMMITTEE

Chairman Ralph Scurfield, *Chairman*
Vice-Chairman Donald Valpredo (1997)
Vice-Chairman Stefan Manolakas

Considers matters dealing with the policies and programs determined by the Board; supervises the execution of the Board's decisions and determinations; and provides the appropriate directions to the senior staff during intervals between regular Board meetings.

MEDICATION COMMITTEE

Vice-Chairman Stefan Manolakas, *Chairman*
Commissioner George Nicholaw (1997)
Commissioner Hyla Berteau (1997)
Commissioner Joseph Fenley
Commissioner Jack Coffey

Establishes the Board's veterinary practices and procedures; selects advisors from the industry; selects official veterinarians for assignment to racing meetings; offers recommendations 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; and provides leadership in the development of new or amended track safety standards.

FINANCE COMMITTEE

Chairman Ralph Scurfield, *Chairman*
Vice-Chairman Donald Valpredo (1997)
Vice-Chairman Stefan Manolakas

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

SECURITY AND LICENSING COMMITTEE

Commissioner George Nicholaw, *Chairman*
Commissioner Hyla Berteau (1997)
Commissioner Joseph Fenley
Commissioner Jack Coffey

Oversees the Board's occupational licensing operations; reviews security controls maintained by racing associations; makes recommendations to the Board for changes to laws or regulations governing security at racing facilities; and meets with the security services subcommittee, which consists of the Board's chief investigator, supervising investigators, and security personnel for racing associations, to consider reports and recommendations of the subcommittee.

LEGISLATIVE COMMITTEE

Chairman Ralph Scurfield,
Chairman
Vice-Chairman Donald Valpredo
(1997)
Vice-Chairman Stefan Manolakas

Considers proposed legislation 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.

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner George Nicholaw,
Chairman
Commissioner Robert Tourtelot
(1997)
Commissioner Joseph Fenley
Commissioner Christo Bardis

Approves agreements, facilities equipment, and accommodations necessary for wagering; determines appropriate procedures and considers matters dealing with expansion of pari-mutuel operations; and recommends to the Board changes to law or regulations governing pari-mutuel operations.

SIMULCAST OPERATIONS COMMITTEE

Commissioner Robert Tourtelot,
Chairman
Commissioner Hyla Berteau (1997)
Commissioner Joseph Fenley
Commissioner Christo Bardis

Oversees the state simulcast program; also receives input from an industry-wide group that makes recommendations to increase revenue to the horsemen, to the associations, and to the state in a coordinated effort to protect the state's share of the simulcasting market and to keep California in front of competition from other states

RACE DATES COMMITTEE

Chairman Ralph Scurfield,
Co-Chairman
Vice-Chairman Donald Valpredo
Co-Chairman (1997)
Commissioner George Nicholaw

Considers requests from racing associations and interested organizations concerning racing dates to be allocated by the Board; reviews staff proposals for the racing calendars; and recommends to the Board the California horse racing schedule for the calendar year or for multiple years.

STEWARDS' COMMITTEE

Vice-Chairman Donald Valpredo,
Chairman (1997)
Vice-Chairman Stefan Manolakas,
Chairman
Commissioner Robert Tourtelot

Exercises authority over 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.

TRIBAL-STATE COMPACT NEGOTIATION COMMITTEE

Vice-Chairman Stefan Manolakas,
Chairman
Commissioner Robert Tourtelot

Through 1997, conducted negotiations for any proposed Tribal-State Compacts and proposed and recommended such compacts for adoption by the Board, which were later transmitted to the Governor for state approval and adoption.

SPECIAL AD HOC COMMITTEES

The chairman may appoint special ad hoc committees to consider and make recommendations on designated is-

sues. 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.

RCI COMMITTEES

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

Drug Testing Standards and Practices

Ralph Scurfield, *Chairman*
Roy Wood

Executive Directors/Secretaries

Roy Wood, *Chairman*

Racing Officials Accreditation (flat racing)

Roy Wood

Constitution and Bylaws

Ralph Scurfield, *Chairman*

Indian Gaming

Joseph Fenley

Security and Safety

Roy Wood

Convention Committee

Ralph Scurfield, *Chairman*
Roy Wood

Scientific Review

Ralph Scurfield

Winners Federation Alliance

Ralph Scurfield

International Licensing

Roy Wood, *vice-chairman*

Model Rules and Practices

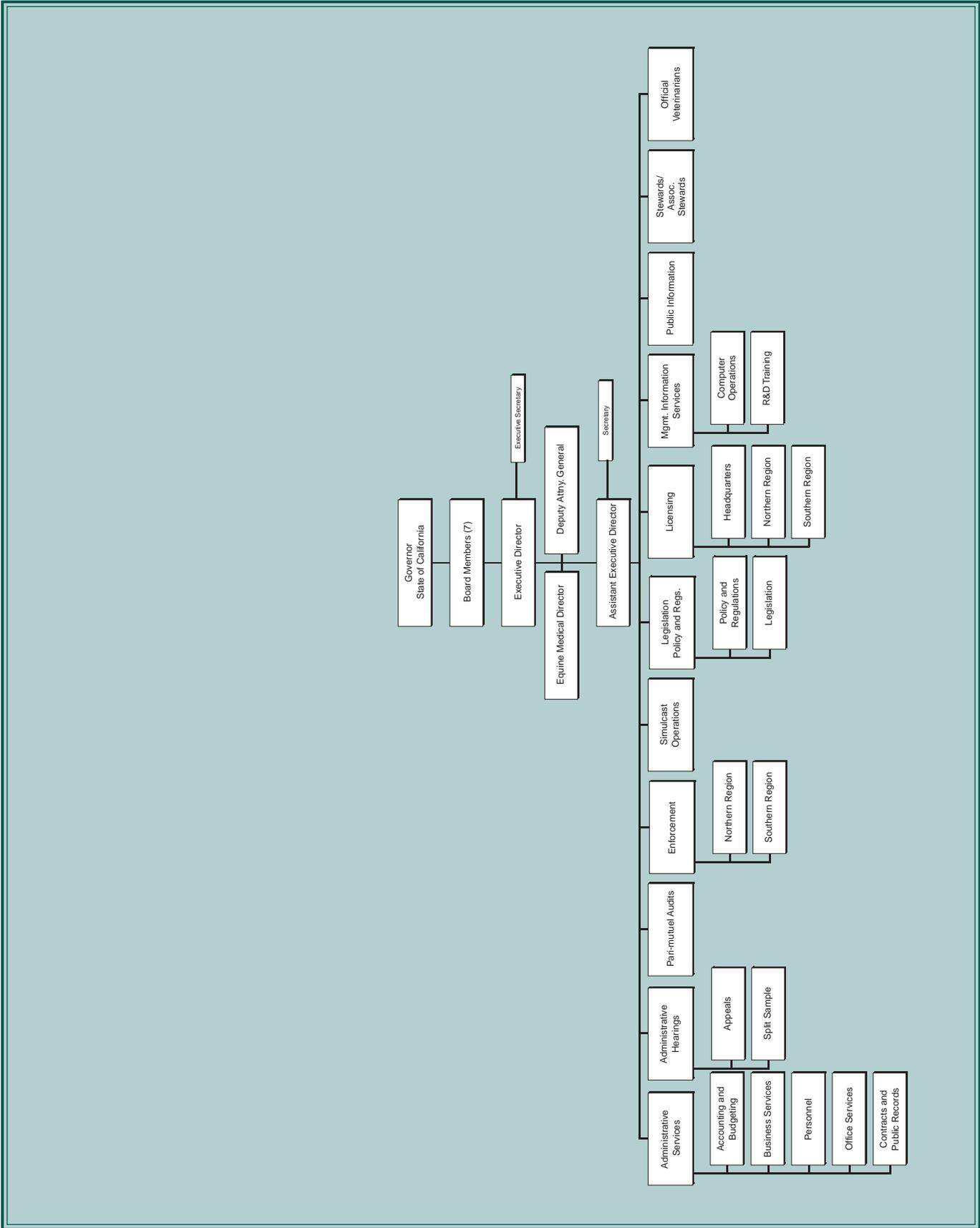
Ralph Scurfield

California Horse Racing Board – Operating Budget

July 1, 1997 June 30, 1998

Appropriations	Item	Total
Personal Services	\$3,507,576	
Operating Expenses	4,362,000	
Total Appropriation		\$7,869,576
Expenditures — Personal Services		
Salaries and Wages	\$2,548,806	
Staff Benefits	714,000	
Total Personal Services		\$3,262,806
Operating Expenses and Equipment		
General Expense	264,000	
Printing	71,000	
Communications	58,000	
Postage	20,000	
Travel-in-State	209,000	
Travel-out-of-State	12,000	
Training	13,000	
Facility's Operation	175,000	
Contractual & Professional Services-Interdepartmental	541,000	
Contractual & Professional Services-External	2,893,000	
Consolidated data center: Stephen P. Teale Data Center	138,000	
Central Administration Services: Pro Rata	147,000	
Major Equipment	00	
Total Operating Expenses and Equipment		<u>\$4,541,000</u>
Total Expenditures		* <u>\$7,803,806</u>
Unexpended Balance FY 1997/98 to be reverted to General Fund 6/30/00		\$ <u>65,770</u>
Total Expenditures & Unexpended Balance		\$7,869,576

* Includes year-end accruals



Executive Division

The specialized and complex requirements for the regulation of horse racing require 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 department'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 SERVICES DIVISION managed all aspects of administrative and support functions through its various units: Budget and Accounting Unit, Business Services Unit, Contractual Services and Information Practices Act 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

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 increasing revenue complexity, largely through use of the fully automated California State Accounting and Reporting System and related computer technologies.

MISSION

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

ACHIEVEMENTS

The **BUSINESS SERVICES UNIT** continued to perform its responsibilities relating to the business operations of the Department, which include property management, printing, and telecommunications. The Unit managed the acquisition, repair, and disposal of supplies and equipment. This Unit processed travel-claim documents for the commissioners and staff, processed travel expense claim documents, and acted as a resource for Board members and staff on the business operations of the department.

MISSION

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

ACHIEVEMENTS

The **OFFICE SERVICES UNIT** provided support with office-telephone reception, word processing, filing, mail distribution, photocopying, and coordinating the Board's records retention program. This Unit performed 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. Other significant responsibilities included direct support to the administrative hearings unit and the business services unit.

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 **PERSONNEL UNIT** continued to promote 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 employees 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 articles published in the CHRB's newsletter.

The Unit arranged programs relating to defensive driving, CPR and first aid, mentoring, the Americans with Disabilities Act, health and safety, reasonable accommodation, employee assistance, wellness, ergonomics, merit award, and the employee Winners Circle Award.

The Unit processed all actions relating to payroll, health, dental, and vision benefits, annual conflict of interest statements, and other related personnel actions. The Unit administered a variety of examinations and participated in the one-day file in-person examination process for office assistant. This examination was conducted during a recruitment fair, sponsored by the State Personnel Board and supported by the Governor's Office, at which the Unit participated.

MISSION

To Comply with State Agency Requirements in the Collection, Use, Maintenance, and Dissemination of Information.

MISSION

To Promote Sound Business Decisions While Securing Necessary Services Through Contractual Agreements.

MISSION

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

ACHIEVEMENTS

The **PUBLIC RECORDS** Act was established in the California Government Code, effective in 1968. The Information Practices Act was established in the California Civil Code, and became effective in 1978. The dissemination of records maintained by the Board was regulated by both Acts.

The Board's policy to release records was based on the premise of open government and every person's right to public information, and that personal privacy must be protected by placing constraints on the collection, maintenance, and dissemination of information. Both the Public Records Act and the Information Practices Act placed specific requirements on the Board for the dissemination of information relating to individuals.

Because the Board collects and maintains licensee information, including personal details, the dissemination of personal information, which could be found on license application documents, was prohibited, except for very specific circumstances. The Board carefully weighed the information requested in order to balance statutory or constitutional mandates with the individual's right to privacy.

ACHIEVEMENTS

The Board requires **CONTRACTED SERVICES** to meet operating needs. The Board executed a wide range of service and commodity contracts, including those relating to the use of a weapons range (for enforcement staff firearm qualifications) and equine drug testing. Contractual arrangements included interagency agreements with other state entities, such as the University of California-Davis, which provided an Equine Medical Director to help ensure the health, safety, and welfare of horses, and the Veterinary Diagnostic Laboratory, which performed post-mortem examinations on racehorses.

Another contracted arrangement procured 16 stewards responsible to the Board for the conduct of race meetings. They provided general authority and supervision over all licensees and the racing enclosure. The Board contracted with five official veterinarians, who maintained authority and jurisdiction to supervise the practicing licensed veterinarians and enforced the Board's regulations relating to veterinary practices at the racetracks.

ACHIEVEMENTS

Run by the **CHIEF INFORMATION OFFICER (CIO)**, the **MANAGEMENT INFORMATION SYSTEMS DIVISION** managed all aspects of the CHRB's statewide computer operations. MIS continued its aggressive approach to improve the Board's computer capabilities by implementing a comprehensive network and workstation upgrade at the Board's headquarters and throughout the state.

MIS further enhanced the Board's Web site on the Internet to deliver on-line services and information, such as a search engine to access public information pertaining to CHRB licenses and regulations, audio/visual streaming technology to educate the general public and horse racing fans about the integrity of the horse racing industry in California, various CHRB publications (the CHRB's quarterly newsletter, news releases, and this annual report), and other public information, including special announcements.

MISSION

The CHRB Web Site Offers Important Information

ACHIEVEMENTS

The CHRB Web site also includes a list of Board members, meeting schedules, agendas, racing calendars, statistical information, links to other horse racing-related Web sites, and lists of racetracks, fairs, and simulcast facilities.

Other significant achievements included the realignment of the CHRB's telecommunications network infrastructure, bringing the CHRB into full compliance with Y2K challenges, providing licensees with the ability to pay their occupational license fees with a credit card, and ensuring the reliability of the Board's information repositories in the event of a disaster. MIS worked with students from the Computer Science division of California State University, Sacramento, to contribute and provide a culminating experience for computer science majors – one that engaged the students in the analysis and practice of software development.

Another significant achievement was working with the Association of Racing Commissioners International to institute a national standard for storing and transmitting information that is critical to the industry's regulatory and enforcement efforts. The Board's CIO was instrumental in initiating this project, and, as chairman of the National Database Committee, his ongoing support has sustained the project's momentum. As part of its contribution to the RCI project, MIS aligned the Board's computer applications to support the standard and deployed equipment to enable all of the Board's personnel to use the RCI database as an effective tool. This cooperative endeavor has improved the ability to protect the integrity of horse racing at a national level, which benefits the entire industry.

Looking to the future, MIS will be working with the Department of Justice and the FBI to replace the CHRB's manual fingerprint processing with a digitized card system to help identify applicants more quickly and accurately, consulting with the University of California at Davis' new Equine Laboratory in order to automate current manual procedures, and automating the Board's ruling process and forms automation to maintain and improve the standardization effort.

MISSION

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

ACHIEVEMENTS

The **POLICY AND REGULATION UNIT**, in response to enacted legislation and industry requests, amended several Board regulations governing horse racing in California. In addition, the Unit provided support, conducted special projects, streamlined administrative procedures, and developed recommendations for Board consideration.

In 1998 the Board's regulations were amended to permit horse ownership by Limited Liability Companies. Another rule revision reduced the number of days that a claimed horse is ineligible to start in claiming races of certain values. A medication rule was amended to include previously approved anti-ulcer medication on the list of substances that may be administered by injection 24 hours before the race.

The Unit assumed responsibility for the review of the applications for license to conduct a horse racing meeting, which are submitted by the associations and the fairs. In addition, the associations' license application was revised to include the percentage of the estimated purse distribution for all stakes races that is distributed for California-bred stakes races.

The Unit continued the administration of the Board's ongoing track safety program, and the important farrier and trainer licensing programs.

MISSION

To Monitor Legislation and Update the Horse Racing Law

Enacted Legislation:

SB 27 - (Senator Ken Maddy); Chapter 335, Statutes of 1998

SB 28 - (Senator Maddy); Chapter 516 (1998)

SB 29 - (Senator Maddy); Chapter 619 (1998)

SB 44 - (Senator Maddy); Chapter 12 (1998)

SB 103 - (Senator Maddy); Chapter 10 (1998)

SB 2007 - (Senator David Kelley); Chapter 161 (1998)

AB 546 - (Assemblyman Richard Floyd); Chapter 32 (1998)

AB 1083 - (Assembly Governmental Organization Committee, Valerie Brown, Chairwoman); Chapter 57 (1997)

ACHIEVEMENTS

The **LEGISLATIVE UNIT**, in addition to updating the Horse Racing Law, tracked and analyzed all legislative bills with a potential impact on the horse racing industry, eight of which were enacted by the Legislature and signed into law by the Governor. The Unit also represented the Board in legislative hearings.

The following horse racing bills were chaptered in 1998.

Reduces state license fees for wagers on thoroughbred races. Additionally, changes to simulcasting allow thoroughbred tracks and facilities to bring in full cards (before 7 p.m.) from anywhere in the country, provided that imported races do not exceed 20 per day when live racing is conducted, nor overall exceed the total number of thoroughbred races on which wagers were accepted in 1998. *Effective date: January 1, 1999.*

Removes the requirement that off-site stabling facilities be at auxiliary facilities of licensed racing associations. *Effective date: January 1, 1999.*

Permits fairs conducting live race meetings in the northern zone to allow a joint powers authority to administer and distribute purses, and allows fairs to contract with sponsors in promotional programs. *Effective date: January 1, 1999.*

Mandates that 10% of thoroughbred and quarter horse stakes purses be dedicated to respective Cal-bred restricted stakes races, and provides that an amount equal to 10% of the first-place money won by a Cal-bred horse be paid as a premium to the owner. *Effective date: April 1, 1998.*

Directs 1.75% of purses to membership dues in the National Thoroughbred Racing Association (with any remainder reverting to purses) and gives the Thoroughbred Owners of California discretion over joining or withdrawing from the NTRA. The bill also creates a bonus program for the owners of Cal-bred standardbred horses for specified harness races. *Effective date: March 26, 1998.*

Removes “generating public funds” as a purpose for racing in California and, instead, declares “supporting the network of California fairs” as a purpose. *Effective date: January 1, 1999.*

Redefines the term “eligible quarter horse sire” to require the sire to be present in this state for specified periods, and provides that money deposited to the official registering agency for the benefit of breeders be distributed on a pro-rated basis, with any underfunding to be taken from the owner and stallion award pools pursuant to a specified ratio. *Effective date: January 1, 1999.*

Eliminates a sunset provision where the San Mateo Fair is authorized to distribute and accept wagers from out-of-zone on its races and those conducted at Humboldt County, and eliminates the sunset provision on the extra takeout for administrative purposes. *Effective date: January 1, 1999.*

MISSION

To Supervise All Audits and Authorized Pari-mutuel Wagering Operations

MISSION

To Continually Audit Pari-mutuel Operations

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 **SENIOR MANAGEMENT AUDITOR** 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.

ACHIEVEMENTS

PARI-MUTUEL AUDITORS remained on duty throughout each and every racing program, as required by the Board, to provide the Board with an ongoing audit of the pari-mutuel operations. The senior management auditor 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 **ASSOCIATE MANAGEMENT AUDITOR** 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.

ACHIEVEMENTS

The **PUBLIC INFORMATION OFFICER** responded daily to numerous inquiries from the news media and the general public on a wide range of matters pertaining to the California horse racing industry and the Board's activities. The PIO attended all Board and Committee meetings and issued 19 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 distributed and arranged for the public viewing of a motion-picture-quality video, which was developed by the Board 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. The PIO arranged for various racetrack stewards to attend seminars and other public events in order to meet and respond to questions from the public, thereby reassuring the public concerning the professionalism and qualifications of those responsible for the orderly conduct of race meetings.

Highlights of CHRB News & Review

The California Horse Racing Board publishes a quarterly newsletter, the CHRB News & Review, to publicize the many positive accomplishments of the Board, state government, and the horse racing industry. What follows are summaries of important articles from 1997-98:

The CHRB developed a helpful publication titled “Horsemen’s Handbook Concerning Medication Rules and Regulations,” which amplifies and interprets those CHRB rules and regulations dealing with the medication of racehorses. It is the intent of the booklet to provide participants in the horse racing industry with assistance in complying with those rules.

Bay Meadows completed its initial phase of a \$20-million barn construction project with the opening of a new 162-stall barn located next to the grandstand. The new building also houses the test barn and veterinary offices.

The CHRB sponsored drug research to benefit horses. One research project is studying the residual effects of metholcarbamol while the other examines two anti-ulcer medications, ranitidine hydrochloride and cimetidine. The studies may provide valuable information on withdrawal time that will prevent interference with drug testing procedures, while allowing for the proper treatment of horses.

CHRB investigators worked with horsemen and other security forces at San Luis Rey Downs training center, including the San Diego Sheriff’s Department, in order to provide a safe and productive working environment for the horse racing community. The concept of community-oriented policing and problem solving is to maintain a shared responsibility in maintaining public safety and to promote a quality of life in the community.

The Breeders’ Cup returned to California and the CHRB did everything in its power to make the international championship day a success. The Board’s efforts included simplifying its occupational licensing procedures and working closely with Breeders’ Cup officials, horsemen’s organizations, and international racing interests.



Horse racing investigators from around the country met in Arcadia during a three-day conference hosted by the CHRB. The purpose of the Organization of Racing Investigators is to bring together investigators from different racing jurisdictions to share information.

Members of the Southern California Horse Racing Industry Fans Committee met in Arcadia to contribute their time and energy to working with race-track management and improving such areas as patron relations, the content and format of official programs, the content and composition of simulcast signals, and the review and evaluation of proposed additional wagers.

The Association of Racing Commissioners International held its annual convention in California, during which CHRB Chairman Ralph Scurfield was elected chairman of the organization that enhances the integrity of racing and provides uniformity in the regulation of the industry.

The CHRB honored trainer Noble Threwitt, the 87-year old president of the Thoroughbred Trainers of California and the California Thoroughbred Horsemen’s Foundation.

Licensing

*During the operation of a licensed race meeting at any of the 14 racetracks in the state, a field office of the Board is established at the operating facility and staffed with personnel of the **LICENSING DIVISION**, who license all participants. The Division is comprised of a Licensing Manager, Licensing Supervisor, and 10 professional licensing specialists known as License Technicians. The primary duty of the Division is to issue occupational licenses to qualified applicants and ensure that everyone participating in a race meeting is properly licensed.*

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 DIVISION** issued 12,916 licenses of all classes, including 3,826 owners, 1,208 pari-mutuel, and 3,240 grooms' 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 notices. In 1998 the Division started a program to personally telephone licensees with expiring insurance and remind them of the expiration date. This resulted in fewer problems on race days for trainers. As an additional safeguard, copies of all certificates received were kept on file at the Board's headquarters.

MISSION

To Enhance Customer
Service to the Public
and Licensees

ACHIEVEMENTS

In 1998 the Division was challenged to improve service to the public and licensees. The Division met this challenge in many ways. It continued implementation of the license reciprocity program for horse owners applying for license in California who are in good standing in another jurisdiction, which resulted in less fingerprinting and faster service. The Division began accepting credit card payments for licenses, which along with faxed applications, resulted in improved service to out-of-state licensees as well as those living in areas remote from field offices.

The Division expanded the existing mail notification process for license renewal to include trainers, jockeys, pari-mutuels, and veterinarians, in addition to horse owners. Additionally, the Division implemented mail notification for trainers when their insurance expired and for veterinarians when their veterinary license was due to expire, implemented a program to notify stables and multiple partnerships of any problems needing correction prior to renewing the stable name or partnership license, and met the extraordinary requirements of licensing participants for the 1997 Breeders' Cup, including issuing 150 pari-mutuel licenses in a four-hour period.

Enforcement

The ENFORCEMENT DIVISION is comprised of investigators, the chief investigator, and three supervising investigators, all of whom are sworn peace officers. Their primary duty is the enforcement of the Horse Racing Law and provisions of the Penal Code relating to crimes in connection with sporting events and gambling. During the operation of a licensed race meeting at any of the 14 racetracks in the state, a field office of the Board is established at the operating facility and staffed with investigative personnel who investigate all observed or reported offenses.

MISSION

To Check on Fitness for
Licensure

ACHIEVEMENTS

As part of required background investigations, the ENFORCEMENT 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 received from the Licensing Division and submitted 2,391 fingerprints to the Department of Justice for processing.

MISSION

To Obtain and Submit
Information to the National
Data Bank

ACHIEVEMENTS

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 965 rulings of the California stewards for input into the national system. There is on-line access to the NASRIS index at each field office, as well as microfiche records, 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 Naturalization Service. The Division declined to issue 55 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 1,457 rulings. Of those, 256 concerned riding or driving infractions during races, 228 involved the eligibility of horses entered in races, and 139 resulted from financial responsibility complaints. 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.

Enforcement Summary

Enforcement Actions Fiscal Year 1997 — 1998	
Investigations:	1,308
Fitness for continued licensing	55
Unlicensed participation	23
Conduct of financial affairs	403
Use of a prohibited drug on entered horse	26
Improper medication practice	209
Possession of contraband	15
General misconduct	176
Intoxication/alcohol or controlled substance	48
Simulcast facility inspections	32
Other	401
Total Complaints filed:	857
Steward's Rulings	
Official Rulings of the Board of Stewards	1,457
Racing infractions during a race	256
Misconduct concerning entry or procedure	228
Fitness for continued license	83
Conduct of financial affairs	139
Use of a prohibited drug on entered horse	24
Improper medication practice	197
Possession of contraband	5
Unlicensed participation/security control	44
Intoxication/alcohol or controlled substance	116
Failure to appear	24
Other	341

Licensing Summary

Applicant and License Processing — Fiscal Year 1997 — 1998	
Verification of license qualifications:	
Approval for license	12,916
Formal refusal of license	55
Verification of criminal offender records:	
Fingerprints taken and processed	2,391

MISSION

To Process Appeals in a Fair and Timely Manner

ACHIEVEMENTS

The **ADMINISTRATIVE HEARINGS UNIT** received 51 appeals, coordinated 28 administrative hearings, and processed 29 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** conducted 24 random compliance inspections of operating simulcast facilities in California. These inspections focused on the overall facility operation in addition to compliance with California Horse Racing Board Rules and Regulations. Satellite uplink and downlink equipment was also examined during the course of these inspections.

Including the six major racetracks and nine racing fairs, there are currently 34 simulcast wagering facilities located throughout the state. Four of the 34 are located on Indian reservations.

The day-to-day operation of a facility is overseen by a simulcast supervisor, who works in concert with a pari-mutuel manager to ensure that all aspects of the facility operation run smoothly. In addition, each simulcast supervisor has a specific investigator in the Simulcast Wagering Unit, who may be contacted at any time for questions, rule interpretations or application, or other concerns. This “assigned investigator” system, implemented two years ago as part of the Board’s Integrity of Racing program, continues to be very well received by simulcast facility operators.

During FY 1997 - 1998, investigators assigned to the unit conducted a variety of investigations into alleged rule violations occurring at simulcast facilities. Investigators of the unit were once again assigned to field enforcement duties at all Stockton, Cal Expo, and Fresno race meetings and continued to provide administrative support to other headquarters units on a year-round basis.

Another important function performed by the unit was the review of California Department of Justice and Federal Bureau of Investigation criminal history records on all first-time license applicants and subsequent arrest/conviction information on current licensees. In the case of a first-time applicant this information may result in the termination of the license if the applicant failed to accurately report their conviction at the time of the application. In the case of a subsequent arrest or conviction, the information may result in a Complaint and Order to Appear before the stewards being sent to the licensee for adjudication at a steward’s hearing. This process helps to keep undesirable elements from actively participating in horse racing.

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, including the official veterinarians. The Legisla-

ture provides an annual appropriation to meet the costs of direct racing supervision. The allocation for 1997 - 1998 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 801 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 racehorse 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 1997–1998

STEWARDS

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

ASSOCIATE STEWARDS

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

OFFICIAL VETERINARIANS

Dr. Jack Abrahams, DVM	Dr. Christine Cornish, DV	Dr. Joan Hurley, DVM
Dr. B. William Bell, DVM	Dr. Robert Guillen, 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 testing program is recognized 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 35,870 urine and blood specimens in 1997-1998 at a cost in excess of \$1 million.

Truesdail Laboratories, Inc., of Tustin 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. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses. These official equine laboratories participated in the Laboratory Quality Assurance Program of the Association of Racing Commissioners International.

The Board utilized the services of an equine medical director (EMD), who advised the Board on all aspects of the drug-testing program. Provided by the UC Davis School of Veterinary Medicine, the EMD reviewed, evaluated, and monitored the testing programs of the laboratories and evaluated security policies and procedures for the reporting of prohibited substances; recommended the types of tests and drugs that needed to be tested by the laboratories; conducted long-range program planning; recommended policies and programs for Board-administered vet-

erinary regulations; advised the Board on rules and regulations relating to veterinary practices within racing enclosures; and monitored policies and procedures relating to the health and welfare of horses in regulated areas.

Because urine and blood specimens from racehorses may be evidence in administrative or criminal proceedings, a strict chain of custody was maintained for the nearly 36,000 samples tested. 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 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 Board procedures, the affected trainer and owner(s) were confidentially notified, along with the Board's executive director and EMD, after the official laboratory reported that any test sample contained a prohibited substance. The trainer/owner(s) had 72 hours to request that the horsemen'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 these catastrophic injuries to veterinarians, trainers, and others involved in the care and training of racehorses.

Conducted by the California Veterinary Diagnostic Laboratory System at UC Davis, the CHRB Postmortem Program seeks to determine the cause of death and nature of catastrophic injuries to racehorses, to discover the reasons for the injuries, and to develop prevention strategies.

The program provides a unique opportunity to the School of Veterinary Medicine, 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 1997 calendar year, 252 horses were examined. Approximately 41.6% of the submissions were during racing, and it was determined that 195 suffered musculoskeletal injuries, mostly 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 in-

creased 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 racehorses 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.

Track Safety Program

California racetracks have invested more than \$1 million 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 CHRB's goal has been to make California racetracks the safest environment possible for its racing participants, and the safety standards program is a testimony to this goal.

The Board, with the cooperation of the industry, developed and adopted the most comprehensive track safety standards in the world. Under the Board's track safety program, five rules designed to protect horses and riders were added to the Board's regulations in 1994.

In 1998, the CHRB aggressively enforced the provisions of its track safety standards. A total of 20 safety inspections were conducted for compliance with the established safety standards program.

The racing industry, committed to providing the safest arenas possible, took prompt action to correct any deficiencies discovered during the inspections, bringing California's racing facilities into compliance with the safety standards and conditions for their respective racing facilities.

Since the implementation of the track safety program, California's racetracks have invested more than \$1 million in safety improvements to their facilities. These include new safety rails, removal of objects located within ten feet of the rail, and the padding of other objects, such as electrical boxes, light standards, finish-line mirrors, and starter stands.

Because of dedicated effort, continued education, and the development of the comprehensive safety standards, the CHRB and the racing industry continue to offer a safer environment for all horse racing participants.

California Horse Racing Information Management System (CHRIMS)

A data base system is available to the CHRB, Division of Fairs and Expositions, all racing associations and tracks, specified legislators, and other subscribers within the horse racing industry.

The initial goal of the CHRIMS project was to gather daily handle and attendance numbers from 1985 (when simulcasting began) to the present.

When this work was completed in the fall of 1990, the project was then expanded to include all pari-mutuel distributions. This required inputting the daily conventional and exotic pools by location, association, and type of race. The project was expanded to include specific pools by location, handle by race, and exact breakage.

The data base numbers are reconciled to the daily reports given to the CHRB by pari-mutuel auditors. Data is downloaded directly from totalizator systems.

Unlike a spreadsheet, which was the prior industry standard, the data base is relational in nature, which allows the end user to access information by selecting the desired sort criteria.

The structure of the data base includes 80 categories of information, such as license fees, purses, track commissions, and out-of-state commissions.

Certain standard reports have been written, which pull the information most often requested by the industry, and free form requests can be made through the query feature. The data base numbers reflect what has actually taken place in California racing and can be used to project the changes that might affect racing statistics.

The system has been structured to provide the data needed by mutuel, racing, and accounting departments, and horsemen's associations. It is uniquely valuable to help determine the probable effects of proposed changes to current law.

Racehorse Fatalities

A total of 242 fatalities were reported during the 1997-98 fiscal year.

Associations	Breed of Horse						Occurred During		
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*
Thoroughbred									
Los Angeles Turf Club/SA	37						11	17	9
Hollywood Park Operating Co./HP	29						9	11	9
Del Mar Thoroughbred Club/DM	16						7	6	3
Oak Tree Racing Assn./SA	15						6	7	2
Hollywood Park Fall Operating Co./HP	9						4	1	4
Bay Meadows Operating Co./BM	30						11	10	9
Pacific Racing Assn./GGF	37						19	9	9
Harness									
Los Alamitos Harness Racing Assn./LA			6						6
Capitol Racing LLC/CE			7				1	1	5
Quarter Horse									
Los Alamitos Quarter Horse Racing Assn./LA	10	18			3		20	1	10
Fairs									
Stockton	2	1					1	2	
Pleasanton	3	1					1	1	2
Vallejo	4	1					2	1	2
Santa Rosa		1						1	
San Mateo	1					3	4		
Ferndale									
Cal Expo	3						3		
Pomona	4						1	2	1
Fresno	1							1	
Totals	201	22	13		3	3	100	71	71
Total Fatalities	242								

* Training and other fatalities include fatalities that occurred at auxiliary training facilities.

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

Racing Injuries

A total of 584 racing injuries were reported during the 1997-98 fiscal year.

Associations	Breed of Horse				
	TB	QH	APP	AR	ST
Thoroughbred					
Los Angeles Turf Club/SA	82				
Hollywood Park Operating Co./HP	68				
Del Mar Thoroughbred Club/DM	30				
Oak Tree Racing Assn./SA	26				
Hollywood Park Fall Operating Co./HP	45				
Bay Meadows Operating Co./BM	75				
Pacific Racing Assn./GGF	89				
Thoroughbred Total	415				
Harness					
Los Alamitos Harness Racing Assn./LA					7
Capitol Racing LLC/CE*					
Quarter Horse					
Los Alamitos Quarter Horse Racing Assn./LA	23	49		4	
Fairs					
Stockton	6	3		1	
Pleasanton	4				
Vallejo	4	1			
Santa Rosa	3	1			
San Mateo	6		5		
Ferndale	1			1	
Cal Expo	10	1			
Pomona	17				
Fresno	19		3		
Fair Total	70	6	8	2	
Total By Breed	508	55	8	6	7
Total Injuries	584				

*Statistics not available

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

Horse Racing in California

Skip Away began the season with impressive victories in Florida, Maryland, and Massachusetts, but it was his electrifying performance in the Hollywood Gold Cup that convinced the skeptics and strengthened his hold on the Horse of the Year title. Facing Gentlemen and Puerto Madero in the \$1-million summer classic at Hollywood Park, Skip Away essentially won the race on the final turn when he withstood Gentlemen's challenge, then drew clear in the stretch as the crowd of 32,505 cheered the champion home.



Skip Away, ridden by Jerry Bailey, impressively won the Hollywood Gold Cup.

California Horse Racing Meetings During 1998

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/97 — 4/20/98
Hollywood Park	4/24/98 — 7/20/98
Del Mar	7/22/98 — 9/9/98
Santa Anita Park	9/30/98 — 11/9/98
Hollywood Park	11/11/98 — 12/21/98
Thoroughbred Race Meetings — Northern Zone	
Golden Gate Fields	12/26/97 — 1/19/98
Bay Meadows	1/21/98 — 3/30/98
Golden Gate Fields	4/1/98 — 6/21/98
Bay Meadows	9/4/98 — 11/15/98
Golden Gate Fields	11/18/98 — 12/21/98
Quarter Horse Race Meetings — Statewide	
Los Alamitos	4/17/98 — 12/20/98
Harness Race Meetings — Statewide	
Los Alamitos	12/26/97 — 4/5/98
Cal Expo	4/10/98 — 8/1/98
Cal Expo	10/16/98 — 12/20/98

Fair Meetings — Statewide		
Stockton	(San Joaquin County Fair)	6/17/98 – 6/28/98
Pleasanton	(Alameda County Fair)	7/1/98 – 7/12/98
Vallejo	(Solano County Fair)	7/15/98 – 7/27/98
Santa Rosa	(Sonoma County Fair)	7/29/98 – 8/10/98
San Mateo	(San Mateo County Fair)	8/12/98 – 8/24/98
Ferndale	(Humboldt County Fair)	8/13/98 – 8/23/98
Sacramento	(California State Fair)	8/26/98 – 9/7/98
Pomona	(Los Angeles County Fair)	9/10/98 – 9/28/98
Fresno	(Fresno District Fair)	10/6/98 – 10/18/98

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 near the eastern border. California racing fans support 14 racetracks and 20 other wagering outlets, ensuring that everyone in the state has the opportunity to wager on horse racing throughout the year.

HIGHLIGHT

Hollywood Park Finished Its Most Successful Meeting with Record Average Daily Handle

HOLLYWOOD PARK

Spurred by a brilliant appearance by the world's No. 1-ranked horse and a pair of successful Pick 6 promotions, Hollywood Park concluded its 66-day spring/summer meeting with a record daily average handle of more than \$11 million.

Skip Away's dramatic victory in the \$1-million Hollywood Gold Cup highlighted the 60th anniversary season, which proved to be the track's most successful. Reversing a decline in business at the 1997 meeting, wagering totaled \$729,273,251, easily topping the record of \$702,156,675 set at a 67-day meeting in 1996. The record daily average of \$11 million represented an 8.9% increase in business from a year ago.

"We're thrilled with our anniversary season," track chairman R.D. Hubbard said. "We provided the fans a showdown between the world's best older horses in the Gold Cup, and we introduced the most successful new promotion in racing in the guaranteed Pick 6."

Hollywood Park, a trendsetter in the industry since Hubbard came aboard in 1991, offered a guaranteed Pick 6 pool of \$1 million on Shoemaker Mile day.

Patrons responded nationwide by wagering a record \$3.3 million. Thirty-five winners collected \$53,357 apiece. Handle for the card was \$18.5 million, largest in track history with the exception of Breeders' Cup and Triple Crown events. The record was short-lived as a second Pick 6 guarantee of \$1.5 million with a mandatory payout on closing weekend resulted in a pool of \$3.8 million and overall handle of \$18.9 million.



Escena, ridden by Jerry Bailey, won the Vanity Invitational during Hollywood Park's summer meet.

Kentucky Derby wagering sparked the second-highest single-day handle in track history.

A meeting-high \$23.5 million was wagered on Kentucky Derby day, a spring/summer record and highest handle in track history with the exception of the Breeders' Cup Championship at Hollywood Park on Nov. 8, 1997.

Hollywood Park's daily average consisted of a record common pool average of \$10.3 million and a separate pool average of \$724,299. The common pool average, up 7.9% from 1997, eclipsed the previous record of \$9.7 million, which was set in 1996.

While overall business was up, the on-track handle average of \$2.2 million was down 3.4% from 1997, and the on-track attendance average of 10,385 was down 3.4%.

"You've got to recognize this industry has become a multi-national, interstate business," Hubbard said. "The decline in on-track business is more than offset by the expansion of our business overall."

Business was strong to the midway point of Hollywood Park's 31-day autumn meeting, although behind the pace of the Breeders' Cup meeting a year earlier. Excluding Breeders' Cup Championship day, however, the on-track attendance average of 8,236 was up a healthy 3.4%, while the on-track handle average of \$1.8 million was up 1%.

The eighth annual Turf Festival was the highlight of the meeting, with Squeak capturing the \$700,000 Matriarch and eastern shipper Vergennes winning the \$500,000 Early Times Hollywood Derby.



Squeak easily won the Grade I Matriarch with Alex Solis aboard during the fall meet.

HIGHLIGHT

Del Mar's Popularity Increased on All Fronts During 1998 Season

DEL MAR

Del Mar completed its 59th summer season of racing in 1998, and did it with the usual elan that the seaside track has become noted for. The "little country track" that Bing Crosby and his Hollywood pals founded back in 1937 was totally rebuilt to the tune of \$80 million in the early 1990s, and the track has continued its growth in its new surroundings, having established itself as one of the sport's giants, leading the country or ranking among its leaders in attendance, handle, purses, and simulcasting.

In 1998 its daily average attendance of 29,667 (counting its 16 Southern California off-track wagering satellites) was again tops in the nation, while the track's daily average handle of \$11,741,228 ranked it among the country's elite, totalling out at \$504,872,822 bet over the course of the summer. Of that amount, \$165,029,849 in commingled betting came through the large simulcasting net that the track has spread across the Western Hemisphere, stretching its presentation from Canada to Argentina. An additional \$33,723,889 in betting was recorded by racing entities in "uncommingled" arrangements. Additionally, the track handed out a record \$17,859,922 in purses to its horsemen, averaging out to more than \$416,000 per day.

Pacific Classic Again Proved a Big Attraction, Matching Free House and Gentlemen

Del Mar's signature event is its \$1,000,000 Pacific Classic, and the 1998 renewal was a thriller, captured in impressive fashion by the flashy grey colt Free House, who races for Trudy McCaffery and John Toffan. Their homebred son of Smokester handily beat eight rivals, including last year's winner Gentlemen, under Del Mar's all-time stakes leader, Chris McCarron.



In other races of note, Del Mar Thoroughbred Club Chairman John Mabee won the meet's top two events for juveniles when his homebred pair of Excellent Meeting and Worldly Manner captured the Del Mar Debutante and Del Mar Futurity, respectively. Mabee wound up as the leading owner at the session with \$852,210 in earnings for his Golden Eagle Farm, while trainer Bob Baffert (18 wins) and rider Corey Nakatani (44 wins) each captured their second local titles.

Del Mar welcomed a new starter to its fold with the addition of Gary Brinson to the staff. The track also set a record for the season when 246 horses changed hands through the claim box for a total of \$6,373,500.

Large crowds are becoming common on major racing days at Del Mar.

HIGHLIGHT

Bay Meadows Invested in New Barn Area and Track in 1998

BAY MEADOWS

Continuing to show its dedication to keeping horse racing on the San Francisco Peninsula, in 1998 Bay Meadows invested in first-class stabling accommodations, a new racing surface, and hotel-quality dormitories for backstretch personnel.

Five state-of-the-art barns — four on the track's infield and one at the north end of the grandstand — were built at Bay Meadows over the summer. Horses travel to and from the infield barn area and the racetrack through a tunnel under the racing surfaces. The cost of the impressive project exceeded \$20 million.

“If there is a better stable area in America, I want to see it,” said Bay Meadows President Jack Liebau. “The horses are not only in a much better environment, there has been a quantum leap in the standard of living being provided for backstretch employees.”

The new barns, which contain a total of 900 stalls, feature both covered and uncovered wash racks, spacious tack rooms and offices, ice machines, large rest rooms, and coin-operated washers and dryers. Although there is some housing in the barns, the majority of the backstretch population is housed in a hotel-quality dormitory located beyond the far turn. Across from the dormitory is a new recreation hall for backstretch personnel.

Bay Meadows' new racing surface, identical to the one installed at Hollywood Park earlier in the year, includes products called Sports Grids and Stabilizers, which are used to maintain athletic fields and are noted for their ability to absorb water.

Though total attendance declined by 1.6% and the average daily attendance of 4,271 was off 3.1% from 1997, the average handle of \$3,646,345 represented an 8.6% increase. Additionally, in 1998 a daily average of \$1,121,406 was wagered in Southern California on races conducted at Bay Meadows.



Horses are never far from home when they race at Bay Meadows. The racing oval encircles the new barn area at the San Mateo facility.

HIGHLIGHT

Los Alamitos Million Is Part of the New Los Alamitos Bonanza Series

LOS ALAMITOS

Los Alamitos is known as the home of the fastest horses on the planet, but in 1998 it also became the place for the \$1-million opportunity when the Orange County track played host to the fourth running of the Los Alamitos Million, which was the richest race run in California in 1998.

The Million, won by Edward C. Allred's Kingman Kid, was the final race of the new Los Alamitos Bonanza, a program that offers a \$1-million bonus to any horse that can sweep the Kindergarten Futurity, Ed Burke Futurity, and the Million. And though no horse swept the series in 1998, the Bonanza figures to be one of the most important series for quarter-horse owners and breeders for years to come.

Business continued to boom at Los Alamitos as the 142-night racing season enjoyed an average handle of more than \$1 million, while the average on-track attendance also increased.

Los Alamitos boasted great racing efforts, headed by Heza Ramblin Man's memorable victory in the Los Alamitos Championship. Heza Ramblin Man was part of the most intense racing rivalry in the sport as he battled 1997 World Champion SLM Big Daddy for the world title during the entire year.

Los Alamitos benefited from new media exposure as several of the track's premier races were televised on Fox Sports West2 during 1998. The all-sports network had a live broadcast of the Los Alamitos Championship to kick off its 1998 coverage of quarter horse racing.

Harness Racing Enjoyed Record Handle at Los Alamitos

In addition to offering quarter-horse racing from April through December, the Orange County facility also conducts harness racing during the winter, which in 1998 set an all-time nightly handle record of \$1,231,336. The figure represented a 4.7% increase of last year's record-breaking average for a harness meet at Los Alamitos. The 1998 season produced a total of eight individual handles of more than \$1.7 million, including a season-high figure of \$1,882,600 set on April 3. The meet also featured five of the ten highest harness handles ever at Los Alamitos.



First Sovereign beat Bubbas Bullet to capture the important Ed Burke Futurity at Los Alamitos.

HIGHLIGHT

Final Purchase of Golden Gate Fields by Ladbroke Sets Stage for Capital Improvements at Albany Racing Facility

Handle Jumped 16% as Golden Gate Racing Proved Popular with Fans Throughout the Country

GOLDEN GATE FIELDS

Two weeks before the start of Golden Gate Fields' 1998 fall/winter meeting, the words "closed escrow" were excitedly spoken by Ladbroke Group PLC officials as they finally closed escrow on their purchase of the Albany track.

"It's been a long process, but now we have complete control over the property and can begin to make needed improvements," said John Long, president of Ladbroke.

Ladbroke Racing California, which had been leasing Golden Gate Fields since 1989, made a substantial financial commitment in August 1997 when it put up the money to purchase the 168-acre property from Catellus Development Corp.

"Our goal is to turn this into the premier racing facility in Northern California," promised Peter Tunney, general manager of Golden Gate Fields, who said the first scheduled improvements will be refurbishing the grandstand, which was originally built in 1941, and upgrading the barn area.

Fans across the nation bet a whopping \$222,691,124 on thoroughbred racing at Golden Gate Fields during the track's 1998 spring meeting, a 61-day affair held April 1 through June 21. Total handle was up 16.6% from the 1997 spring season, a 60-day meeting that handled \$190,993,094.

Kentucky Derby Day 1998 was a huge wagering day at Golden Gate Fields, where a Northern California handle record of \$8,723,810 was bet on the track's marathon card. The May 2 program featured nine local races, six simulcasts from Churchill Downs, and full-card simulcast wagering on racing from Woodbine (10 races), Hollywood Park (nine races), Australia (eight races), and Hong Kong (10 races).



Hawksley Hill, with Gary Stevens aboard, cruised to victory in the San Francisco Mile at Golden Gate Fields.

HIGHLIGHT

Successful Meets at Cal Expo and Los Alamitos Meant Continued Growth for Harness Industry

Purses for Horsemen also on Upswing as Handle Increased

HARNESS RACING

If 1995 marked the beginning of harness racing's rebound from the depths of 1994, then the continued increases in racing days, handle, and purses through the 1997-98 racing season could be a sign that harness racing is well on its way to the "good old days" of the early 1980s.

In the 1997-98 season, 10 new racing days were added to the year-around program, bringing the total number of racing programs to 146, marking a 43-percent increase from 1995. Total wagering at harness meets also jumped 112% since 1995, with more than \$126 million wagered during the season. Furthermore, purses for horsemen continued to increase, tallying almost \$6.5 million for an increase of 79% since 1995.

At Cal Expo in Sacramento, the fall harness meet displayed an all-time record average handle of \$607,333 – an 18-percent increase over the previous year – while the spring harness meet, which added seven midweek racing days to its schedule, showed a 6-percent decline in overall average handle of \$659,580. At Los Alamitos Race Course, the harness meet evidenced an all-time high in average handle (see page 36).

Horsemen's purses have continued to increase, both per racing day and overall, with the addition of new racing days. Purses generated at each race meet increased over the previous year and over the three meets increased 6% to \$6,483,732.

A stable program of year-around racing with increasing purses for horsemen has resulted in a significant increase in horses for racing. California owners have responded to such progressive signs by putting more horses on the track, and many new owners and trainers from outside the state have done the same. More horses have led to more exotic-wagering opportunities for fans of harness racing, and increased wagering has contributed in turn to an increase in purses for a productive spiral of horses, owners, fans, and wagering.



Gerry Kazmaier drove Vaguely Noble N to victory over Burlington Bertie and I'll Show You during the harness meeting at Cal Expo.

HIGHLIGHT

Canadian Stonach Agreed to Buy Santa Anita and Vowed to Preserve Racing at the Arcadia Facility

SANTA ANITA PARK

Venerable Santa Anita Park entered a new era of ownership with the November 1998 announcement that prominent horseman Frank Stronach's company Magna International had entered into a definitive agreement to purchase the track from current owner Meditrust Corporation.

Stronach, who owns farms in Kentucky, Florida, and Canada, along with more than 900 horses, including 1998 Breeders' Cup Classic winner Awesome Again, is chairman and controlling shareholder of Magna, which is a multi-billion-dollar Canadian company that is among the world's leading manufacturers of auto parts, components, and systems.

"Santa Anita is the world's most beautiful racetrack, and we would like to make it even better," said Stronach. "Racing will definitely continue at Santa Anita for a long, long time."

Santa Anita's 1997-98 winter/spring meeting concluded with an increase in on-track attendance for the first time in 11 years despite one of the rainiest Southern California winters in history. The average daily on-track attendance was 12,356, up 1% from the previous year, even though the track received measurable rainfall on 11 of 18 racing weekends.

The successful meeting also produced a Santa Anita record for average daily handle of \$11,646,060 from all sources, sparked by two \$20 million-plus handle days (opening day and Santa Anita Derby day).

Kent Desormeaux captured his third winter/spring jockey title, while Bob Baffert continued his reign as one of the nation's leading thoroughbred conditioners. Baffert's Indian Charlie was voted Horse of the Meet with three wins, including the \$1 million Santa Anita Derby.

The Santa Anita Handicap produced a surprise winner when Malek, trained by Richard Mandella, beat a small field that included his stablemate Gentlemen.

Malek, ridden by Alex Solis, surprised odds-on favorite Gentlemen in the Big 'Cap.



HIGHLIGHT

Good Weather, Great Racing, Popular Stars All Contributed to a Memorable Meet

OAK TREE

The Oak Tree Racing Association's 30th season of thoroughbred racing at Santa Anita Park was one of records, increases, and comebacks, highlighted by increases in both on-track attendance and handle. The 32-day Oak Tree meeting also established records for total handle and single day handle, and saw riding comebacks by Alex Solis and Laffit Pincay Jr.

Racing highlights included Silver Charm's victory over Free House in the \$500,000 Goodwood Breeders' Cup Handicap and Fiji's two-length victory in the \$500,000 Yellow Ribbon Stakes. Media voted Silver Charm Horse of the Meet and his trainer Bob Baffert Trainer of the Oak Tree Meet. Solis won his first riding title since 1997 and was voted Jockey of the Meet. Pincay's 22 wins earned him Accomplishment of the Meet honors.

"This truly outstanding meeting is fitting tribute to the vision of Clement Hirsch and the Oak Tree founding directors who joined to create a fall racing meeting at Santa Anita 29 years ago," said Sherwood C. Chillingworth, Oak Tree's executive vice president. Chillingworth attributed the attendance increase to "more aggressive marketing, outstanding racing, appearances by several marquee horses, great weather, and unbelievably loyal fans."

Average daily on-track attendance was 12,590, an increase of nearly 2% over last year. On-track average daily handle was up 2.3%. Oak Tree's total pari-mutuel handle (on track, interstate and intra-state) was a record \$308,909,272.

California Cup IX, which presented a 10-race card exclusively for California-breds, generated an all-time Cal Cup record handle of \$17,469,759 and was the all-time highest Oak Tree handle for a non-Breeders' Cup Day.

The Oak Tree attendance increase continues the trend at Santa Anita that began when the 1997-98 winter/spring meeting was up in on-track attendance for the first time in 11 years.

Jockey Kent Desormeaux showed his enthusiasm entering the winner's circle after Fiji took the Yellow Ribbon Stakes.



HIGHLIGHT

The Fair Circuit, Rich in Tradition, Continued Successful Programs

THE CALIFORNIA FAIRS

With a century of history behind horse racing and county fairs in the State of California, the fair racing industry continues to look to the future. The fairs have not forgotten their roots of encouraging agriculture and the breeding of horses, presenting the industry to customers of tomorrow, and providing for the maximum expansion of horse racing opportunities on behalf of the state.

Horse racing at California's county and district fairs is rich in tradition and history. With its roots established long before the turn of the century, horse racing and fairs have been synonymous over the years. Since the legalization of pari-mutuel wagering in 1933, fair racing has gone through many changes and evolved into what we know it to be today.

The live racing fairs felt their greatest accomplishment during the 1998 racing season was being able to card full fields. The average field size for thoroughbred races at the northern fairs was more than 8.75 per race. This number is important because officials in Northern California expressed a continued fear about losing horses to Southern California due to the lack of turf racing during the summer months. The purpose of the California fair circuit is to showcase the racehorse in different communities throughout California, contributing to the state's agribusiness economy and ensuring the continued health of the recreational, racing, and breeding horse industries.

HIGHLIGHT

Huge Handle for Fairplex Meet that Ranks High Nationally

FAIRPLEX PARK

Powered by a record one-day betting total of \$9,455,277 on September 19, a new Fairplex Park standard for total handle of \$108,454,254 was established during the 60th season of racing at the Los Angeles Country Fair in Pomona in 1998. The handle during the 18-day meet represented a 12.6% increase over 1997 and shattered the previous overall mark of \$103,298,938 set in 1996. Intertrack betting totaled \$56,985,790, an increase of 15.5% from 1997. Out-of-state wagering was \$37,903,171, up nearly 22%.

"We had a different mix in our handle in 1998 than we had in 1997," explained Neil O'Dwyer, vice president of racing. "We had less on-track handle because

Santa Anita was open for simulcast wagering. That was a plus for us because, though we lost about \$2 million in on-track handle, they were betting \$8 million at

Shut the meet in general because we had full fields with an average of 8.3 runners per thoroughbred race."



HIGHLIGHT

Elimination of Overlap Continued to Help Boost Figures in Stockton

STOCKTON

The San Joaquin County Fair at Stockton kicked off the 1998 circuit and it was nothing short of a success. The meet finished up from 1997 in overall total handle within the Northern California network, due to again not being overlapped by Golden Gate Fields during the fair's last week of racing. Not being overlapped allowed the fair to card full fields, provide competitive racing for local fans, and provide quality racing for the simulcast market. The meet's highest daily handle occurred on Sunday, June 28, when more than \$2.6 million was wagered within the northern network and more than \$1.2 million was wagered in the southern part of the state on the Stockton card. The resulting statewide handle of \$3,914,776 was an all-time high.

HIGHLIGHT

1998 Meet Exceeded Handle Record of Previous Years

PLEASANTON

The Alameda County Fair meet at Pleasanton was one of the most successful ever. The 1998 race meet produced record-breaking average handle, both inside and outside California. The average daily handle of \$2,553,505 was up 2% while out-of-state wagering on the fair jumped 78%. The meet always serves as a great place to showcase some of Northern California's best equine athletes. Northern California's perennial riding champion, Russell Baze, again dominated the meet.

HIGHLIGHT

Weather and Handle Were Sizzling in 1998

VALLEJO

The 49th annual Solano County Fair at Vallejo, the third stop on the northern fair circuit, was successful despite a woeful heat wave. The fair theme was "Win, Place, and Show," which proved appropriate because the fair's mutuel handle totaled \$26,459,723, which broke the record of \$25,362,618 set back in 1996. The fair also enjoyed a single-day record mutuel handle on Saturday, July 18, when more than \$3.27 million was wagered at all locations.

HIGHLIGHT

Santa Rosa Meet Had All the Right Ingredients for Success

SANTA ROSA

The Sonoma County Fair centered around the theme "Wine Country Racing," and again the meet was nothing short of success. The fair continued its tradition of introducing new fans to the sport when more than 65,000 spectators attended the races. The average daily handle of \$2,680,059 broke the previous year's record of \$2,589,260. The on-track handle was up more than 3% from 1997, which was significant in view of the declining on-track handles that are so common these days. Northern California horsemen always look forward to the Santa Rosa meet because of the pleasing combination of good wine, good weather, and good purses.

HIGHLIGHT

Simulcast Wagering Offset On-Track Declines to Bolster Total Handle

SAN MATEO

The San Mateo County Fair race meet, which is run each year at Bay Meadows, closed its 12-day meet with average daily handle holding steady at \$2,228,100, despite a 7% decline in on-track handle. That decrease was offset by a 3% increase in handle from out-of-state locations. The Southern California simulcast outlets continued to wager heavily on northern fair racing, which was reflected by a 2% increase in that category.

HIGHLIGHT

Attendance Increased at Ever-Popular Ferndale Meet on Far Northern Coast

FERNDALE

The Humboldt County Fair meet saw a decline of 11% in total handle but a 14% increase in daily on-track attendance, testifying to the popularity of the Ferndale meet. At the Victorian Inn and the Palace Saloon, horsemen and fans gathered nightly to celebrate. Although Ferndale's purses are the smallest of the racing fairs, this pleasant fair in the timber and dairy country of the far north coast of California epitomizes what racing once was. The meet never pretends to be something it is not. The meet represents a step back in time and a piece of Americana that everyone should experience at least once.

HIGHLIGHT

Leading Jockeys and Trainers Contributed to Success of Cal Expo

SACRAMENTO

Expectations were high when racing shifted to the California State Fair in Sacramento. This meet that closes each year on Labor Day proved to be successful despite being hindered by an excessive heat wave. The meet featured competitive racing due in large part to increased participation by leading trainers and jockeys. The average daily mutuel handle was consistent with the 1997 figures: \$2,292,251 in 1997 compared to \$2,228,100 in 1998. More than 50,000 fairgoers attended the races while wagering more than \$3.5 million. The five-year trend for on-track attendance is up by nearly 17%.

HIGHLIGHT

Circuit Was Successful to the End

FRESNO

The final stop on the northern circuit was the Big Fresno Fair. Located in the world's agricultural capital, this meet always brings closure to the season. The 1998 session ran one day longer than 1997. Total handle was up slightly at \$6.47 million compared with \$6.46 million the previous year. One noteworthy difference between Fresno and the other fairs is that Fresno's handle is derived solely from its live racing, both on track and off. Fresno receives no handle from imported races.

Simulcast Facilities by Location

Stockton, 2nd District Agricultural Association

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 pari-mutuel handle and attendance in FY 1997-1998 was \$27,721,328 wagered by 153,351 patrons.

Monterey, 7th District Agricultural Association

The Monterey County Fair facility is located at 2004 Fairground Road in Monterey. The simulcast wagering facility opened on January 6, 1988. The pari-mutuel handle and attendance in FY 1997-1998 was \$14,077,928 wagered by 70,152 patrons.

Eureka, 9th District Agricultural Association

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 pari-mutuel handle and attendance in FY 1997-1998 was \$2,340,718 wagered by 9,039 patrons.

Bakersfield, 15th District Agricultural Association

The Kern County Fair facility is located in Bakersfield at 1142 South P Street. The simulcast wagering facility opened April 1, 1987. The pari-mutuel handle and attendance in FY 1997-1998 was \$12,784,223 wagered by 77,080 patrons.

Santa Barbara, 19th District Agricultural Association

The Earl Warren Showgrounds facility is located in Santa Barbara at 3400 Callareal Street. The simulcast wagering facility opened March 3, 1987. The pari-mutuel handle and attendance in FY 1997-1998 was \$10,318,331 wagered by 45,804 patrons.

Fresno, 21st District Agricultural Association

The Fresno District Fair facility is located in Fresno at 1121 Chance Avenue. The simulcast wagering facility opened December 18, 1985. The pari-mutuel handle and attendance in FY 1997-1998 was \$16,360,648 wagered by 103,241 patrons.

Fresno, Polo Lounge/Club One

The Polo Lounge in Club One is located in Fresno at 1035 Van Ness Avenue. The facility is housed within the Club One Poker Casino and opened on May 1, 1997. The pari-mutuel handle and attendance in FY 1997-1998 was \$1,795,235 wagered by 4,476 patrons.

Del Mar, 22nd District Agricultural Association

The Del Mar Fair facility is located in Del Mar at 2260 Jimmy Durante Boulevard. The simulcast wagering facility opened September 12, 1991. The pari-mutuel handle and attendance in FY 1997-1998 was \$90,119,024 wagered by 372,764 patrons.

Tulare, 24th District Agricultural Association

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 pari-mutuel handle and attendance in FY 1997-1998 was \$5,374,085 wagered by 34,261 patrons.

Anderson, 27th District Agricultural Association

The Shasta District Fair facility is located 12 miles south of Redding on Highway 273. The simulcast wagering facility opened May 18, 1988. The pari-mutuel handle and attendance in FY 1997-1998 was \$2,956,502 wagered by 19,753 patrons.

Victorville, 28th District Agricultural Association

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 pari-mutuel handle and attendance in FY 1997-1998 was \$12,244,796 wagered by 80,845 patrons.

**Ventura, 31st District
Agricultural Association**

The Ventura County Fair facility is located in Ventura at 10 West Harbor Boulevard. The simulcast wagering facility opened November 11, 1987. The pari-mutuel handle and attendance in FY 1997-1998 was \$43,920,322 wagered by 173,241 patrons.

**Santa Maria, 37th District
Agricultural Association**

The Santa Barbara County Fair is located in Santa Maria at 937 South Thornburg. The simulcast facility opened April 7, 1987. The pari-mutuel handle and attendance in FY 1997-1998 was \$11,143,501 wagered by 47,555 patrons.

**Lancaster, 50th District
Agricultural Association**

The Antelope Valley Fair facility is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$16,400,915 wagered by 90,043 patrons.

**San Bernardino, National
Orange Show**

The National Orange Show facility is located in San Bernardino at 689 South E Street. The simulcast facility opened November 18, 1987. The pari-mutuel handle and attendance in FY 1997-1998 was \$54,103,133 wagered by 308,089 patrons.

**Sacramento, California
Exposition and State Fair**

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 pari-mutuel handle and attendance in FY 1997-1998 was \$47,454,053 wagered by 196,632 patrons.

**Santa Rosa, Sonoma County
Fair and Exposition, Inc.**

The Sonoma County Fair is located in Santa Rosa at 1350 Bennett Valley Road. The simulcast facility opened October 17, 1985. The pari-mutuel handle and attendance in FY 1997-1998 was \$20,828,538 wagered by 126,714 patrons.

Vallejo, Solano County Fair

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 pari-mutuel handle and attendance in FY 1997-1998 was \$17,890,735 wagered by 90,127 patrons.

**Pleasanton, Alameda County
Fair**

The Alameda County Fair is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$59,329,959 wagered by 218,388 patrons.

**San Mateo, Bay Meadows
Racetrack**

The Bay Meadows Racetrack is located in San Mateo at 2600 South Delaware Street. The Bay Meadows simulcast wagering facility opened February 4, 1986. The pari-mutuel handle and attendance in FY 1997-1998 was \$88,435,332 wagered by 337,310 patrons.

Indio, Shalimar Sports Center

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 pari-mutuel handle and attendance in FY 1997-1998 was \$12,751,124 wagered by 47,056 patrons.

Pomona, Fairplex Park

The Los Angeles County Fair facility is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$43,194,263 wagered by 161,588 patrons.

Inglewood, Hollywood Park Racetrack

The Hollywood Park facility is located in Inglewood at 1050 Prairie Avenue. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 1997-1998 was \$216,213,464 wagered by 952,572 patrons.

San Jose, Santa Clara County Fair

The Santa Clara County Fair is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$48,308,342 wagered by 201,375 patrons.

Albany, Golden Gate Fields

Golden Gate Fields is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$74,963,777 wagered by 311,081 patrons.

Arcadia, Santa Anita Park

The Santa Anita facility is located in Arcadia at 285 W. Huntington Drive. The simulcast wagering facility opened July 27, 1988. The pari-mutuel handle and attendance in FY 1997-1998 was \$161,210,668 wagered by 602,529 patrons.

Los Alamitos, Los Alamitos Race Course

Los Alamitos Race Course is located in Los Alamitos at 4961 Katella Avenue. The simulcast facility opened July 25, 1990. The pari-mutuel handle and attendance in FY 1997-1998 was \$231,359,250 wagered by 804,106 patrons.

Indio, Fantasy Springs Casino

The Cabazon Band of Mission Indians facility is located approximately 18 miles east of Palm Springs in Indio at the intersection of Interstate 10 and Auto Center Drive. The simulcast wagering facility opened March 3, 1990. The pari-mutuel handle and attendance in FY 1997-1998 was \$11,828,903 wagered by 57,909 patrons.

El Cajon, Sycuan Gaming Center

The Sycuan Band of Mission Indians facility is located approximately six miles east of El Cajon at 5469 Dehesa Road. The simulcast wagering facility opened October 7, 1990. The pari-mutuel handle and attendance in FY 1997-1998 was \$22,023,407 wagered by 106,685 patrons.

El Cajon, Viejas Casino and Turf Club

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 pari-mutuel handle and attendance in FY 1997-1998 was \$15,096,779 wagered by 80,646 patrons.

Lakeside, Barona Casino

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 pari-mutuel handle and attendance in FY 1997-1998 was \$10,685,419 wagered by 51,568 patrons.

Turlock, Stanislaus County Fair

The Stanislaus County Fair facility is located in Turlock approximately two miles east of Highway 99 at 900 No. Broadway at Canal. The simulcast facility opened on April 7, 1993. The pari-mutuel handle and attendance in FY 1997-1998 was \$9,213,989 wagered by 56,037 patrons.

Perris, 46th District Agricultural Association

The Farmer's Fair and Expo facility is located in 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 pari-mutuel handle and attendance in FY 1997-1998 was \$24,744,220 wagered by 141,985 patrons.

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 wagers. The pari-mutuel handle totaled more than \$3.78 billion for the 1997-1998 fiscal year. This amount included wagers made within the State of California and wagers made in other racing jurisdictions, which were commingled (merged) into the wagering pools at live race meets in California. The CHRB was responsible for collecting \$83.7 million from all pari-mutuel sources for the 1997-1998 fiscal year.

License fees for the state, purses, track commissions, and other distributions are generated from a portion of the wagering handle referred to as the "takeout."

The takeout is set by law and is a percent taken from each dollar wagered. The takeout on conventional wagering (win, place, and show pools) is 15.43% for thoroughbred race meets, 15.63% for quarter-horse meets, 16.43% for harness meets, and 16.77% for fair meets.

The takeout on exotic wagering pools (all pools that are not win, place, or show) is 20.18% for thoroughbred meets, 20.38% for quarter-horse meets, 21.52% for fair meets, and 24.18% for harness meets.

In general, once the state license fee, breeders and owners awards, equine research, and other mandated amounts have been deducted from the takeout,

the remaining funds are divided in a prescribed manner between purses and track commissions.

The amount of the state license fee and the split between purses and commissions depend on the breed of racing and whether the wagering was on track or off track.

A pari-mutuel auditor located at each live meet in California prepares a daily audited report of the precise distribution of the wagering handle. The report is submitted to the Horse Racing Board, the racing association, and other interested parties.

Breakage is a term used to describe the monies generated by mathematical rounding during the calculation of winning wagers. After a race is run and the results are made official, the totalizator system calculates the payout for winning wagers.

The payout for each pool is first calculated on a \$1 amount, which is then used as the basis for paying all winning wagers for that pool.

During the calculation of the \$1 payout, amounts for each pool are rounded down ("broken," thus the term breakage) to the nearest dime. For example, in calculating a win pool, a \$1 payout of \$2.67 would be "broken" to \$2.60. A \$2 wager on that pool would then return \$5.20.

The 7 cents that is broken for each dollar in the calculation then becomes part of the total breakage for that pool, that race, and that day of racing, etc.

By law, breakage is divided between the state, the track, and purses, with the majority of breakage going to purses. In FY 97-98, the state received \$1.57 million in breakage, with the tracks receiving \$4.3 million, and purses \$7.2 million.

Uncashed 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 uncashed tickets (unclaimed monies) are distributed as indicated below. The 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 about 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 1997-98 racing year totaled \$2,299,676.

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 pur-

suant 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.

Redistributable Money in Pari-mutuel Pools (Unclaimed Tickets)

1997/98	TB	QH	HH	Fairs
Los Angeles Turf Club	\$383,553.25			
Hollywood Park Operating Co.	548,977.25			
Del Mar Thoroughbred Club	272,059.40			
Oak Tree Racing Assn.	117,182.88			
Bay Meadows Racing Assn.	185,158.64			
Pacific Racing Assn.	161,542.13			
Thoroughbred Total	\$1,668,473.55			
Los Alamitos Quarter Horse Racing Assn.		\$158,856.97		
Quarter Horse Total		\$158,856.97		
Capitol Harness Racing Association			60,905.15	
Los Alamitos Harness Racing Association			57,156.25	
Harness Total			\$118,061.40	
Los Angeles County Fair				109,278.95
CARF				245,005.55
Fairs Total				\$354,284.50

Occupational Licenses and Fees

July 1, 1997 through June 30, 1998

Type of License	Fee	Issued	Total
Stable	\$300	263	\$78,900
Multiple Ownership	300	7	2,100
Horse Owner-Open Claim	250	29	7,250
Officer/Director/Partner	200	23	4,600
Horse Owner	150	3,826	573,900
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Trainer, Assistant Trainer	150	526	78,900
Harness Horse Driver	150	58	8,700
Jockey/Apprentice Jockey	150	164	24,600
Jockey Agent	150	28	4,200
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Racing Official/Manager of Association	150	111	16,650
Bloodstock Agent	150	15	2,250
Veterinarian	150	42	6,300
Association Employee	75	191	14,325
Valet/Custodian/Attendant	75	8	600
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Pari-mutuel Employee/Tote	75	1,208	90,600
Horseshoer	75	43	3,225
Exercise Rider/Pony Rider	75	412	30,900
Misc. Employee/Stable Agent Vendor	75	297	22,275
Security Guard	75	183	13,725
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Authorized Agent	25	769	19,225
Replacement License	15	679	10,185
Annual Groom/Stable Employee (Original)	35	794	27,790
Annual Groom/Stable Employee (Renewal)	20	<u>3,240</u>	<u>64,800</u>
Gross Fees			\$1,106,000
Less allowance for Franchise Tax Board		12,916	-141
Total fees generated to General Fund			\$1,105,859

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

Fines Imposed in 1997 — 1998

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	91	\$ 4,845	7/23/97 — 9/10/97
Santa Anita	49	3,835	10/1/97 — 11/3/97
Hollywood Park	42	3,405	11/5/97 — 12/22/97
Santa Anita	76	8,190	12/26/97 — 4/20/98
Hollywood Park	116	11,760	4/24/98 — 7/20/98

Thoroughbred Meetings — Northern Zone

Bay Meadows	23	\$3,800	8/29/97 — 11/16/97
Golden Gate	2	35	12/26/97 — 1/19/98
Bay Meadows	29	5,850	1/21/98 — 3/29/98
Golden Gate	32	7,100	4/1/98 — 6/21/98

Quarter-Horse Meetings — Statewide

Los Alamitos	126	\$24,405	4/18/97 — 12/21/97
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Harness Meetings — Statewide

Cal Expo	20	\$1,950	10/17/97 — 12/21/97
Los Alamitos	77	8,525	12/26/97 — 4/5/98
Cal Expo	39	4,550	4/10/98 — 8/1/98

Fair Meetings — Statewide

Pleasanton	5	\$800	6/25/97 — 7/6/97
Vallejo	3	350	7/9/97 — 7/21/97
Santa Rosa	7	1,750	7/23/97 — 8/4/97
San Mateo	7	1,100	8/6/97 — 8/18/97
Ferndale			8/7/97 — 8/17/97
Sacramento	4	300	8/20/97 — 9/1/97
Pomona	17	1,350	9/11/97 — 9/29/97
Fresno	8	1,350	10/1/97 — 10/12/97
Stockton	8	900	6/17/98 — 6/28/98

Statement of Distribution by Fund of Horse Racing Revenues

Horse racing revenue comes primarily from license fees imposed on the amounts wagered by the public. The license fee revenue schedule is based on such factors as the amount wagered, track location, type of horse racing, type of wager, and whether the wager is made on track or at a simulcast facility.

Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed pari-mutuel tickets, occupational license fees, fines, and penalties.

The state's share of horse racing revenue is either deposited to the state "General" Fund or to a "special" fund, e.g., the

Fair & Exposition fund. The General Fund is used to account for all revenues and activities that are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Special funds consist of governmental cost funds used to account for taxes and revenues, which are restricted by law for particular functions/activities.

Typically, the only difference between the General Fund and other governmental cost funds is the restriction placed on the use of the other governmental cost funds.

July 1, 1997 through June 30, 1998

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 191:		
0.63% — total handle	\$13,867,734	
1.00% — fair handle	1,864,957	
Escheat of unclaimed warrant	2,325	
Section 19620-A	265,000	
Section 19620-B	8,781,000	
Total 191 Fund		<u>\$24,781,016</u>
Simulcast Wagering Fees, Fund 192:		
Simulcast Wagering	\$11,733,580	
Other regulatory, licenses, and permits — purses	677,413	
Total 192 Fund		<u>12,410,993</u>
Revenue To General Fund		
Horse racing licenses	\$42,672,811	
Breakage	1,443,202	
Fines & Penalties	98,245	
Unclaimed Pari-mutuel Tickets	354,284	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,682,392	
Occupational Licenses	1,105,859	
Miscellaneous Income	14,009	
Total General Fund		47,370,802
Wildlife Restoration		
Horse racing licenses		<u>750,000</u>
Racetrack Security		<u>263,000</u>
CA Veterinary Diagnostic Laboratory		2,321,201
Tribal Compact Escrow		<u>2,701,443</u>
Total Revenue		\$90,598,455

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 1997-1998 racing year, there were 2,226 horses “claimed” at authorized race meetings.

The “claiming” of a racehorse is in effect a sale of the horse at a 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 racehorse 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 1997-1998 racing year, the total amount paid for claiming of horses was \$33,372,950, resulting in sales tax revenues (based on 0.25%) of \$2,712,261.

Chapter 1202, Statutes of 1982, changed the existing provisions for local license fees and admission taxes. This statute authorizes every racing association or 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.

During the FY 1997–1998 racing year, \$7,234,865 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 1997-98 totaled \$147,421,202.

A detailed summary of track commissions by race meet can be found in the CHRB’s Annual Report of Operations, also known as the Annual Statistical.

Horsemen’s Purses

As with track operators’ 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 1997–1998 totaled \$142,941,226. In addition, \$12,968,576 was paid out in Breeders’ and Owners’ premiums.

In order for the individual racing associations to establish their daily purse structure for their race meetings, the associations must first make a projection of the amount of pari-mutuel wagers they expect to handle.

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, then 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 each meeting in order to establish the percentage of the total purses that may be used for stakes races.

Statistics For Horses Claimed

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate Fields	168	\$2,293,750	\$189,235
Bay Meadows	360	4,384,750	361,742
Golden Gate Fields	164	1,790,750	147,737
Thoroughbred Meetings-Central-Southern			
Del Mar	219	5,619,000	435,472
Oak Tree	93	2,222,000	188,315
Hollywood (Fall)	86	2,143,500	176,839
Santa Anita	320	8,534,500	704,096
Hollywood (Spring)	192	4,318,000	356,235
Sub-total Thbds.	1,602	\$31,306,250	\$2,559,671
Harness Meetings-Statewide			
Cal Expo (fall)	15	\$82,300	\$6,378
Los Alamitos	94	503,950	39,056
Cal Expo	42	234,550	18,178
Sub-total Harness	151	\$820,800	\$63,612
Quarter-Horse Meetings-Statewide			
Los Alamitos	429	\$1,680,700	\$130,254
Sub-total QH	429	\$1,680,700	\$130,254
Fair and Mixed Meetings-Statewide			
Pleasanton	28	\$269,800	\$22,259
Vallejo	30	245,400	17,792
Santa Rosa	28	199,600	14,970
San Mateo	39	342,150	28,227
Sacramento	22	148,050	11,474
Pomona	60	631,500	52,099
Fresno	5	22,450	1,138
Stockton	14	92,100	7,138
Sub-total Fairs	226	\$1,951,050	\$155,097
Grand Total	2,408	\$35,758,800	\$2,908,634

Authorized Horse Sales

The CHRB each year authorizes sales for racehorses or breeding stock used in the production of racehorses when such sales are conducted on the premises of a racing association. During FY 1997 – 1998, 1,231 horses were sold for a total of \$33,836,350. These sales generated a total of \$1,427,760 in sales tax. 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 for horses bought.

During FY 1997 – 1998, the following sales were authorized:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. Fall Sale — All ages October 20, 21
2. January Mixed Sale January 27
3. March Selected Two-Year-Olds March 3, 4
4. Spring Two-Year Olds May 11, 12

A total of 1,004 horses was sold for \$31,021,600, which generated \$1,295,138 in sales tax.

California Thoroughbred Breeders Association Sales At Del Mar

1. Del Mar Select and Preferred Yearling Sale August 1

A total of 109 horses was sold for \$2,326,500, which generated \$108,841 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. PCQHRA Yearling and Mixed Stock Sale October 7

A total of 118 horses was sold for \$488,250, which generated \$23,781 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.

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 percentage 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. In addition, the CTBA supervises the California-bred race fund, which has supplemented the very successful California Cup program each year since 1990.

At California thoroughbred race meetings, the amount of .34% on track and .4% 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 1997-98, \$11,899,774 was generated from the wagering handle. The CTBA is authorized to deduct up to 5% for administrative overhead and expenses.

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 exceed 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 1997-98, the program generated \$526,236.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$409,806 to fund its program in fiscal year 1997-98. The source of these funds was .34% of the on-track and .40% of the off-track handle on quarter-horse racing at the fair race meetings, .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

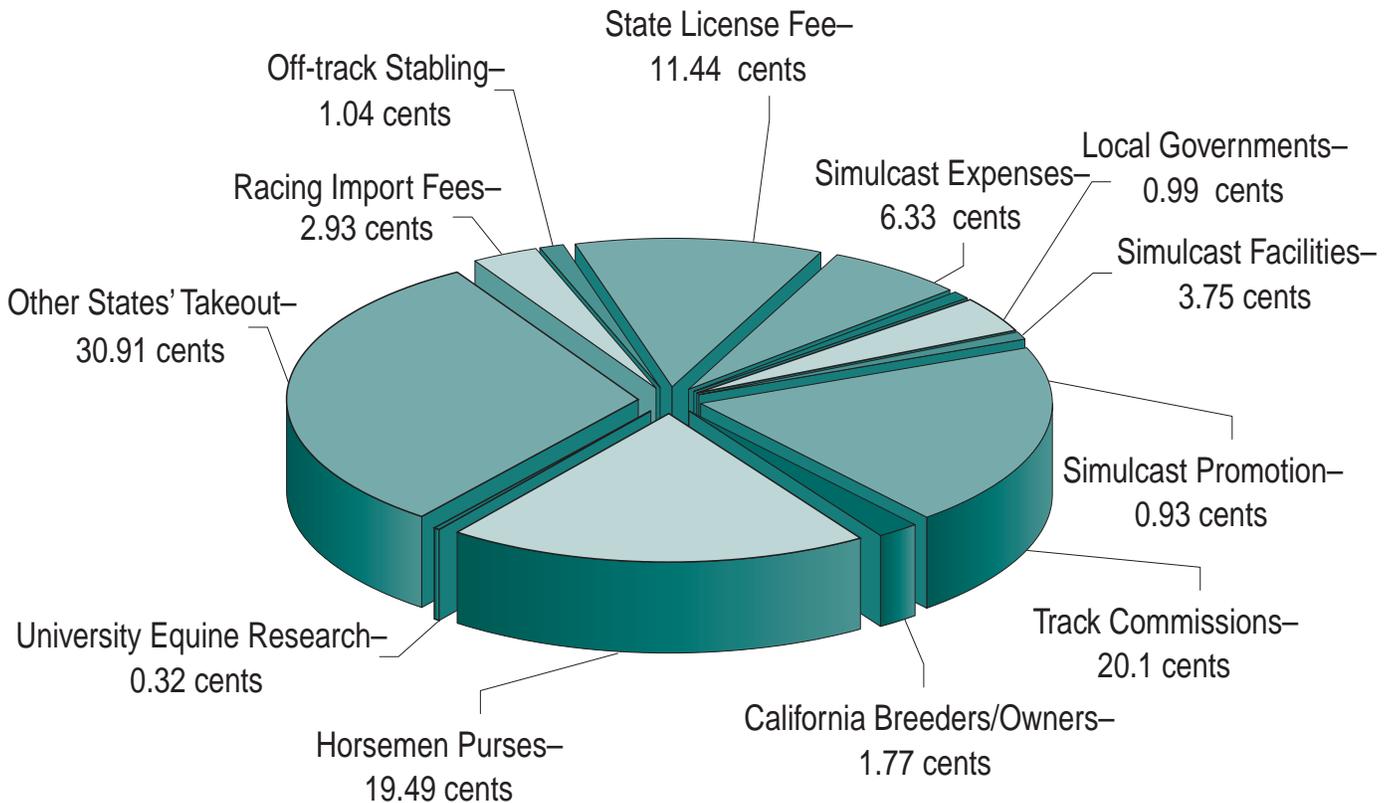
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$53,816 for the breeders program in fiscal year 1997-98. This money was received as breeders awards (.34% of the on-track and .40% of the off-track handle on Appaloosa racing).

Arabian Breeders Program

The California Arabian horse breeders awards received \$65,008 for the program during fiscal year 1997-98.

The Revenue Stream

The Wagering Dollar in California: Where It Goes and How It's Used



California horse racing is the envy of the nation. Only New York is on a par with California in the national picture of horse racing. A total of \$3,776,758,870 was wagered by fans of California racing during the 1997-98 fiscal year, and of that money 80.6% (\$3,043,331,372) was returned to winning ticket holders.

Prior to simulcast wagering in 1985, virtually 100% of the wagering on California's races was at the track, but today "on-track" bets make up less than 24% of wagers placed (\$895 million). Off-track betting within the state provides more than 38% of the handle (\$1.44 billion). The balance comes from out-of-state wagers (\$1.44 billion).

Patrons failed to cash \$4.5 million worth of winning tickets. By law, money from uncashed tickets, except for fairs, is split evenly between a welfare fund for the benefit of backstretch employees and the CHRB for racetrack security and research. Money from uncashed tickets at fairs is turned over to the state's General Fund.

Similarly, money from unredeemed vouchers issued by tracks for use by racing patrons at track self-serve betting machines is used to finance the newly created horse racing revenue data base called the California Horse Racing Information Management System (CHRIMS).

Breakage, a byproduct of the pari-mutuel calculation, is distributed to the state, to purses, and to the racing associations.

Of the \$3.8 billion wagered, \$733 million, or 19%, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the adjoining page:

HORSEMEN'S PURSES

A total of \$142.9 million was distributed last year in the form of purses. This money went to the owners of the horses, the jockeys, the trainers, and through them to the backstretch employees.

Portions of the purse money also went to the organizations that represent owners and other horsemen. (For details, see the horsemen's summaries of revenues and expenses at the end of this report.)

TRACK COMMISSIONS

The racetracks and fairs that host the racing programs collected a total of \$147.4 million in commissions. Much of that money went toward the cost of operations, such as rent or mortgages and labor costs, of which pari-mutuel clerks represent a large part. The racetracks also are responsible for marketing the sport — for advertising, promotions, and other forms of publicity.

STATE LICENSE FEES

Pari-mutuel wagering was authorized by the voters in 1933, principally as a way of generating income to the State of California. During the last fiscal year, the state received \$90.6 million from pari-mutuel wagering. Most of this money, \$47.4 million, went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$7.9 million) comes from the Fairs and Exposition fund through the yearly budget process conducted by the state legislature. This allocation is used to fund the Horse Racing Board's mission of overseeing the horse racing industry on behalf of the state and the California public.

INCENTIVE AWARDS

One of the most important uses of horse racing revenue is for incentive awards, which promote the agricultural program in California by encouraging horse breeding. Last year those awards were divided between programs for thoroughbreds (\$11,899,774), standardbreds (\$526,236), quarter horses (\$409,806), Appaloosas (\$53,816), and Arabians (\$65,008).

LOCAL GOVERNMENT

For those local municipalities who elect to participate, an additional 0.33 of 1% is withheld from the handle to reimburse communities for costs incurred due to traffic control, security, and other expenditures resulting from horse racing events. Last year \$7.4 million was withheld for this purpose.

HOST FEES

Host fees are negotiated or mandated payments to producers of live horse racing imported by tracks via satellite and offered to the betting public in conjunction with a California track's live racing program. Last year, California tracks paid \$8.7 million to out-of-state hosts and \$12.8 million to California host tracks.

INTERSTATE WAGERING FEES

Interstate wagering fees are "takeout" deductions from wagers made on California racing by racing fans at off-track betting systems outside of the California borders. These deductions in other states amounted to \$226.7 million.

EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.3 million.

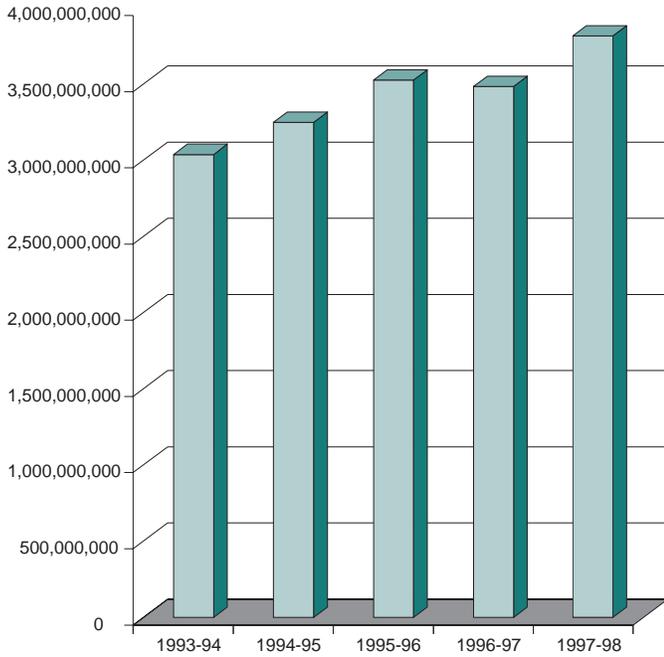
SIMULCAST FEES

Simulcast fees are deducted from the off-track handle at California simulcast facilities and are distributed in proportion to each facility's handle. This revenue goes to the Stabling and Vanning Fund to offset the cost of off-site stabling and transporting horses to the track, to the Promotion Fund to be used exclusively for the promotion of horse racing at simulcast facilities, to the Expense Fund for the purpose of offsetting the costs of simulcast broadcasting, and to guest commissions. A guest site is the term used for an authorized off-track betting system, or simulcast facility, that is an authorized recipient of a live horse race.

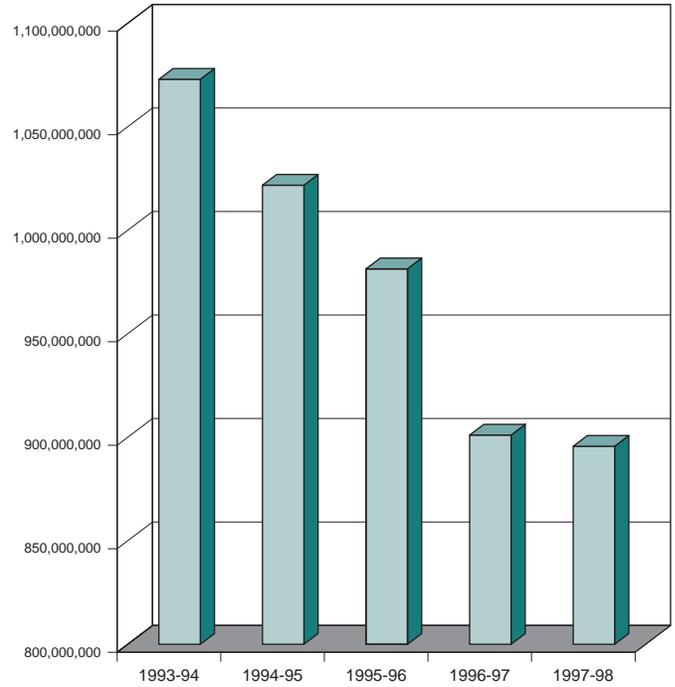
These funds received a total of \$88.4 million last year:

Stable and Vanning Fund:	\$7.6 million
Promotion Fund:	\$6.8 million
Expense Fund:	\$46.5 million
Guest Fund:	\$27.5 million

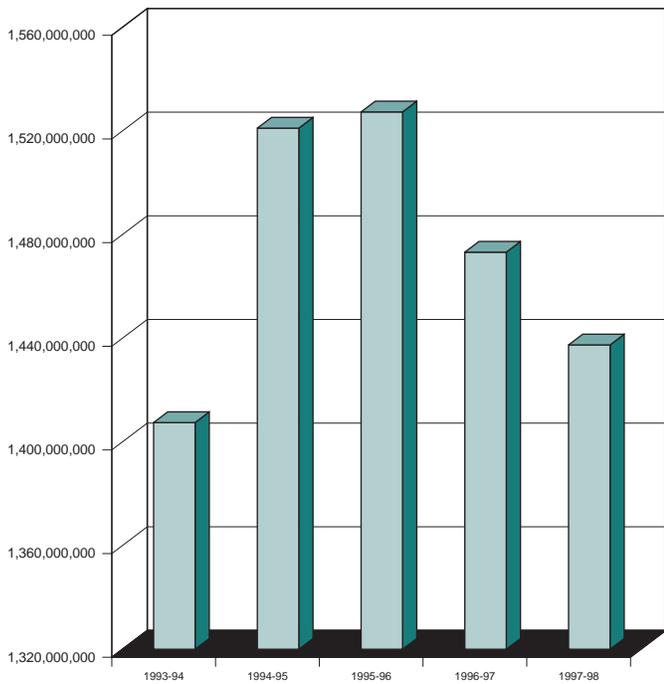
Total Handle



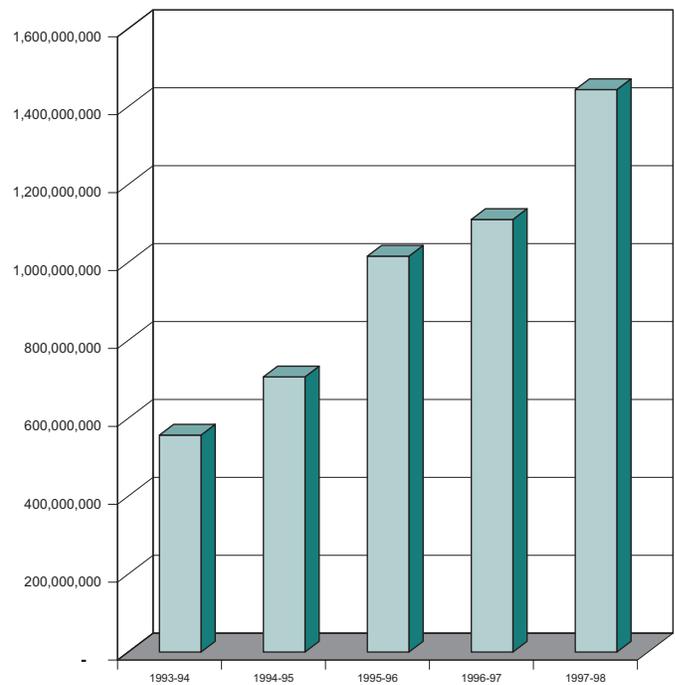
Total Handle On Track



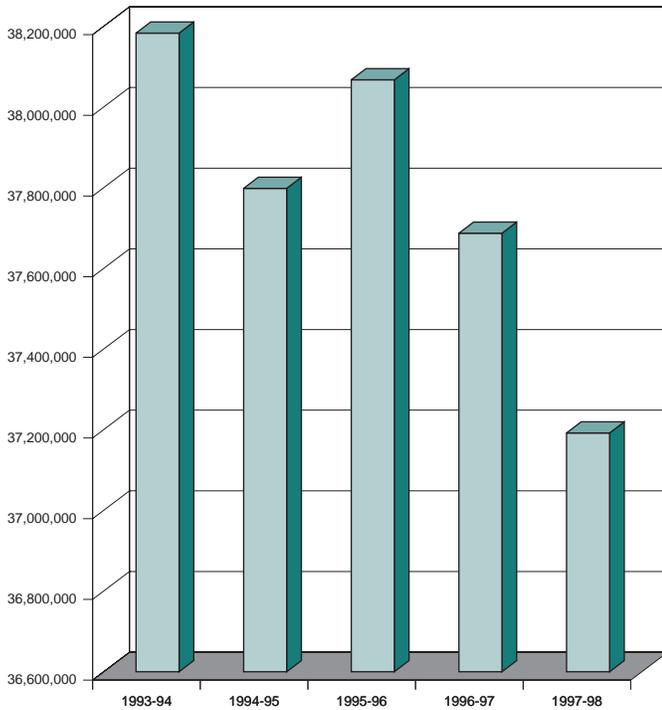
Total Handle Off Track



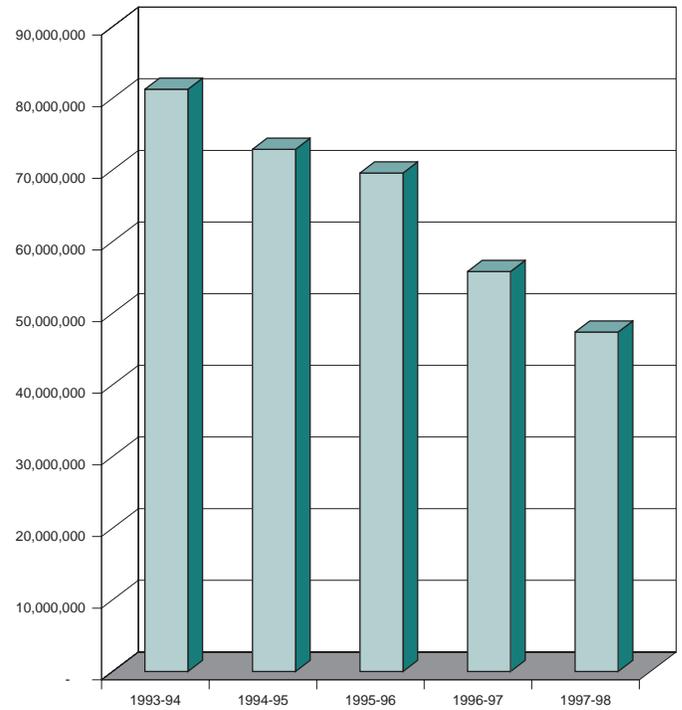
Total Handle Out of State



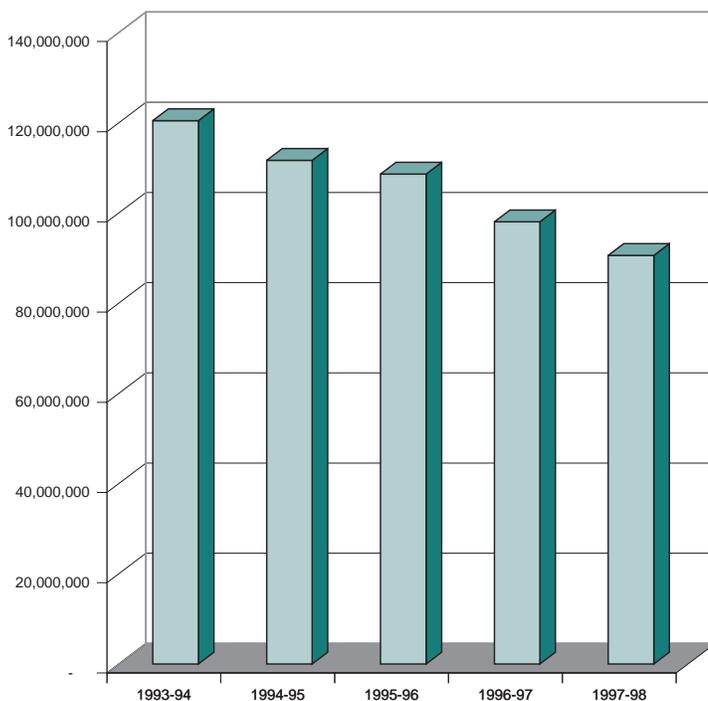
Fairs & Expositions



General Fund



Cash Receipts



Includes all revenue received in the fiscal year and distributed to the Fairs and Expositions Fund, General Fund, Wildlife Restoration Fund, and revenue from occupational licensing collected by the Board, moneys held in the Tribal Compact Escrow fund, and other miscellaneous income.

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 660129
Arcadia CA 91006
(Registry of Charitable Trusts
No. 4833)

California Harness Horseman's Association Welfare Fund

P.O. Box 254767
Sacramento, CA 95865
(Registry of Charitable Trusts No. CT 21800)

Quarter Horse Benevolent Charity Foundation

5024 Katella Avenue, Suite 247
Los Alamitos, CA 90720
(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.

The California Horsemen's Organizations

The CHRB determines the organizations to represent California horsemen with respect to each breed. The Board requires annual audits of their financial reports, and a summary of the revenues and expenses for each organization are contained in this 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 Thoroughbred Trainers for thoroughbred trainers; California Harness Horsemen's Association for harness horsemen; Pa-

cific 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 horsewomen are hereby included in this Annual Report. The information regarding the expenditures of these organizations is only one portion of the total audited financial state-

ments submitted to the California Horse Racing Board. 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.

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, 1997*

REVENUES COLLECTED	
Membership dues	\$ 14,055
Mutuel fees- HQHRA	230,875
Mutuel fees- Fairs	33,154
Mutuel fees- Thoroughbreds	42,854
Race administration fees	88,424
Berth transfers	1,750
Cal-Bred Registry fees	20,280
Advertising income	8,567
Interest income	28,854
	468,813
Salaries	117,939
Advertising	25,589
Annual awards	11,844
Contract services	88,895
Depreciation	14,018
Dues & subscriptions	2,597
Fair representative expense	9,653
Insurance	16,105
Legal & accounting	6,387
Miscellaneous	7,986
Newsletter & directory	9,758
Office expense	17,536
Postage	9,760
Race Awards	16,975
Stationery & printing	7,165
Taxes-payroll and property	10,114
Telephone & utilities	12,487
Travel & meetings	22,338
Increase To Fund Balance Before Horse Sale	59,385
Horse Sale, excess of expenses over income	(37,075)
Increase To Fund Balance	22,310

California Harness Horsemen's Association

Statement of Activities for the year ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
REVENUE			
Administrative Fees	\$252,156		\$252,156
California Sires Stakes	8,680		8,680
Membership Dues	8,920		8,920
Insurance Assessments, Net	4,943	79,644	84,587
Miscellaneous Income	3,793		3,793
Interest Income	1,484	8,170	9,654
TOTAL REVENUE & OTHER SUPPORT	303,072	64,718	367,790
EXPENSES			
Dues & Membership	7,660		7,660
Sulky and Third Party Insurance	3,868		3,868
Worker's Comp Insurance	1,206		1,206
Officers' & Directors' Insurance	2,420		2,420
Legal Costs	258,955		258,955
Accounting Services	16,694		16,694
Salaries, Office Staff (Net of Reimbursements)	96,271		96,271
Track Representative	8,200		8,200
Payroll Taxes	8,190		8,190
Health Benefits	4,200		4,200
Promotion & Advertising	3,225		3,225
Newsletter & Printing	1,802		1,802
Office and Computer Supplies	7,152		7,152
Equipment Leases	3,861		3,861
Depreciation	1,001		1,001
Chaplaincy Services and Social Welfare	22,206		22,206
Meetings	13,184		13,184
Moving Expense and Storage	3,357		3,357
Telephone	596		596
TOTAL EXPENSES	464,048		464,048
CHANGE IN NET ASSETS	(160,976)	64,718	(96,258)
NET ASSETS AT BEGINNING OF YEAR	(3,432)	\$149,492	\$ 146,060
NET ASSETS AT END OF YEAR	(164,408)	214,210	49,802

California Thoroughbred Trainers

Statements of Activities for the year ended December 31, 1997 and 1996

	1997	1996
Revenues		
Track revenues	\$690,928	\$460,569
Recreation hall income	401,122	393,792
Interest income	18,742	12,124
Miscellaneous	28,905	2,623
Total revenues	1,139,697	869,108
Expenses		
Program services:		
Recreation hall and programs	472,022	476,077
Membership services	27,235	6,192
Contributions	16,350	5,390
Total program services	515,607	487,659
Supporting services:		
Administrative salaries and related expenses	150,548	147,442
Professional and outside services	48,478	51,292
General office expenses	36,246	29,488
Insurance	48,428	61,540
Travel (mileage reimbursement)	951	1,051
Payments to national organization		1,305
Meetings and conventions	5,872	6,071
Rent and utilities	5,640	5,982
Repairs and maintenance	9,429	3,494
Depreciation	18,935	22,344
Other expenses		
Total supporting services	324,527	330,009
Total expenses	840,134	817,668
Change in net assets before distributions and transfers to Thoroughbred Owners of California	299,563	51,440
Distributions to Thoroughbred Owners of California		(70,000)
Transfers of assets to Thoroughbred Owners of California		
Net assets at beginning of year	593,911	612,471
Net assets at end of year	\$893,474	\$593,911

Thoroughbred Owners of California

Statements of Activity for the years ended June 30, 1998 and 1997

	1998	1997
UNRESTRICTED REVENUES AND GAINS:		
Proceeds from racetracks	\$1,390,788	\$1,121,993
Contributed office space	37,300	45,000
Interest	55,745	41,008
Other	4,174	14,993
Total unrestricted revenues and gains	1,488,007	1,222,994
UNRESTRICTED EXPENSES:		
Salaries and employee benefits	442,996	393,449
Consulting	264,634	239,210
Donations	99,530	
Professional fees	47,704	32,909
General and administrative	142,490	103,447
Rent	44,500	50,401
Office supplies	9,393	7,638
Travel and entertainment	32,830	34,251
Newsletter	77,961	85,916
Telephone	22,713	17,886
Insurance	18,728	14,412
Depreciation		
Total unrestricted expenses	1,223,209	999,665
Increase in unrestricted net assets	264,798	223,329
Unrestricted net assets, beginning of year	1,188,479	965,150
Unrestricted net assets, end of year	\$1,453,277	\$1,188,479

Arabian Racing Association of California

*Statement of Activities and Changes in net assets
for the year ended December 31, 1997*

	Administration (unrestricted)	Cal-Bred (restricted)	Eliminations	Total
Revenue and Support:				
Owners' and breeders' awards		\$ 62,877		\$ 62,877
Track administration fees	\$ 72,699		\$ (6,288)	66,411
Membership	3,930			3,930
Other	4,999	4,875		9,874
Total	81,628	67,752	(6,288)	143,092
Expenses:				
Owners', breeders', and stallions' awards		50,930		50,930
Breed representative	37,820			37,820
Race sponsorship	6,005			6,005
Legal and accounting	10,105			10,105
Convention, awards, and trophies	3,920			3,920
Other	17,456	11,300	(6,288)	22,468
Total	75,306	62,230	(6,288)	131,248
Increase in net assets	6,322	5,522	0	11,844)
Net Assets:				
Beginning of year	79,512	9,273		88,785
End of year	\$ 85,834	\$ 14,795		\$ 100,629

Cal Western Appaloosa Racing, Inc.

Statement of Revenue and Expenses for the year ended May 31, 1998

REVENUE		
Racing Income	\$91,779	
Magazine Subscriptions and Advertisements	833	
Racing Dues	2,907	
Interest Income	4,260	
Miscellaneous Income	<u>3,552</u>	
Total Revenue		103,331
EXPENSES		
Salaries	22,123	
Racing Consultant	16,800	
Track Representative	5,400	
Insurance	2,230	
Advertising and Promotion	4,967	
Race Add-ons	13,324	
Trophies and Awards	6,648	
Printing	9,700	
Articles	1,400	
Supplies	4,683	
Postage	2,933	
Accounting	4,455	
Travel	2,984	
Rent	3,600	
Utilities, Telephone	3,707	
Taxes and Licenses	2,214	
Depreciation	902	
Maintenance and Repair	2,762	
Convention	958	
Board Meetings	424	
CPO Clinic	2,259	
Barbecue	1,946	
Miscellaneous	3,867	
Total Expenses		120,286
NET LOSS		\$(16,955)