

Thirtieth Annual Report of the California Horse Racing Board

A Summary of
Fiscal Year 1999 – 2000
Racing in California

California Horse Racing Board

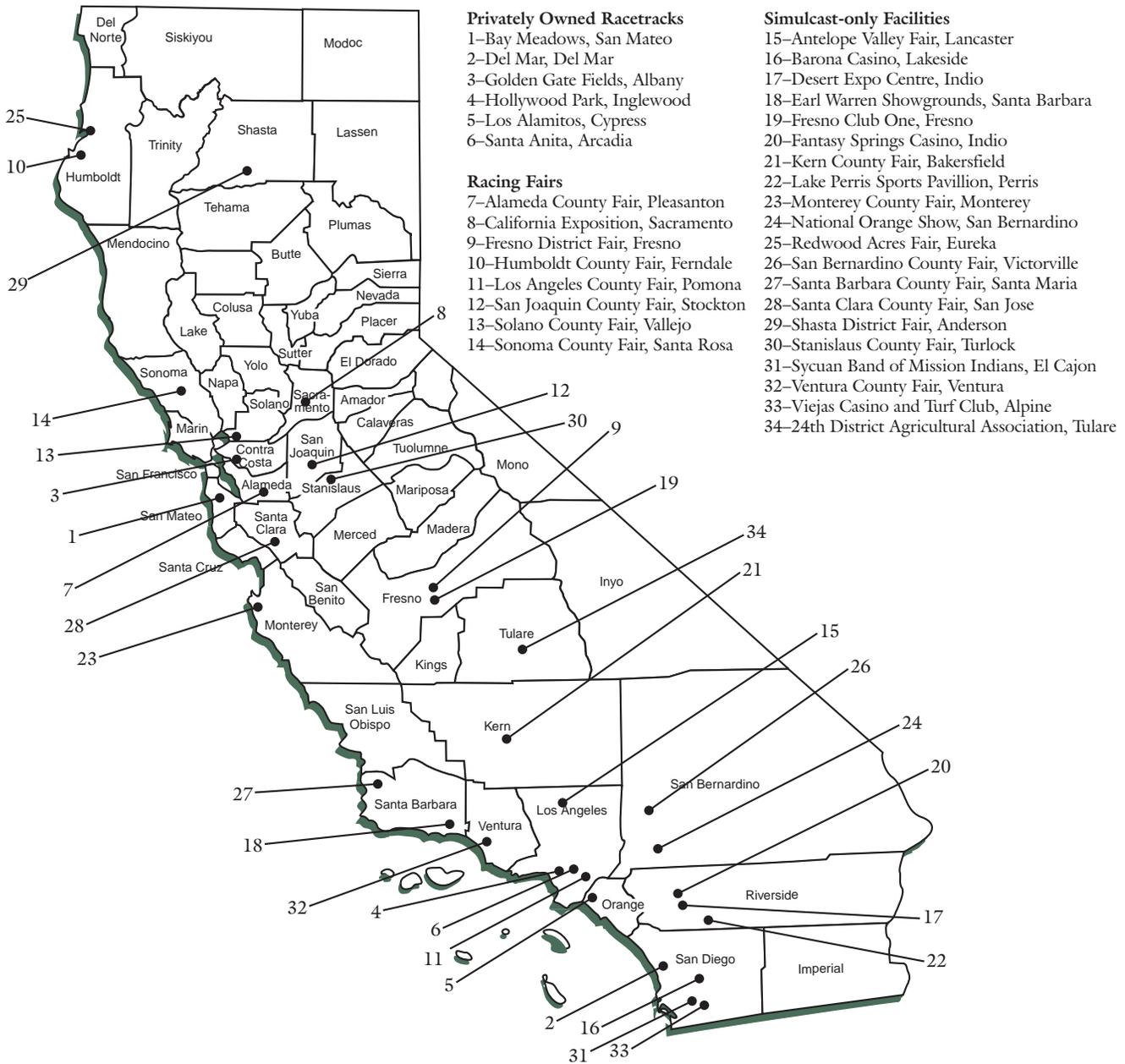
Robert H. Tourtelot, Chairman
Sheryl L. Granzella, Member
John C. Harris, Member
Alan W. Landsburg, Member
Marie G. Moretti, Member
Joseph B. Fenley, Former Member
George Nicholaw, Former Member
Roy C. Wood, Jr., Executive Director
Roy Minami, Assistant Executive Director

The CHRB general office 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





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.

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Distribution Trend Takeout



Since FY 1995-1996, license-fee-reduction legislation, including SB 2000 in 1998 and SB 27 in 1999, has reduced license fees by 58%, resulting in increases of 17% to association commissions and 19% to horsemen’s purses. Illustrating the impact of fee-reduction legislation, during FY 1999-2000, racing associations realized a one-year gain in commissions earned of over \$11 million, while horsemen realized increases to purses of over \$12 million.



Encouraged by increased revenue due largely to license-fee reductions, California racing associations are spending significant sums on capital improvements, while horsemen continue to invest heavily in the acquisition and care of horses. Del Mar invested more than \$3.4 million on various projects, including a state-of-the-art video board in the infield (pictured above). Magna Entertainment began the first phase of a \$5-million project at Golden Gate Fields by rebuilding barns and making other improvements to the stable area. Churchill Downs Inc. also began its own \$5-million capital-improvements project at Hollywood Park, including extensive remodeling of public areas and completion of a massive water drainage/treatment system. Meanwhile, sales revenue from thoroughbreds sold at public auction in the United States totaled \$1 billion last year, representing just part of the billions that horsemen invest nationally in equine acquisition, maintenance, and training. Increased demand for California-breds, fueled by enhanced incentive awards, higher purses, and increased racing opportunities, has enabled the California Thoroughbred Breeders Association to increase its member services and improve its Del Mar Yearling Sale.

REPORT OF THE CHAIRMAN

On behalf of the California Horse Racing Board (CHRB), I am pleased to submit its 30th Annual Report, which summarizes the activities of the Board and the horse-racing industry during the 1999-2000 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 \$3.95 billion, an increase of 4%, from the total reported for 1998-99. The on-track handle was \$868 million, a reduction of approximately one-half percent. Pari-mutuel wagers placed at the intra-state simulcast wagering facilities were \$1.55 billion, up 4%.

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 28, 2000. California Cup XI featured 10 races with fields restricted to California-breds. Total purses for those races neared \$1.3 million, providing stability for the California breeding industry.

The CHRB continues its expansion into the Internet, which provides 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. Use of the Board's Web site increased to more than 5,000 visits per month during the year, and it is anticipated that visits will increase even more as we add information and expand services. Additionally, the CHRB has developed and is testing on-line license renewal, allowing licensees to renew their licenses through the Internet utilizing an on-line credit card system to pay fees.

During this past year, the ownership of two Northern California racetrack operations changed hands. The Golden Gate Fields property and racing operation were sold to MI Entertainment, a subsidiary of Magna International, a multinational auto-parts company headquartered in Toronto, Canada. Golden Gate Fields is one of two racetracks in Northern California that conduct thoroughbred racing. Bay Meadows, located in San Mateo, is the other thoroughbred track that rotates its racing schedule with Golden Gate Fields, and its racing operation also was acquired by MI Entertainment.

The Board continued its commitment to the Postmortem Program, which has gained national attention. Several studies conducted by the University of California Davis (UCD) School of Veterinary Medicine were commissioned, which resulted in amendments to CHRB regulations that facilitate the health and safety of racehorses. The Kenneth L. Maddy Equine Analytical Chemistry Laboratory at the UCD has been completed and has been accepting equine test samples since July 1, 2000.

I wish to thank all members of the Board for their valued contributions this past year, and specifically George Nicholaw and Joseph Fenley for their hard work and dedication to horse racing in this state. Nicholaw served as the Chairman of the Board and was known for his fairness in promoting and regulating the horse-racing industry.

Respectfully submitted,



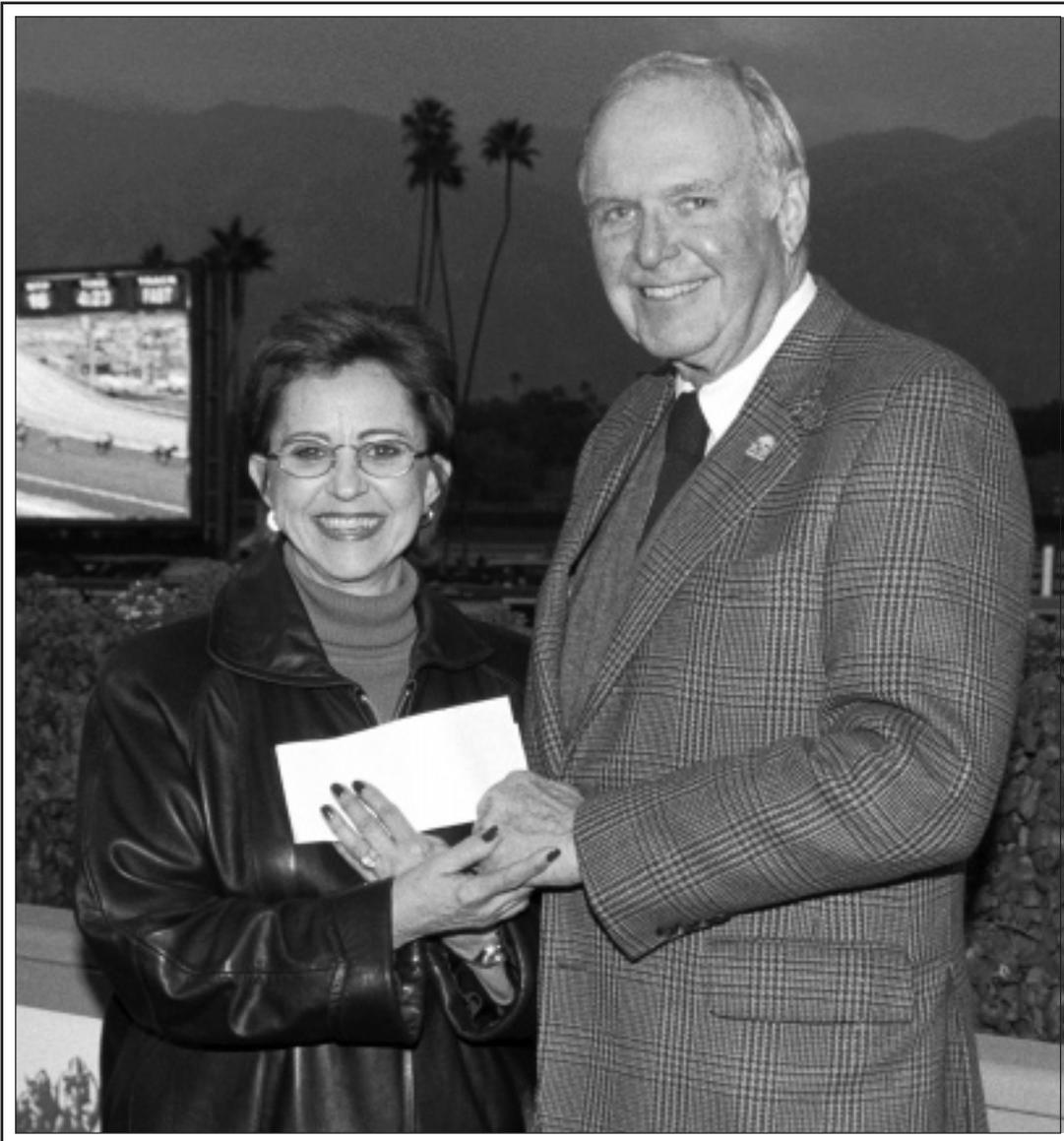
Robert Tourtelot, Chairman
California Horse Racing Board

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 \$1,125,300.

By law, each racing association must conduct a specified portion of its race meeting for the benefit of charities meeting the statutory criteria and approved by the Board. The law also requires that at least 20% of the proceeds be distributed to charitable groups within the horse-racing industry. While recognizing the worthwhile nature of all the charitable organizations favored by the various distributing foundations, the CHRB encourages the foundations to exceed this minimum percentage to racing-related charities.

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 Thoroughbred Club, the Oak Tree Charitable Foundation, the Golden Gate Fields Foundation, and the Bay Meadows Foundation.



Sherwood Chillingworth, Executive Vice President of the Oak Tree Racing Association and the Charitable Foundation, presented Juanita Delahoussaye, a director of the Don MacBeth Memorial Jockey Fund, with one of four checks awarded by Oak Tree to the organization totaling \$15,000 for the year.

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 CHRHB'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 9 times throughout the state during the 1999-2000 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 23, 1999
Del Mar Simulcast Facility,
Del Mar

August 20, 1999
Del Mar Simulcast Facility,
Del Mar

November 10, 1999
Hollywood Park Casino,
Inglewood

December 3, 1999
Cypress City Hall,
Cypress

January 21, 2000
Arcadia City Hall,
Arcadia

February 18, 2000
Bay Meadows Racetrack,
San Mateo

March 24, 2000
Arcadia City Hall,
Arcadia

May 2, 2000
Hollywood Park Casino,
Inglewood

May 31, 2000
Radisson Hotel,
Sacramento

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.

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



**Robert H. Tourtelot,
Chairman**

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 Wilson through July 26, 2001. Chairman since March 24, 2000.

Members of the California Horse Racing Board



**Sheryl L. Granzella,
Member**

Special Projects Manager with Richmond Sanitary Service in Richmond. Appointed to the CHRB by Governor Gray Davis on October 22, 1999, through January 1, 2002.



**John C. Harris,
Member**

Chairman and Chief Executive Officer of Harris Farms, Inc., in Coalinga. Appointed to the CHRB by Governor Gray Davis on November 9, 2000, through July 26, 2003.



**Alan W. Landsburg,
Member**

Founder of the Landsburg Company (television/movie productions), in Los Angeles. Appointed to the CHRB by Governor Gray Davis on November 22, 2000, through January 1, 2004.



**Marie G. Moretti,
Member**

Executive Vice President with Goddard Claussen Porter Novelli in Sacramento. Appointed to the CHRB by Governor Gray Davis on October 22, 1999, through January 1, 2002.



**Joseph B. Fenley,
Former Member,
Vice Chairman**

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.



**George Nicholaw,
Former Member,
Chairman**

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

Assignments for the standing committees of the Board during 1999-2000, as assigned by Former Chairman George Nicholaw, were as follows:

**BENEVOLENT PROGRAMS
COMMITTEE**

Commissioner Sheryl Ganzella,
Chairwoman
Commissioner Marie Moretti

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.

EXECUTIVE COMMITTEE

Chairman George Nicholaw,
Chairman
Vice-Chairman Robert Tourtelot

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

**HORSEMEN'S
REPRESENTATION AND
ORGANIZATION BYLAWS
COMMITTEE**

Commissioner Marie Moretti,
Chairwoman
Commissioner Sheryl Ganzella

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

LEGISLATIVE COMMITTEE

Chairman George Nicholaw,
Chairman
Vice-Chairman Robert Tourtelot

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.

MEDICATION COMMITTEE

Commissioner Joseph Fenley,
Chairman
Commissioner Sheryl Ganzella
Commissioner Marie Moretti

Establishes the Board's veterinary practices and procedures; selects qualified applicants for listing of official veterinarians for assignment to racing meetings; offers recommendations for laws or regulations deemed necessary to improve veterinary practices; oversees Board enforcement of veterinary practices and medication procedures; and provides leadership in the development of new or amended track safety standards.

**PARI-MUTUEL OPERATIONS
COMMITTEE**

Commissioner Joseph Fenley,
Chairman
Commissioner Sheryl Ganzella
Commissioner Marie Moretti

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.

RACE DATES COMMITTEE

Chairman George Nicholaw,
Chairman
Commissioner Joseph Fenley

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.

SECURITY AND LICENSING COMMITTEE

Commissioner Marie Moretti,
Chairwoman
Commissioner Joseph Fenley
Commissioner Sheryl Ganzella

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.

SIMULCAST OPERATIONS COMMITTEE

Vice-Chairman Robert Tourtelot,
Chairman
Commissioner Joseph Fenley
Commissioner Marie Moretti

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.

STEWARDS' COMMITTEE

Commissioner Sheryl Ganzella,
Chairwoman
Commissioner Joseph Fenley

Selects by examination qualified applicants for listing of stewards for assignment to racing meetings; advises the Board on matters relating to stewards and racing officials; and recommends to the Board revisions to laws and regulations deemed necessary to improve race officiating.

SPECIAL AD HOC COMMITTEES

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

RCI COMMITTEES

Members of the Board and CHRB staff members participated in Committee functions of the Association of Racing Commissioners International, as follows:

Board of Directors

Robert Tourtelot,
Member at Large

Off-Track Betting/ Simulcasting Committee

Robert Tourtelot

Stewards/Judges Accreditation Committee

Roy Wood
Vice-Chairman

Database Committee

Mory Atashkar, *Chairman*

Totalizator Standards Committee

Mory Atashkar

Drug Testing Standards/Practices

Robert Tourtelot
Roy Wood
Dr. Ronald Jensen

Scientific Review Committee

Dr. Ronald Jensen

Veterinary Pharmacology Com.

Dr. Ronald Jensen

Multi-Jurisdictional Licensing Program

Roy Wood,
Vice-Chairman

Safety and Security Committee

Roy Wood

Veterinary Advisory Committee

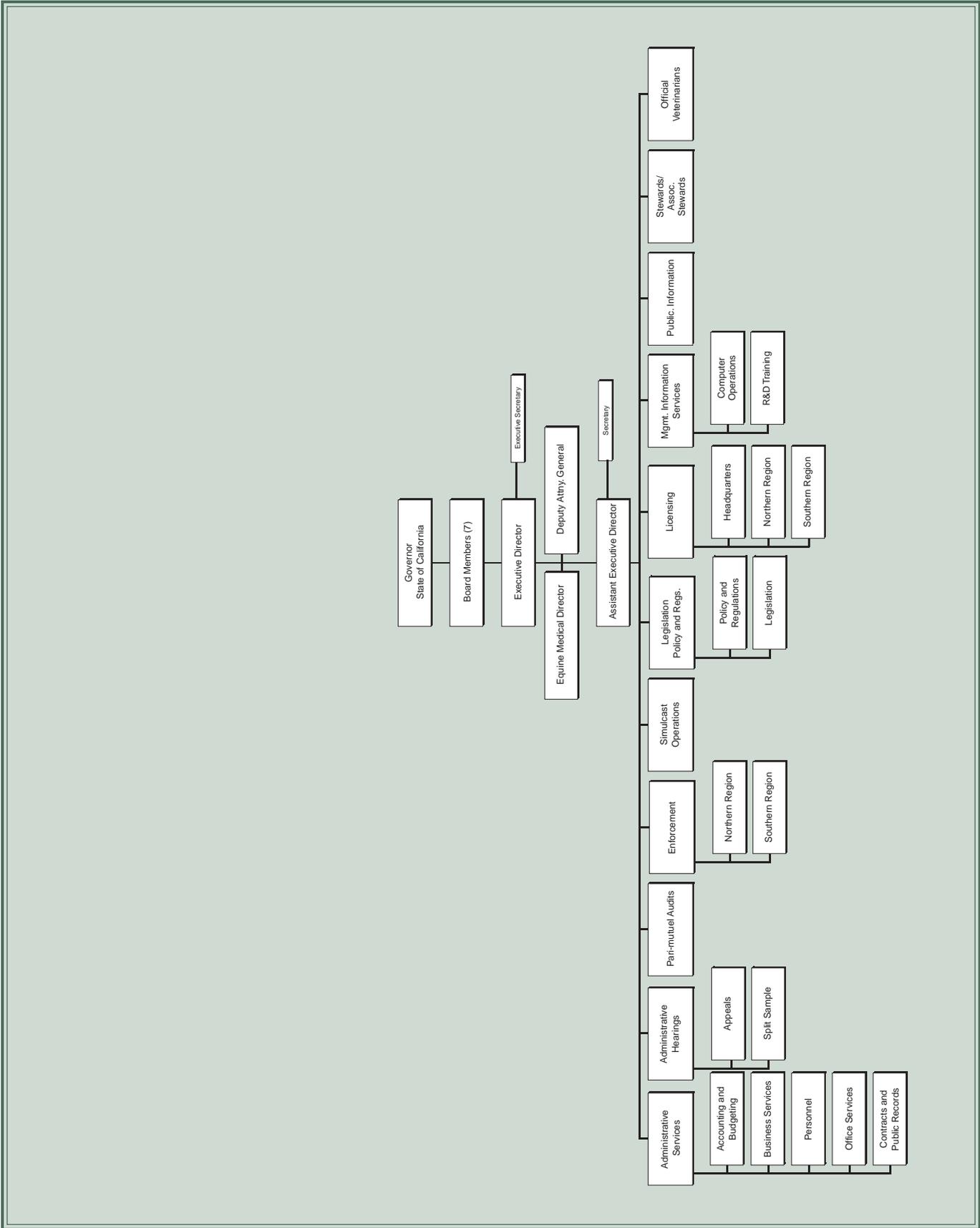
Dr. Ronald Jensen

California Horse Racing Board – Operating Budget

July 1, 1999 – June 30, 2000

Appropriations	Item	Total
Personal Services	\$3,870,000	
Operating Expenses	3,995,744	
Total Appropriation		\$7,865,744
Expenditures — Personal Services		
Salaries and Wages	\$2,782,208	
Staff Benefits	399,549	
Total Personal Services		\$3,181,757
Operating Expenses and Equipment		
General Expense	185,396	
Printing	65,022	
Communications	61,154	
Postage	18,195	
Travel-in-State	208,081	
Travel-out-of-State	6,738	
Training	7,782	
Facility's Operation	181,552	
Contractual & Professional Services-Interdepartmental	622,930	
Contractual & Professional Services-External	2,983,793	
Consolidated data center: Stephen P. Teale Data Center	214,921	
Central Administration Services: Pro Rata	107,656	
Total Operating Expenses and Equipment		<u>\$4,663,220</u>
Total Expenditures		* <u>\$7,844,977</u>
Unexpended Balance FY 1999-2000 to be reverted to General Fund 6/30/02		<u>\$ 20,767</u>
Total Expenditures & Unexpended Balance		\$7,865,744

* 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 Public Records Unit, Office Services Unit, and Personnel Unit. The Division managed the general office, which is the repository for the Board's records, including all proceedings of the Board, records of individuals prohibited from participating in pari-mutuel wagering, records of horses and races, and various files, documents, and papers of the Board.



Roy C. Wood, Jr.
Executive Director

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



Roy Minami, Assistant Executive Director

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

MISSION

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

MISSION

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

MISSION

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

MISSION

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

ACHIEVEMENTS

The **BUDGET AND ACCOUNTING UNIT** accurately and efficiently accounted for all revenue, expenditures, receipts, disbursements, and property of the state. In recognition of the Budget and Accounting Unit's accuracy and efficiency, the State Controller's Office presented an award for achieving excellence in financial reporting. New programs and procedures are being developed on an ongoing basis to further perfect and streamline current operations.

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, and acted as a resource for Board members and staff on the business operations of the department.

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. In May 2000, the Unit began offering subscribers of the Board and Committee meeting notices the opportunity to receive those notices via electronic mail. More than 80 individuals elected to receive their meeting notices in this way. Other significant responsibilities included direct support to the administrative hearings unit and the business services unit.

The **PERSONNEL UNIT** continued to maintain, update, and keep employees informed on programs relating to defensive driving, CPR and first aid, mentoring, the Americans with Disabilities Act, health and safety, wellness, ergonomics, merit award, and emergency evacuations as part of health and safety.

The Unit processed all actions relating to payroll, health, dental and vision benefits, annual conflict of interest statements, and other related personnel actions. The Personnel Unit continued to administer a variety of examinations throughout the year. Personnel staff participated on several committees, including those related to classification, wellness, and training.

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 and Innovative 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 postmortem examinations on racehorses.

Another contracted arrangement procured 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 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

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 Internet technologies upgrades at the Board's headquarters and throughout the state.

Other significant achievements included the realignment of the CHRB's telecommunications network infrastructure, which brought the CHRB into full compliance with Y2K challenges, ensuring that the reliability of the Board's information repositories in the event of a disaster is maintained; successful development of the occupational licensing digitized ID card prototype; conversion of the horse identification process to full automation; and development of a statewide networked horse identification system, to be connected with the national Jockey Club organization using the CHRB's secure Internet connection.

MISSION

MIS Ensures the CHRB Web Site Offers Important, Accurate Information

ACHIEVEMENTS

The Board's Web site on the Internet delivers on-line services and information, such as a search engine to access public information pertaining to CHRB licenses and regulations, precedential decisions, 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, medication handbook, news releases, and this annual report), and other public information, including special announcements. 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.

Through the Department of Information Technology, MIS received a certificate of recognition for contributing to the successful statewide Y2K effort, and a certificate for demonstrated expertise and commitment to providing outstanding government solutions based on Microsoft products.

Looking to the future, MIS will continue 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; converting the Board's Polaroid license identification-cards system into an automated, digitized ID system that will allow license applications to be processed more efficiently while enhancing the integrity and security of racetracks; consulting with the University of California at Davis' new Equine Laboratory in order to automate current manual procedures; automating the Board's ruling process and forms to maintain and improve the standardization effort; and improving the horse identification process through a collaborative effort with the national Jockey Club.

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. The Unit also provided support, conducted special projects, developed recommendations for Board consideration, and continued the administration of the track safety program, the farrier and trainer licensing programs, and the review of the applications for license to conduct a horse-racing meeting.

In 2000 the Board initiated the rulemaking process to require jockeys, apprentice jockeys, and exercise riders to wear a safety vest while training or exercising any horse on the grounds of a racing association or racing fair, expanding on the existing rule requiring the wearing of a vest during an actual race. The Board took similar steps to revise the jockey riding-fee structure by increasing fees in the lower purse categories and for losing mounts.

The Board improved the license application process for associations and fairs. Some additional information is required, such as questions about the simulcast wagering program, as well as a requirement that the applicant attach a copy of an inspection of the backstretch employee housing.

In an effort to generate additional revenue for owners, jockeys, and the racetracks, and to encourage new horse ownership in California, the Board also began the process to allow advertising on jockey clothing, owner silks, and track saddlecloths during the running of a race.

MISSION

To Monitor Legislation and Update the Horse Racing Law

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, three of which were enacted by the Legislature and signed into law by the Governor. The Unit also represented the Board in legislative hearings.

Enacted Legislation:

SB 1825 - (Senator David Kelly); Chapter 342, Statutes of 2000

The following horse racing bills were chaptered in 2000:

Provides for a minimum of \$40 million per year in license fees paid to the State by racing associations and fairs for support of the network of California fairs, the California Horse Racing Board, and the Kenneth L. Maddy Equine Research Facility at the University of California at Davis, and provides that if funding falls below this amount, the tracks, horse owners, and breeders, all of whom receive a statutory distribution of the handle, must remit on a pro rata basis the amount necessary to reach this figure. *Effective date: January 1, 2001.*

SB 1887 - (Senator John Vasconcellos); Chapter 779 (2000)

Existing law authorizes agreements between racing associations and off-site satellite wagering facilities considered to be within the “sphere of influence” of the live racing facility, for specified impact fees to be paid by the off-site satellite wagering facility in the northern racing zone of California. These fees are to compensate for “impact” on attendance at the live facility caused by an off-site satellite facility’s proximity to the live racing facility. The law also provides that nothing in these provisions would be construed to require an association or fair to have an agreement regarding these fees, and no impact fee would be paid by the operator of a satellite wagering facility that was also licensed at any time during the prior year to conduct a live racing meeting in the northern racing zone. SB 1887 exempts the Santa Clara County Fair from paying an “impact fee” to northern California private racing associations, and provides for a license fee reduction to the racing associations beginning in 2001 in an amount equal to the impact fees received by the racing associations from the fair during the 2000 calendar year. The bill also provides that specified on-track license fees applicable to wagers made within the enclosures of thoroughbred racing associations in the counties of Alameda and San Mateo be permanently reduced, beginning in 2002, by an additional sum equal to the actual amount of impact fees respectively received by each association from the Santa Clara County Fair in 2000. *Effective date: January 1, 2001.*

SB 2054 - (Senate Governmental Organization Committee, Senator Don Perata, chairman); Chapter 1082 (2000)

Represents a long-overdue attempt at conforming or eliminating various sections of horse-racing law that are either inconsistent with later enacted sections of law relating to horse racing, or obsolete altogether, by making numerous technical, clarifying, and conforming changes to update and condense, where possible, current horse-racing statutes found in the Business and Profession Code. *Effective date: January 1, 2001.*

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 16 news releases pertaining to those meetings and other actions of the Board. Those releases were routinely distributed to 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. 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. And the PIO wrote articles for various publications emphasizing positive aspects of the CHRB and horse-racing industry.

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 1999-2000:

Family, friends, and admirers paid their final respects to Senator Ken Maddy, who died February 19, 2000, at the age of 65. Maddy was a major force in a wide range of legislation, including matters relating to health care, education, property-tax-administration reform, farm labor, water, land use, and many other agricultural issues. He authored many important horse-racing bills, including the two most significant pieces of California racing-related legislation in recent decades: SB 14, which in 1987 established the framework for the California intertrack wagering system that we know today, and SB 27, which beginning in 1999 provided significant license-fee relief for the racing industry and authorized full-card simulcasting of out-of-state racing programs.

Autotote and the CHRB, working with race-tracks, successfully tested all systems for Y2K compliance, reassuring the public that everything possible was being done to prepare for the calendar rollover to January 1, 2000. Preparations included double-checking pari-mutuel machine operations and testing various totalizator and simulcast systems. When the New Year finally arrived, everything went smoothly and there were no serious disruptions in the California horse-racing industry or in CHRB operations.

Research completed at the University of California-Davis in conjunction with the California Postmortem Examination Program demonstrated a relationship between toe grabs (a form of horseshoe) and an increased risk for fatal musculoskeletal injury. This information was communicated to the racing industry through scientific and lay publications, and in a CHRB bulletin. Owners and trainers considering whether or not to use toe grabs were encouraged to weigh the results of the completed research, which suggested an increased risk of injury, with the perceived or real benefits of using toe grabs, then to come to a decision based on what was best for the horse.



The CHRB revised and updated its Horseman's Handbook Concerning Medication Rules and Regulations, which describes the Board's medication rules in a manner that contains less legalese than the official rule book. This booklet is intended to provide participants in the horse-racing industry with assistance in complying with CHRB rules and regulations. It includes descriptions of both prohibited drug substances and authorized drug substances, current rules concerning treatment of bleeders, and race-day requirements for horses that are entered to race, including pre-race inspections, scratches, receiving-barn procedures, and medication-reporting requirements. The handbook is helpful to all horsemen who routinely race in California as well as horsemen racing in California for the first time.

SB 27 delivered on its promise. A CHRB analysis of the first year under the new law showed that track commissions increased by a daily average of 16 to 24%. Owners and breeders enjoyed a daily average increase of 21 to 26% in purses and breeders' awards. Furthermore, the law provided fans with the opportunity to wager on as many as 23 imported live races each racing day from major U.S. tracks, in addition to the north-south exchange from California's own live racing programs.

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 13,821 licenses of all classes, an increase of 670 over the previous year. The majority of these were renewal licenses for individuals who had been previously licensed, including 4,464 owners, 868 pari-mutuel, and 4,165 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 2000 the Division continued the 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. Based on the success of this program, the Division expanded its efforts to forestall race-day problems by implementing a program to alert trainers about expiring stable and multiple-ownership licenses.

MISSION

To Enhance Customer
Service to the Public
and Licensees

ACHIEVEMENTS

In 2000 the Division continued its efforts to improve service to the public and licensees in various ways. It expanded the usage of the fingerprint reciprocity and affidavit programs.

Because racetracks are located in congested traffic areas, Division staff started a program of licensing at "dark" facilities one day per week, which allows personnel at these off-season facilities to conduct their licensing business without the need of driving to the in-season facility. This program became so popular that it was expanded to two days per week at some locations

Division staff made a commitment to quality customer service, and their efforts were recognized by numerous positive written comments during the year.

Enforcement

The ENFORCEMENT DIVISION is comprised of investigators, the chief investigator, and four 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 2,413 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 1,133 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 60 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 1,133 rulings. Of those, 221 concerned riding or driving infractions during races, 131 involved the eligibility of horses entered in races, and 132 resulted from financial responsibility complaints. Potential or actual criminal offenses were investigated, including horse druggings, bookmaking, possession and/or sales or 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 1999–2000	
Investigations:	
Fitness for continued licensing	60
Unlicensed participation	7
Conduct of financial affairs	295
Use of a prohibited drug on entered horse	34
Improper medication practice	215
Possession of contraband	3
General misconduct	87
Intoxication/alcohol or controlled substance	26
Simulcast facility inspections	7
Other	357
Total Investigations	1,091
Total Complaints filed:	720
Steward's Rulings	
Racing infractions during a race	221
Misconduct concerning entry or procedure	131
Fitness for continued license	60
Conduct of financial affairs	132
Use of a prohibited drug on entered horse	89
Improper medication practice	16
Possession of contraband	5
Unlicensed participation/security control	28
Intoxication/alcohol or controlled substance	105
Failure to appear	22
Other	324
Total Official Rulings of the Board of Stewards	1,133

Licensing Summary

Applicant and License Processing — Fiscal Year 1999–2000	
Verification of license qualifications:	
Approval for license	13,821
Formal refusal of license	60
Verification of criminal offender records:	
Fingerprints taken and processed	2,413

MISSION

To Process Appeals in a Fair and Timely Manner

ACHIEVEMENTS

The **ADMINISTRATIVE HEARINGS UNIT** received 49 appeals, coordinated 24 administrative hearings, and processed 19 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 seven 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 33 simulcast wagering facilities located throughout the state. Three of the 33 are located on Indian reservations, pending the re-opening of the Barona Casino in Lakeside, which will bring the total back to four of 34.

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 several years ago as part of the Board’s Integrity of Racing program, continues to be very well received by simulcast facility operators.

During FY 1999-2000, 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 his or her 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 Legislature provides an annual appropriation to meet the costs of direct racing supervision. The allocation for 1999-2000 was \$1.7 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 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 1999–2000

STEWARDS

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

ASSOCIATE STEWARDS

Pamela Berg	Martin Hamilton	Peter Tommila
Albert Christiansen	Robert Latzo	Merlin Volzke
Michael Corley	William Meyers	John Williams

OFFICIAL VETERINARIANS

Dr. B. William Bell, DVM	Dr. Robert Guillen, DVM	Dr. Robert Goodbary, DVM
Dr. Donald Dooley, DVM	Dr. Joan Hurley, DVM	Dr. Diane Isbell, DVM

Laboratory Services

California's equine drug-testing program continues to be recognized as a leader in its application of available technology and its ability to detect even trace amounts of prohibited drug substances. The accuracy and reliability of this 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.

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 program, as well as other horses designated by the stewards.

Truesdail Laboratories, Inc., of Tustin served as the Board's primary laboratory, while the Veterinary Diagnostic Laboratory at Iowa State University provided complementary laboratory testing services. These laboratories screened samples utilizing instrumental, immunoassay, and thin-layer chromatography techniques. Screening results that indicate the presence of a prohibited substance were confirmed by gas chromatography combined with mass spectroscopy (GC/MS). Both official equine laboratories participated in the Laboratory Quality Assurance Program of the Association of Racing Commissioners International.

The two equine testing laboratories analyzed 29,876 urine and blood specimens in 1999-2000 at a cost of nearly \$1.1 million. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

Beginning July 1, 2000, the new Kenneth L. Maddy Equine Analytical Chemistry Laboratory at the University of California at Davis (UCD) began accepting equine test samples.

The Board utilized the services of an equine medical director (EMD), who

advised on all aspects of the drug-testing program. Provided by the UCD School of Veterinary Medicine, the EMD reviewed, evaluated, and monitored testing programs of the laboratories, and evaluated security policies and procedures for the reporting of prohibited substances; recommended types of tests and drugs that needed to be tested by the laboratories; conducted long-range program planning; recommended policies and programs; advised on regulations relating to veterinary practices within racing enclosures; and monitored policies and procedures relating to the health and welfare of horses in regulated areas.

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 containers containing samples were identified and sealed against tampering, then frozen and delivered to the laboratory for analysis.
3. A portion of each sample was placed in a separate container for retention by the Board as a horseman's split sample.
4. The portion of the sample designated for analysis was sent directly to the appropriate laboratory. The horsemen's split-sample portion 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. Because urine and blood samples from racehorses may be evidence in administrative or criminal proceedings, a strict chain of custody was maintained for the nearly 30,000 samples tested.

Under Board procedures, when the laboratory detects and confirms the presence of a prohibited substance in a post-race sample, the laboratory reports the finding to the Board's Executive Director and EMD, who review the laboratory report. The Executive Director then notifies the CHRB investigators, who in turn confidentially notify the owner and trainer of the horse involved. The trainer/owner(s) have 72 hours to request that the horsemen's split sample be sent to an approved laboratory for analysis at their expense.

If the split sample laboratory confirms the presence of the prohibited substance reported by the official racing laboratory, the test is deemed positive, and the laboratory's test is deemed to be accurate and evidentiary proof of the presence of such prohibited drugs in the test sample. The matter is then submitted by the CHRB for administrative action.

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.

During February of 2000, the Postmortem Program, which was initiated to protect the health of horses in racing and training, celebrated its 10-year anniversary.

This program begun by the CHRB in partnership with California Animal Health and Food Safety (CAHFS), formally known as California Veterinary Diagnostic Laboratory System, has become a national role model for the racing industry. The actions of this partnership in advance of heightening public concern with the horse-racing industry in the United States are helping to improve the safety and welfare of racehorses.

The program was established to determine the nature of injuries occurring in racehorses, to determine the reasons for these injuries, and to develop prevention strategies. To accomplish these goals, a broad cooperative approach was organized.

CAHFS is contracted to perform necropsies on any horse that dies or is euthanized on any racetrack or training facility under the jurisdiction of the CHRB. Pathologists at the Davis, Tulare, and San Bernardino branches of CAHFS conduct the postmortems.

Detailed information on each horse is compiled and reported to the CHRB. Various specimens are collected and sent to veterinary scientists in the School of Veterinary Medicine at the

University of California at Davis for more in-depth analysis.

Funding for the entire program also is a cooperative effort. The CHRB funds the postmortems while the racing associations provide transportation of the horses to the nearest laboratory facility. Additional studies are funded by the Center for Equine Health and private sources.

Information from these tests and data gathered from the postmortem examinations are analyzed in efforts to elucidate the specific cause of catastrophic injuries. An advisory board composed of horse owners, trainers, CHRB officials, veterinarians, and track maintenance people give insight into injury investigations and relay program findings and prevention strategies back to the industry.

After much success demonstrating the role of previously undiagnosed stress fractures contributing to catastrophic complete fractures of the pelvis, femur, and humerus of thoroughbred racehorses, similar studies by the Equine Orthopedic Laboratory group within the School of Veterinary Medicine are focusing on fractures to the lateral condyle of the cannon bones.

Additional evidence is being gathered to verify what role the height of the horseshoe toe grab might have with catastrophic limb injuries. Previous information from the postmortem program indicating that toe-grab height is

related to injury of the suspensory apparatus led to trainers and racetrack practitioners participating with Dr. Susan Stover of UC Davis in a clinical study at the racetracks on horses in training. In the past year, a method of measuring and permanently recording horseshoe information on all CHRB horses was adopted. With time, this additional information will help trainers and officials make factual judgments concerning racing shoes.

In addition to limb injuries in horses, collaborative studies have been done on stomach ulcers, unrecognized heart conditions leading to sudden unexplained deaths, laminitis, and incoordination due to protozoa organisms in the central nervous system of racehorses.

The postmortem program has detailed information on more than 2,600 horses. This includes information on injuries and illnesses developed during racing, training, and even non-exercise-related activities. Most of the information concerns thoroughbred horses, but the quarter-horse, standardbred, and Arabian breeds also are included.

This is a respected program throughout the national racing community. It is the desire of the programs' partners to continually improve the welfare of racehorses and foster the public's trust in the sport of racing.

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.

As testimony to its goal to make California racetracks the safest environment possible for its racing participants, the Board in 2000 continued its aggressive enforcement of the track safety standards it developed in 1994.

In 2000, 25 safety inspections were conducted for compliance with the established safety standards program.

The racing industry, in its commitment to safety and protecting the horse and rider, took prompt action to correct any deficiencies noted in the inspections.

The California Authority of Racing Fairs augmented its safety and maintenance

program by implementing the use of treaded tractors in place of traditional wheeled vehicles, resulting in fewer injuries to horses. This led to their use at Del Mar and Golden Gate Fields.

Furthermore, the Division of Fairs received approval from the Food and Agriculture Agency for funding in 2001 to support further enhancements to the safety and maintenance programs at fairs.

Since the implementation of the track safety program, California's racetracks have made safety improvements to their facilities ranging from the installation

of new safety rails and removal of objects located within 10 feet of the rail to the padding of other objects, such as electrical boxes, light standards, finish-line mirrors, and starter stands.

Dedicated effort, development of track safety standards, and continued education and support have been instrumental in ensuring that the CHRB and the racing industry continue to lead the way by providing a safer racing environment for all 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 259 fatalities was reported during the period 11/15/99 to 11/12/00.

Associations	Breed of Horse						Occurred During		
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*
Thoroughbred									
Los Angeles Turf Club/SA	45						13	21	11
Churchill Downs Operating Co./HP	29						11	13	5
Del Mar Thoroughbred Club/DM	16						6	6	4
Oak Tree Racing Assn./SA	9						3	4	2
Churchill Downs Fall Operating Co./HP	19						4	7	8
Bay Meadows Operating Co./BM	38						21	9	8
Pacific Racing Assn./GGF	29						12	11	6
Harness									
Los Alamitos Harness Racing Assn./LA			4					1	3
Capitol Racing LLC/CE			1				1		
Quarter Horse									
Los Alamitos Quarter Horse Racing Assn./LA	8	21		1	3		24	1	8
Fairs									
Stockton	4						2		2
Pleasanton	4			1			3	1	1
Vallejo	5			1			3		3
Santa Rosa	1						1		
San Mateo	4						3	1	
Ferndale	0								
Cal Expo	3						2	1	
Pomona	12						6	5	1
Fresno	1						1		
Totals	227	21	5	3	3		116	81	62
Total Fatalities	259						259		

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

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

Racing Injuries

A total of 568 racing injuries were reported during the period 11/15/99 to 11/12/00.

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
Thoroughbred						
Los Angeles Turf Club/SA	75					
Churchill Downs Operating Co./HP	50					
Del Mar Thoroughbred Club/DM	37					
Oak Tree Racing Assn./SA	22					
Churchill Downs Fall Operating Co./HP	25					
Bay Meadows Operating Co./BM	63					
Pacific Racing Assn./GGF	111					
Thoroughbred Total	383					
Harness						
Los Alamitos Harness Racing Assn./LA					1	
Capitol Racing LLC/CE*					0	
Quarter Horse						
Los Alamitos Quarter Horse Racing Assn./LA	22	56	2	3		
Fairs						
Stockton	6	2				
Pleasanton	9	1	3	1		
Vallejo	11	1				
Santa Rosa	5	4	1			
San Mateo	7	1				
Ferndale	4	1				
Cal Expo	9	1				
Pomona	21	1				
Fresno	12					
Fair Total	84	12	4	1		
Total By Breed	489	68	6	4	1	
Total Injuries 568						

TB = thoroughbreds QH = quarter horses ST = standardbreds APP = appaloosas
 AR = Arabians M = mules *Statistics not available

Horse Racing in California

*I*t's never too early to start enjoying horse racing, and Californians have plenty of opportunities at 14 locations throughout the state and year-round racing. The fairs make it particularly easy for newcomers to watch their first live horse race because admission to the races is usually free, as part of the overall admission price to the fair. What better way to spend a sunny summer afternoon than going to the local fair, enjoying a hotdog and cold drink, and sharing in the excitement of horse racing?



RACING FANS COME IN ALL SIZES. Young Dustin Prescott isn't tall enough to see over the rail, so he does the next best thing as the horses rush by during a race at Ferndale.

California Horse-Racing Meetings During 2000

Thoroughbred Race Meetings — Central & Southern Zones	
Santa Anita Park	12/26/99 — 4/24/00
Hollywood Park	4/28/00 — 7/24/00
Del Mar	7/26/00 — 9/13/00
Santa Anita Park	10/04/00 — 11/6/00
Hollywood Park	11/8/00 — 12/24/00
Thoroughbred Race Meetings — Northern Zone	
Golden Gate Fields	12/26/99 — 1/17/00
Bay Meadows	1/20/00 — 3/26/00
Golden Gate Fields	3/29/00 — 6/18/00
Bay Meadows	9/1/00 — 11/12/00
Golden Gate Fields	11/15/00 — 12/24/00
Quarter Horse Race Meetings — Statewide	
Los Alamitos	4/14/00 — 12/17/00
Harness Race Meetings — Statewide	
Los Alamitos	12/26/99 — 4/2/00
Cal Expo	4/6/00 — 7/29/00
Cal Expo	10/20/00 — 12/23/00

Fair Meetings — Statewide		
Stockton	(San Joaquin County Fair)	6/14/00 – 6/25/00
Pleasanton	(Alameda County Fair)	6/28/00 – 7/9/00
Vallejo	(Solano County Fair)	7/12/00 – 7/24/00
Santa Rosa	(Sonoma County Fair)	7/26/00 – 8/7/00
San Mateo	(San Mateo County Fair)	8/9/00 – 8/21/00
Ferndale	(Humboldt County Fair)	8/10/00 – 8/20/00
Sacramento	(California State Fair)	8/23/00 – 9/4/00
Pomona	(Los Angeles County Fair)	9/14/00 – 10/1/00
Fresno	(Fresno District Fair)	10/4/00 – 10/15/00

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

Magna Acquired Bay Meadows and Began Coordinating Activities at the Two Bay Area Tracks

BAY MEADOWS

Bay Meadows and Golden Gate Fields became sister tracks in 2000 when Frank Stronach's Magna Entertainment Corporation took over the racing operation at Bay Meadows. Magna purchased Golden Gate Fields in 1999, then united the two major Northern California racetracks by acquiring the Bay Meadows racing operation in the fall of 2000.

Magna, with CHRB approval, rearranged the racing schedule for its two Bay Area tracks, giving Golden Gate Fields one long meeting (November 15, 2000, to April 1, 2001) and Bay Meadows two shorter meetings (a spring stand from April 4, 2001 to June 17, 2001, and a fall meeting from August 31, 2001, to November 5, 2001). Magna made the scheduling change in order to make things easier on horsemen. The change also makes better use of the Bay Meadows infield, which can be used for major corporate and group outings during warm-weather months.

In the fall, C. Gregory Brent was appointed racing secretary at both Golden Gate Fields and Bay Meadows. With the help of Director of Racing Tom Robbins, Brent is establishing a coordinated racing program that will benefit both horsemen and the racetracks. Longtime fans will appreciate that Brent also plans to bring back popular stakes from Northern California's past.



Walkslikeaduck and Eddie Delahoussaye coasted home in the Bay Meadows Breeders' Cup Derby.

HIGHLIGHT

Magna Invested Heavily in Improving the Backside and Other Areas of Golden Gate Fields

GOLDEN GATE FIELDS

Upon purchasing Golden Gate Fields, Magna informed the California Horse Racing Board that it planned to make \$5 million in improvements to the historic East Bay facility. The first phase of improvements came in the barn area. Barns were rebuilt, with electrical wiring upgraded and metal foundation supports in-stalled. New doors were put on stalls. New roofing, complete with vents to improve air quality, was applied. Floors were upgraded in tack rooms and bathrooms, and backstretch roads were repaved. Storm drains were cleaned and fitted with new covers.

Money and manpower were also invested on the main track and turf course after the 2000 spring meeting, and both surfaces received good reviews from horsemen competing at the fall session.

Golden Gate Fields saluted the world's winningest rider, Laffit Pincay Jr., on California Derby Day, and an on-track crowd of more than 7,500 turned out to honor "The Pirate."

A Northern California handle record was established at Golden Gate Fields on Kentucky Derby Day when fans wagered \$9,410,914. The handle mark was topped six months later at Bay Meadows when fans bet \$9,503,652 on Breeders' Cup Day.

Kent Desormeaux drove Ladies Din to a hard-earned victory in the San Francisco Mile.



HIGHLIGHT

Hollywood Park Enjoyed Increased Handle During the Spring-Summer Meet

Improvements Included a “New Look” in Major Traffic Areas of the Facility

HOLLYWOOD PARK

A record Hollywood Gold Cup spiked a late-season surge as Hollywood Park finished its 2000 spring/summer meeting – the first under the auspices of Churchill Downs Incorporated – with a 4.9% increase in on-track handle and a record combined handle average of \$10.3 million. The on-track average of \$2.2 million was the first increase at a spring/summer meet since 1993.

The combined average handle of \$10.3 million represented a 5.9% boost from 1999. Combined handle has risen for three straight years. An on-track crowd of 29,151 helped generate a record Gold Cup handle of \$18.8 million, starting a streak of 10 straight days with an increase in combined handle.

“We take a great deal of hope from days like Gold Cup and seemingly inconsequential days like the Thursday (July 13) after the huge Pick Six carryover,” track President Rick Baedeker said. “What figured to be our softest day of the meet, turned out to be much stronger.”

Hollywood Park made major changes to improve the fan experience, unveiling a new look, reduced concessions, and a new official program, while leaving admission prices intact for the ninth consecutive year. Major traffic areas were remodeled for the 65-day season during the first phase of a \$5-million capital-improvements project. To complement the improvements, patrons were offered bargains at concession stands as the popular “Hollydog” was reduced by a dollar to \$1.50, along with reductions of at least a dollar on draft and bottled beer. Both the mainline in the general admission area and the newly named “View Level” of the clubhouse were remodeled. Features included draped areas for the serious player in a study-hall fashion, more accessible concession stands, improved lighting designed to eliminate glare on television monitors, remodeled restrooms, and fresh paint and flooring.

The popularity of the changes was reflected late in the meeting. Beginning with Gold Cup Day on Sunday, July 9, combined handle was up on 11 of the final 12 days. On-track handle was up on 10 of those days and on-track attendance on eight.

The emergence of jockey Victor Espinoza, who rode 24-1 outsider Early Pioneer to victory over favorite General Challenge in the Gold Cup, was one of many highlights on the racetrack. Espinoza, who earned his first major riding title by piloting 62 winners, had not ridden a Grade I winner previously. His victories included seven in stakes, and he was among the nation’s top 10 jockeys (money won) at the conclusion of the meeting. Silic, meanwhile, successfully defended his title in the Grade I Shoemaker Mile Breeders’ Cup while running for the first time since his dramatic win in the 1999 Breeders’ Cup Mile at Gulfstream Park. He defeated Ladies Din by a half-length as the stablemates repeated their one-two finish of 1999.

In the tightest race in track history, Bobby Frankel saddled two winners on the final card to vault past Bob Baffert and Cliff Sise Jr. to win the training title with 23 wins. He broke a three-way tie by saddling Estrapade Stakes winner The Seven Seas in the second-to-last race of the meeting

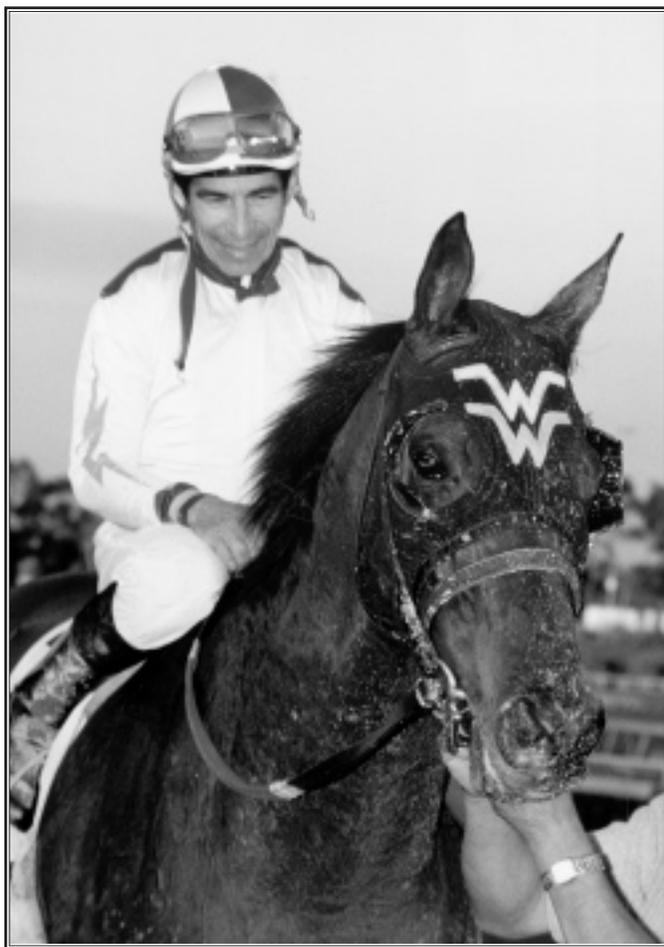
Pincay Continued His Winning Ways During the Fall Meeting

Laffit Pincay Jr. couldn't have devised a more appropriate way to let fans relive the thrill of his march to surpass Bill Shoemaker's career record of 8,833 career winners. Honored by Hollywood Park as the one-year anniversary of his historic feat fell on Day 25 of the 2000 Autumn Meeting, Pincay posted a \$16.40 upset aboard 7-year-old Men's Exclusive in the Vernon O. Underwood Stakes. It was his only mount on the card.

Still, without the more-compelling drama of Pincay's record march of 1999, the 2000 Autumn Meeting showed declines in attendance and handle, as well as field size. The 2000 daily average of \$9.1 million was off 5.5%, while the daily average attendance of 16,660 at all locations was down 7.5%. On track, the average handle of \$1.6 million was down 11%, while the average attendance of 6,880 was off 9.5% at Hollywood Park.

"We expected to be soft compared to last fall's exceptional numbers," said Hollywood Park President Rick Baedeker. "Frankly, we're more concerned about the short fields (an average of 7.6 horses compared to 8.9 the previous year), and we will do everything within our power—in conjunction with Santa Anita and Del Mar—to fix the problem."

Known for its grass racing, the Autumn Meeting didn't disappoint in 2000 as the 10th annual Turf Festival provided excellent racing over Thanksgiving Weekend, drawing horses from overseas, the Midwest, and the East Coast. Unfortunately for Pincay, he was involved in the most dramatic moment, guiding 58-1 shot Designed To Luck to victory over favorite Brahms in the \$500,000 Early Times Hollywood Derby, only to have his mount disqualified and placed fifth.



Brahms, trained by Elliott Walden, became the third invader to win at the 2000 Turf Festival. Charge d'Affaires won the \$500,000 Citation Handicap for trainer Christophe Clement, while European Fantastic Filly won the Miesque Stakes for Bobby Frankel while making her first North American start.

Tout Charmant, runner-up in the Breeders' Cup Filly & Mare Turf, won the \$500,000 Matriarch; El Cielo captured the \$200,000 Turf Express; and Startac won the \$200,000 Generous.

Chris McCarron, who rode Tout Charmant, earned a second Grade I win on the turf a week later, recording a record eighth Hollywood Turf Cup victory aboard Bienamado.

Laffit Pincay Jr notched another stakes victory, this time with Men's Exclusive in the Vernon O. Underwood.

HIGHLIGHT

Del Mar's Popularity Increased on All Fronts During 2000 Season

DEL MAR

Del Mar once again showcased fleet thoroughbreds at one of the sport's great lo-cales, and for the 10th year running, Del Mar led the nation in daily average attendance with a regular crowd of 27,960 each afternoon at the track and its 18 simulcast outlets throughout Southern California.

Total attendance during the 43-day session was 1,202,262, sparked by an opening-day crowd of 31,494 on track, the second-highest first-day gathering ever, and the third-largest overall crowd in track history. Del Mar's handle figures were again among the nation's leaders at a robust \$11,736,073 daily average and total of \$504,651,128 for the meet. This included the track's fifth-highest handle ever when \$17,510,635 poured through the system on Pacific Classic Day. The track disbursed purses of 510,558 per day on average, again ranking it among the most lucrative in that department nationally.

The meet's top horse was Juddmonte Farms' Skimming, winner of both the San Diego Handicap and the \$1 million Pacific Classic, the meet's richest and most prestigious event. The two-legged leaders at the meet included Victor Espinoza, who rode his way to the winner's circle 51 times to capture his first Del Mar jockey title. Bob Baffert saddled 32 winners for his fourth straight training crown. Baffert's total included 13 stakes winners, giving him a Del Mar single-season record in that category. The premier owner was Prince Khalid Abdullah (Juddmonte Farms) with a record \$950,607 in winning purses.

Among the notable changes on the grounds for the meet was the installation of two state-of-the-art video boards, one in the infield and the other in the paddock, which provide exceptionally clear pictures of the races and are very popular with fans. Other changes included an automated irrigation system for the turf course, upgrading throughout the stable area, lighting in the seven-furlong chute, and an expanded and remodeled will-call window arrangement. All told, Del Mar spent in excess of \$3.4 million on improvements.



Garrett Gomez couldn't have been happier as he won the Pacific Classic with Skimming.

HIGHLIGHT

Things Keep Getting Better at California's Premier Quarter-Horse Racing Venue

LOS ALAMITOS

The 2000 season at Los Alamitos Race Course, which marked the 50th consecutive year of quarter-horse racing at the Orange County track, will be remembered for its record handle numbers. The 140-night meet enjoyed a record average single-night handle of \$1,276,936, a 6.2% increase from the previous high of \$1.2 million in 1999. Total handle for the meet was \$178,771,144, up more than \$9.2 million from 1999.

A Ransom, winner of the Champion of Champions, was honored as the Horse of the Meet and Top Older Horse. A Ransom was undefeated in five starts, including the Los Alamitos Championship and Vessels Maturity. The 1999 champion 2-year-old colt, Separatist, proved difficult to beat in 2000 as well, winning such races as the Governor's Cup and the Golden State and PCQHRA Breeders Derbys. In the older horse ranks, as talented as A Ransom was down the straightaway, Sign Of Lanty also was impressive around the turn. The John Cooper trainee dominated the distance ranks at Los Alamitos, posting some of the fastest 870-yard clockings in the history of the track.

One of the most notable developments during the 2000 Los Alamitos season was the announcement of a winter quarter-horse and mixed-breed meet to replace the usual harness meeting that graced Los Alamitos through the winter months. The 39-night meeting will begin on January 5, 2001, and end on April 29. Expectations are high for a successful winter quarter-horse season in 2001, based on the high handles posted through the 2000 season.

Los Alamitos is known as the home of the fastest horses on the planet, but it has also become the place of the \$1-million opportunity by annually offering the Los Alamitos Bonanza, a racing program that promises a \$1-million bonus to the connections of any horse that can sweep three major local stakes races: the Kindergarten, Ed Burke, and Los Alamitos Million Futurities.



Eddie Garcia tried to slow down Separatist after they crossed the wire first in the Jet Deck Handicap.

HIGHLIGHT

Santa Anita Again Showcased Spectacular Racing During the Popular Winter Meet

SANTA ANITA PARK

The 2000 season of the Los Angeles Turf Club, three days longer than the 1999 season, showed gains of 6.9% in total handle, buoyed by a 31% increase in handle on imported races from out of state. Average daily handle rose 3.2%, from \$10,243,792 in 1999 to \$10,575,665 in 2000.

The Deputy, the Irish-bred who captured the 63rd Santa Anita Derby ten weeks after winning the Santa Catalina Stakes in his first race on dirt, was selected by media members as Horse of the Meet at the close of Santa Anita Park's 1999-2000 winter/spring season. The European import won three of four starts at the meeting. His only setback was a narrow loss to eventual Kentucky Derby winner Fusaichi Pegasus in the San Felipe Stakes.

With the Deputy's victory in the \$1-million Santa Anita Derby, Jenine Sahadi became the first female trainer to win that classic event, and the combined accomplishments of The Deputy and Sahadi were recognized as Achievement of the Meet. The Deputy also was named top 3-year-old.

Despite all the attention gained by The Deputy, voting was close for Horse of the Meet. General Challenge, a near-unanimous choice as top older horse, also received votes, as did Fusaichi Pegasus.

General Challenge was honored for his dominant victories in the \$1-million Santa Anita Handicap and Strub Stakes before he ran third in the San Bernardino Handicap with what later was determined to be a throat ailment.

Bob Baffert saddled 40 winners for his fourth consecutive training title at the winter/spring meet, and Corey Nakatani rode 82 winners for his second Santa Anita riding title after winning previously in 1995-96. On the closing Sunday of the meet, Nakatani became the eighth jockey in Santa Anita history and first since Martin Pedroza in 1992 to ride six winners on a single program. Top apprentice rider was Victor Diaz, who rode 11 winners.



The Deputy and Chris McCarron prevailed over War Chant and Jerry Bailey in the \$1-million Santa Anita Derby.

HIGHLIGHT

The Best Road to the Breeders' Cup Went Through the Oak Tree Meeting at Santa Anita

OAK TREE

The hottest horse in training – Tiznow – and the winningest jockey in history – Laffit Pincay Jr. – helped make the 2000 Oak Tree meeting at Santa Anita one of the most exceptional in the Association's 32-year history. Tiznow used a victory in Oak Tree's Goodwood Breeders' Cup Handicap as a steppingstone to an upset in the Breeders' Cup Classic at Churchill Downs, becoming the first California-bred to win a Breeders' Cup race.

Oak Tree also played a major role in other Breeders' Cup developments. Kona Gold captured the Ancient Title Breeders' Cup Handicap before shipping to Kentucky and setting a track record while winning the six-furlong Breeders' Cup Sprint. And War Chant, returning from a four-month vacation and making his first start on turf, was scintillating while taking the Oak Tree Mile. The 3-year-old Danzig colt resurfaced three weeks later in Kentucky and unleashed a dazzling stretch run to capture the Breeders' Cup Mile. The victories by Tiznow, War Chant, and Kona Gold raised the total to 21 horses that have won Breeders' Cup races following victories at Oak Tree.

Interestingly, Tiznow's older brother, Budroyale, won the 1999 Goodwood, then finished second in the Breeders' Cup Classic

But the most impressive story in 2000 racing was that of Laffit Pincay Jr. The ageless wonder rode 31 winners at the 27-day Oak Tree meeting – including a record five stakes victories on California Cup Day – and captured his first Oak Tree championship since 1982. The 53-year-old Hall of Famer is Santa Anita's all-time leading rider with 3,280 wins, including a record 611 at Oak Tree. For his efforts, Pincay was a unanimous selection for top jockey, and his 9,000th victory on Chichim in the Cal Cup Distaff was voted best Accomplishment.

Sixteen – or more than half – of Pincay's 31 winners at Oak Tree 2000 were on horses trained by Bill Spawr. For his part, Spawr saddled 17 winners to claim his first Oak Tree title and was voted Trainer of the Meeting.

Tiznow and Chris McCarron held off Captain Steve in the Goodwood Breeders' Cup Handicap.



HIGHLIGHT

The Future Continues Looking Bright for Harness Racing in California

HARNESS RACING

Harness racing continued its steady growth through the 1999-2000 racing season – marking the first season that total wagers on California harness-racing programs exceeded \$100 million.

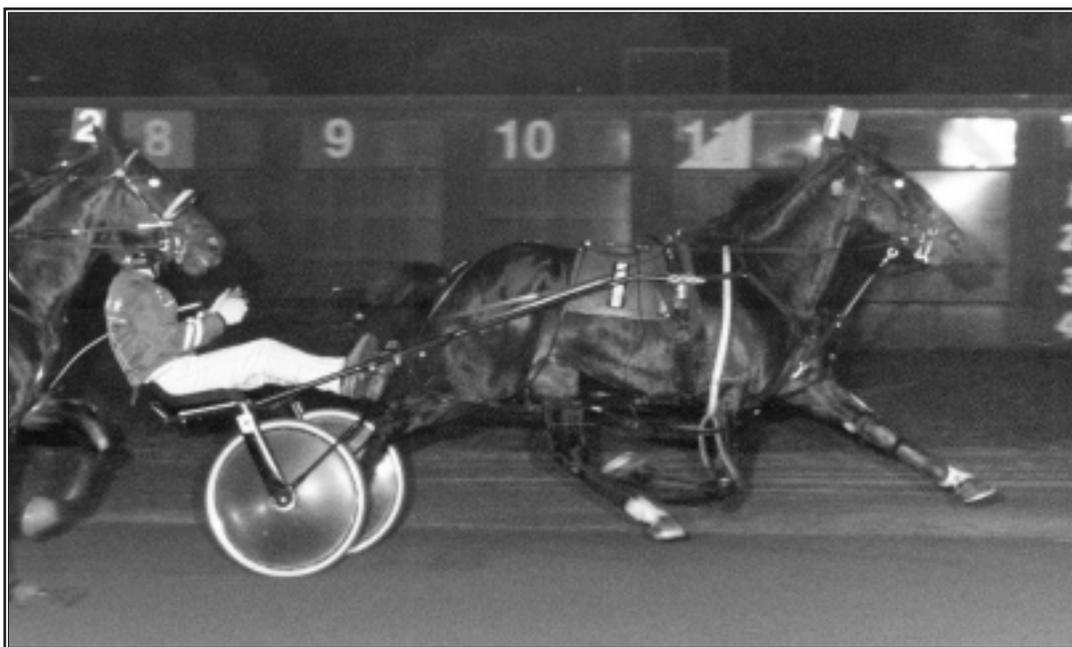
Of special note, the number of racehorses on the harness circuit increased dramatically, most probably due to the continued growth of horsemen's purses, which were up 12% from the previous season. Los Alamitos purses were up 7%, while Cal-Expo purses increased 18%. Most impressively, total purses have climbed 54% over the last five racing seasons – 33% at Los Alamitos and 86% at Cal-Expo during that period. Total purses in 1996 were \$5.2 compared with \$8.1 million most recently.

The growing number of racehorses also played a significant role in the incremental handles evidenced through the racing season. Total wagering increased from \$144 million to \$165 million for a 15% gain. Wagering was up 11% at Los Alamitos and 19% at Cal-Expo. Over the last five seasons, the average daily handle overall at California harness tracks has increased from \$711,275 to \$1,073,435, up 51%.

Handle for the season totaled \$101,903,347. The growth in overall handle has reflected progressive growth in on-track handle, off-track in-state handle, and off-track out-of-state handle. On-track handle has increased 6.5% from 1999 and 21.6% from 1996. In-state handle has increased 20% from 1999 and 74.6% from 1996. The out-of-state handle has increased 8% and 78%, respectively.

In sum, harness racing in California has maintained its progressive position into the new millennium, with prospects for continued growth in both the immediate and long-term future.

Jim Lackey drove GivemewhatIneed, the 1999 California Harness Horse of the Year, to victory in the Presidential Pace at Cal Expo over Little Steven, the 1998 Horse of the Year.



HIGHLIGHT

The Fair Circuit Magically Combines History, Tradition, and Innovation Year after Year

THE CALIFORNIA FAIRS

With a century of history behind horse racing at county fairs in California, the fair-racing industry continues to look to the future. While showcasing the race-horse in communities throughout the state, the fair circuit contributes greatly to California's agribusiness economy and to equine recreational, racing, and breeding activities. Mindful of its roots of encouraging agriculture and the breeding of horses, the racing-fair circuit exposes the sport to the young customers of tomorrow and provides for the maximum expansion of horse-racing opportunities.

In 2000, the fairs continued to build on the success of the popular and innovative idea designed to pay a purse to all horses that enter and start in a race at each fair. Every thoroughbred horse owner was paid a "Performance Purse" of \$100 (besides the customary purse) through the paymaster account. The program is a success because field sizes increased and the "Performance Purse" was able to assist owners with the additional costs associated with running at the fairs.

The fairs also continued the practice of rewarding horse owners by paying a purse through the eight-place finisher in each race.

HIGHLIGHT

Good Weather, Strong Fields, Interesting Jockey and Trainer Races All Contributed to Stellar Fairplex Meet

FAIRPLEX PARK

The 2000 racing meet at Fairplex Park in Pomona started out hot from a weather standpoint and ended just as hot from a mutuel standpoint as the final Saturday and Sunday saw more than \$18 million wagered.

Fairplex racing fans actually had a strong say at various points with six single-day mutuel handle records established. But the closing weekend, buoyed by strong racing programs, was huge, with Saturday's handle of \$9,005,163, the second largest in Fairplex history, and Sunday's \$8,950,238, the fourth highest. Total handle of \$105,915,299 provided an overall gain of 1.8% over the 1999 figures. Attendance for the 2000 meeting showed a gain from 1999 figures as well.



In a special salute to all-time Fairplex winning jockeys, the honorees were (front row, left to right) Paco Mena, Ray York, John Longden, and Bill Shoemaker; (first row standing, from left) Bob Ford, Jack Leonard, Alex Maese, Rudy Campas, Milo Valenzuela, Pete Moreno, and Henry Moreno.

Neil O'Dwyer, vice president of racing for the Los Angeles County Fair Association, was especially pleased by the quality of the fields, noting "there was a lot of purse money on the table and the horsemen responded."

On the racetrack, the "Martin Pedroza watch" was a daily occurrence as Pedroza was not only in a battle for leading riding honors with Tyler Baze but was also trying to eclipse David Flores as the all-time leading jockey wins in Fairplex Park history. Pedroza, who became the winner of the 2000 J.C. Gonzalez Memorial Jockey Trophy (presented to the leading thoroughbred rider at Fairplex Park), was successful in both endeavors, overtaking Flores (293 total wins to 289) while capturing his third riding title with 26 victories to Baze's 24.

Mel Stute, already the leading conditioner in Fairplex Park history, added eight more wins to his ledger, for a total of 164, while notching his seventh Fairplex Park training title.

Casey Griffin, trained by Vladimir Cerin, won the \$100,000 Ralph M. Hinds Invitational in a minor surprise over 1999 Hinds victor Native Desert. This Tune Can Hum, from the barn of Montie Wickliffe, established himself as one of the top sprinters on the West Coast with victories in the Foothill Stakes and Governor's Cup Handicap.

HIGHLIGHT

Spectacular Increase in Out-of-State Wagering Sparked Record Handle

STOCKTON

Boosted by an increase of 56% in out-of-state wagering on races in Stockton, the San Joaquin County Fair ended with a record total handle of \$15,424,725, an 8% gain over the record of \$14,317,026 set during the 1999 meet.

The total on-track attendance of 39,464 paralleled the previous year's significant increase. The \$1,542,473 daily average handle was up 8% from the \$1,531,703 average the previous year.

All aspects of the fair race meet were positive, according to Forrest White, fair CEO and director of racing. The off-track wagering handle increased by 3% and total in-state handle had a 1% boost in comparison to 1999 figures. "We were blessed with full fields and great weather," White said.

HIGHLIGHT

Alameda Venue Led All Northern California Fairs in On-Track Handle

PLEASANTON

The Alameda County Fair at Pleasanton, the second stop on the Northern California fair circuit, experienced significant gains in every attendance and handle category. The on-track handle increased by 9%, while the on-track attendance grew by 2%. The average daily on-track handle of \$706,424 was the highest of all the Northern California fairs.

The overall in-state handle improved by 10%, while the handle on live racing from Pleasanton increased by 4%. Handle at off-track facilities within Northern California increased by 11%, while handle from locations outside the state grew by 32%. This fair again featured quality racing and a packed grandstand each weekend.

HIGHLIGHT

Full Fields Helped Make for Successful Meet

VALLEJO

The 51st annual Solano County Fair race meet was successful due in a large part to full fields and competitive racing. The fair's total handle was up more than 15%, to \$33,614,627 from \$29,131,363, while on-track handle numbers rose by 5%. Total on-track attendance for the 12 days increased by 4%. Out-of-state wagering on racing from the fair increased by 55%, while the in-state handle increased by 2.5%. Horsemen's purses for the meet increased by 9% from 1999 figures. For thoroughbred races, the field size was a noteworthy 8.5 horses on average.

HIGHLIGHT

Santa Rosa Festival Enjoyed Gains and Records

SANTA ROSA

The Sonoma County Fair was again based around the appropriate theme "Wine Country Racing". Out-of-state wagering increases on Santa Rosa races resulted in overall handle gains of 13% for the 12-day meet. The all-source handle of \$40,477,851 broke the 1999 record of \$35,729,167. Off-track wagering at Northern California satellites experienced a 1% gain, while on-track handle figures held steady with an increase of 1%. The fair continued its tradition of introducing new fans to the sport when more than 70,000 spectators attended the races.

HIGHLIGHT

Increases Marked San Mateo County Fair Meet at Bay Meadows

SAN MATEO

The San Mateo County Fair race meet, which operates each year at Bay Meadows, closed its 12-day meet with an all-source handle increase of 17%. The in-state off-track handle increased by 3.5%, while the handle from out-of-state locations increased by 65%. The live pari-mutuel handle, from all sources, increased from \$28,698,509 in 1999 to \$33,566,378, even with a decrease in the average number of runners. The meet experienced an on-track handle gain of 2.5%, but the on-track attendance declined by 4% to an average of 2,986.

HIGHLIGHT

Weather Forced Cancellation of Two Programs, but Fans Made the Most of It

FRESNO

The effects of torrential storms over a two-day period caused the Big Fresno Fair to cancel two of its always popular racing programs. Due to the bad weather, the fair was only able to conduct nine days of live racing, negatively impacting handle and attendance figures.

The average daily handle from all sources was down by 3% from the 1999 record, while the on-track attendance average of 7,404 reflected a 3% increase from the 7,168 averaged during the 1999 meet. The on-track crowd for closing day reached a promising 9,412.

"The horsemen came to race and the town was excited for another racing season," said Director of Racing David Elliott. "The only problem was that Mother Nature did not cooperate. The residents of Fresno love the live horse-racing experience, so they were very disappointed by the lost race days."

HIGHLIGHT

Quaint Ferndale Meet Keeps Delivering, Year after Year after Year

FERNDALE

The Humboldt County Fair, located in the timber and dairy country of California's far north coast, epitomizes what racing once was. The Ferndale race meet is a step back in time and a piece of Americana that everyone should experience at least once. The 104th race meet ended with an 8% increase in on-track handle. Overall wagering on Ferndale races was down 2% at off-track facilities throughout Northern California, while the all-source total handle increased by 1% from the 1999 record. The total on-track attendance increased by 9%.

HIGHLIGHT

For 146 Years and Counting, the State Fair Still Entertains and Educates Fans

SACRAMENTO

Since 1854, the California State Fair has been entertaining and educating new patrons to the sport of horse racing. The 2000 race meet, which ran for 12 days through Labor Day, reported numbers that were mostly on par with 1999 but showed significant increases in some categories.

Total handle was up from \$19,892,296 to \$22,027,636 (11% gain), while wagering from out-of-state outlets increased by 51%. The handle at off-track locations throughout Northern California increased by 4%, though on-track handle did decline by 6%. Total on-track attendance for the meet increased to 54,991, a trend that continued for the seventh straight year. Total purses paid to horsemen for the meet exceeded 1999 numbers.

Once again, the fair was proud to offer patrons the opportunity to watch the races "up close and personal" on a 20-by-27-foot "Jumbo Tron" television screen. Labor Day patrons were again treated to "America's Day at the Races," which includes giveaways, informative seminars, jockey autograph sessions, and various children's activities.



Once again, they were off and running at Cal Expo.

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 1999-2000 was \$30,204,429 wagered by 143,135 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 1999-2000 was \$15,873,791 wagered by 64,043 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 1999-2000 was \$2,029,424 wagered by 7,006 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 1999-2000 was \$12,598,901 wagered by 68,018 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 1999-2000 was \$9,925,401 wagered by 41,404 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 1999-2000 was \$16,203,632 wagered by 87,242 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 1999-2000 was \$4,105,856 wagered by 7,895 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 1999-2000 was \$97,603,629 wagered by 348,586 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 1999-2000 was \$5,563,325 wagered by 31,879 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 1999-2000 was \$3,641,417 wagered by 15,906 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 1999-2000 was \$14,162,427 wagered by 80,007 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 1999-2000 was \$45,238,224 wagered by 163,156 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 1999-2000 was \$11,152,426 wagered by 39,949 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 1999-2000 was \$17,707,342 wagered by 88,905 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 1999-2000 was \$51,248,252 wagered by 249,386 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 1999-2000 was \$52,265,584 wagered by 173,008 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 1999-2000 was \$22,037,266 wagered by 113,921 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 1999-2000 was \$25,232,879 wagered by 105,281 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 1999-2000 was \$60,230,975 wagered by 212,653 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 1999-2000 was \$99,266,776 wagered by 315,360 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 1999-2000 was \$11,923,017 wagered by 42,615 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 1999-2000 was \$68,034,780 wagered by 211,091 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 1999-2000 was \$242,027,534 wagered by 954,265 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 1999-2000 was \$56,889,079 wagered by 218,386 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 1999-2000 was \$81,818,844 wagered by 302,270 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 1999-2000 was \$160,330,850 wagered by 549,539 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 1999-2000 was \$227,567,939 wagered by 776,591 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 1999-2000 was \$13,294,172 wagered by 53,854 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 1999-2000 was \$23,427,898 wagered by 104,397 patrons.
El Cajon, Viejas Casino and Turf Club	The Viejas Band of Mission Indians facility is located approximately 13 miles east of Alpine at 5000 Willows Road. The simulcast facility opened September 13, 1991. The pari-mutuel handle and attendance in FY 1999-2000 was \$20,049,323 wagered by 79,631 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 1999-2000 was \$5,569,074 wagered by 28,512 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 1999-2000 was \$10,331,050 wagered by 52,944 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 1999-2000 was \$26,695,893 wagered by 128,775 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 \$3.95 billion for the 1999-2000 fiscal year. This amount included wagers made within the State of California and wagers made in other racing jurisdictions, which were co-mingled (merged) into the wagering pools at live race meets in California. The CHRB was responsible for collecting \$44.1 million from all pari-mutuel sources for the 1999-2000 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 1999-2000, the state received \$1.2 million in breakage, with the tracks receiving \$4.2 million and purses \$6.6 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 amount to the State from unclaimed pari-mutuel tickets during the FY 1999-2000 racing year totaled \$2,165,563.

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

1. Fifty percent shall be used by the Board to support research on matters pertaining to horse racing and racetrack security. The redistributable money provided to the Board pursuant to this paragraph shall be subject to annual budgetary review by the Legislature.

2. Fifty percent shall be paid to a welfare fund established by the horsemen's organization contracting with the association with respect to the conduct of racing meetings for the benefit of the horsemen, and said organization shall make an accounting to the Board within one calendar year of the receipt of such payment. All unclaimed money from other meetings shall be paid immediately into the State Treasury to the credit of the General Fund.

3. Notwithstanding the distributions in paragraphs 1 and 2, unclaimed ticket monies generated by wagering on intrastate (north/south) thoroughbred and fair races, and interstate imports, are split equally between purses and commissions.

Redistributable Money in Pari-mutuel Pools (Unclaimed Tickets)

1999-2000	TB	QH	HH	Fairs
Los Angeles Turf Club	\$431,373.13			
Hollywood Park Operating Co.	317,578.58			
Del Mar Thoroughbred Club	266,755.78			
Oak Tree Racing Assn.	131,290.22			
Bay Meadows Racing Assn.	158,686.63			
Pacific Racing Assn.	128,099.83			
Churchill Downs California Fall Oper. Co.	129,341.45			
Thoroughbred Total	\$1,563,125.62			
Los Alamitos Quarter Horse Racing Assn.		\$139,515.08		
Quarter Horse Total		\$139,515.08		
Capitol Harness Racing Association			80,611.30	
Harness Total			\$80,611.30	
Los Angeles County Fair				125,718.85
CARF				<u>256,592.00</u>
Fairs Total				\$382,310.85
Total to State from unclaimed pari-mutuel tickets				\$2,165,562.85

Occupational Licenses and Fees

July 1, 1999 through June 30, 2000

Type of License	Fee	Issued	Total
Multiple Ownership	300	13	3,900
Horse Owner-Open Claim	250	24	6,000
Officer/Director/Partner	200	21	4,200
Horse Owner	150	4,464	669,600
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Trainer, Assistant Trainer	150	529	79,350
Harness Horse Driver	150	82	12,300
Jockey/Apprentice Jockey	150	135	20,250
Jockey Agent	150	37	5,550
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Racing Official/Manager of Association	150	135	20,250
Bloodstock Agent	150	15	2,250
Veterinarian	150	57	8,550
Association Employee	75	254	19,050
Valet/Custodian/Attendant	75	49	3,675
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Pari-mutuel Employee/Tote	75	868	65,100
Horseshoer	75	49	3,675
Exercise Rider/Pony Rider	75	418	31,350
Misc. Employee/Stable Agent Vendor	75	343	25,725
Security Guard	75	221	16,575
Stable Foreman	75	91	6,825
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Authorized Agent	25	906	22,650
Replacement License	15	665	9,975
Annual Groom/Stable Employee (Original)	35	1,204	42,140
Annual Groom/Stable Employee (Renewal)	20	<u>2,961</u>	<u>59,220</u>
Gross Fees		13,821	1,222,160
Less allowance for Franchise Tax Board			-158
Total fees generated to General Fund			\$1,222,002

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

Fines Imposed in 1999–2000

Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	35	\$4,045	7/22/99 — 9/8/99
Santa Anita	53	3,845	9/29/99 — 11/8/99
Hollywood Park	41	4,925	11/10/99 — 12/20/99
Santa Anita	64	9,525	12/26/99 — 4/24/00
Hollywood Park	93	12,325	4/28/00 — 7/24/00

Thoroughbred Meetings — Northern Zone

Bay Meadows	16	\$2,600	9/3/99 — 11/14/99
Golden Gate	16	2,450	11/17/99 — 1/17/00
Bay Meadows	15	2,750	1/20/00 — 3/26/00
Golden Gate	18	4,350	3/29/00 — 6/18/00

Quarter-Horse Meetings — Statewide

Los Alamitos	106	\$17,720	4/16/99 — 12/19/99
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Harness Meetings — Statewide

Cal Expo	33	\$2,950	10/15/99 — 12/18/99
Los Alamitos	48	6,425	12/26/99 — 4/2/00
Cal Expo	55	5,000	4/7/00 — 7/29/00

Fair Meetings — Statewide

Pleasanton	10	\$1,950	6/30/99 — 7/11/99
Vallejo	8	1,600	7/14/99 — 7/26/99
Santa Rosa	6	900	7/28/99 — 8/9/99
San Mateo	4	500	8/11/99 — 8/23/99
Ferndale	0		8/12/99 — 8/22/99
Sacramento	8	1,350	8/25/99 — 9/6/99
Pomona	16	1,760	9/9/99 — 9/26/99
Fresno	4	550	10/6/99 — 10/17/99
Stockton	8	525	6/14/00 — 6/25/00

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 for 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, 1999 through June 30, 2000

	Detail	Total
Revenue To Fair & Expo		
Pari-mutuel License Fees, Fund 191:		
0.63% — total handle	\$13,652,284	
1.00% — fair handle	1,929,704	
Escheat of unclaimed warrant	455	
Section 19620-A	265,000	
Section 19620-B	10,393,000	
Total 191 Fund		<u>\$26,240,443</u>
Simulcast Wagering Fees, Fund 192:		
Simulcast Wagering	\$11,496,979	
Other regulatory, licenses, and permits — purses	1,100,000	
Total 192 Fund		<u>12,596,979</u>
Revenue To General Fund		
Horse racing licenses	\$4,222,513	
Breakage	113,946	
Fines & Penalties	104,103	
Unclaimed Pari-mutuel Tickets	278,621	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,520,252	
Occupational Licenses	1,222,002	
Miscellaneous Income	13,241	
Total General Fund		7,474,678
Wildlife Restoration		
Horse racing licenses		<u>750,000</u>
Racetrack Security		<u>263,000</u>
CA Veterinary Diagnostic Laboratory		<u>2,442,868</u>
Total Revenue		\$49,767,968

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 1999-2000 racing year, there were 2,837 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 1999-2000 racing year, the total amount paid for claiming of horses was \$47,971,275, resulting in sales tax revenues of \$3,889,479.

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 1999-2000 racing year, \$7,925,538 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 1999-2000 totaled \$168,403,142.

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 Report.

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 1999-2000 totaled \$164,516,287. In addition, \$15,505,735 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 asso-

ciations 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

July 1, 1999 to June 30, 2000

Track Location	Horses Claimed	Amount Paid	Sales Tax
Thoroughbred Meetings — Northern			
Golden Gate	349	\$5,080,000	\$419,090
Bay Meadows	363	5,203,000	429,248
Thoroughbred Meetings-Central-Southern			
Del Mar	300	8,359,500	647,861
Oak Tree	126	3,361,000	277,282
Hollywood Park	356	9,350,500	771,416
Santa Anita	385	10,291,000	849,007
Sub-total Thoroughbreds	1,879	\$41,645,000	\$3,393,904
Harness Meetings-Statewide			
Los Alamitos	98	775,550	60,105
Cal Expo	93	451,125	34,962
Sub-total Harness	191	\$1,226,675	\$95,067
Quarter-Horse Meetings-Statewide			
Los Alamitos	478	\$2,379,250	\$184,392
Sub-total QH	478	\$2,379,250	\$184,392
Fair and Mixed Meetings-Statewide			
Pleasanton(98)	46	\$447,300	\$36,902
Vallejo(98)	40	416,700	30,732
Santa Rosa(98)	45	400,350	30,026
San Mateo(98)	38	444,250	36,651
Ferndale(98)	2	6,400	464
Sacramento(98)	21	128,050	9,944
Pomona(98)	63	660,650	54,504
Fresno(98)	16	82,000	6,458
Stockton(99)	18	134,650	10,435
Sub-total Fairs	289	\$2,720,350	\$216,116
Grand Total	2,837	\$47,971,275	\$3,889,479

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 1999-2000, there were 1,327 horses sold for a total of \$34,509,550. These sales generated a total of \$1,487,831 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.

The following sales were authorized in FY 1999-2000:

Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. Fall Sale — All ages October 18, 19
2. January Mixed Sale January 24, 25
3. March Selected Two-Year-Olds March 14
4. Spring Two-Year Olds May 15, 16

A total of 1,033 horses was sold for \$28,619,300, which generated \$1,277,236 in sales tax.

California Thoroughbred Breeders Association Sales

1. Del Mar Select and Preferred Yearling Sale August 14, 15

A total of 129 horses was sold for a total of \$4,117,000, which generated \$167,284 in sales tax.

Quarter-Horse Sales At Los Alamitos

1. PCQHRA Yearling and Mixed Stock Sale October 3

A total of 165 horses was sold for \$1,773,250, which generated \$43,311 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 based on the first, second, and third-place money of any purse won in any race run in California is paid to the breeder of the winning or placing California-bred horse. This amounted to about a 15% premium of the purse amount to breeders in 1999. A further incentive to own a California-bred horse is provided by owners premiums. Owners premiums are distributed to persons owning California-bred horses that are in allowance races with a purse over \$15,000 and claiming races having a total purse value of certain qualifying amounts. These premiums for allowance races in 2000 were at the 25% level, and funded both by the incentive program and the purse accounts.

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 Breeders 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 .54% on track and .54% off track of all pari-mutuel pools is deducted as takeout and transferred to CTBA for distribu-

tion. A further amount equal to .07% of the handle is specified for owners' premiums and transferred to the CTBA for distribution.

During FY 1999-2000, \$14,156,733 was generated from the wagering handle. The CTBA is authorized to deduct 5% for administrative overhead and expenses, including education, promotion, and research.

Standardbred Breeders 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 FY 1999-2000, the program generated \$691,939.

Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, paid out \$999,550 to fund its program in FY 1999-2000. The source of these funds was .48% of the on-track and .48% of the off-track handle on quarter-horse racing at the fair race meetings, .4% 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

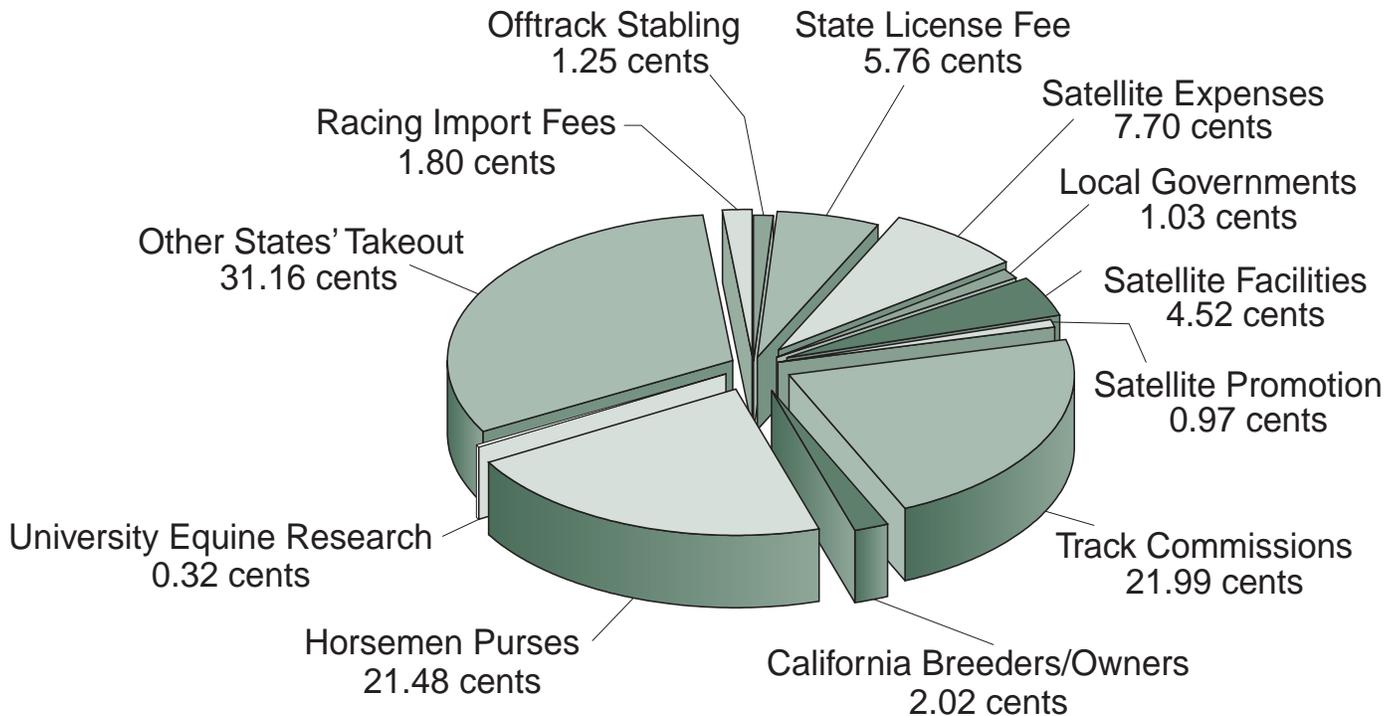
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$44,116 for the breeders program in FY 1999-2000.

Arabian Breeders Program

The California Arabian horse breeders awards received \$69,631 for the program during FY 1999-2000.

The Revenue Stream

The Takeout 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 \$3,948,197,646 was wagered by fans of California racing during the 1999-2000 fiscal year, and of that money 80.5% (\$3,178,205,354) 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 22% of wagers placed (\$868 million). Off-track betting within the state provides more than 39% of the handle (\$1.55 billion). The balance comes from out-of-state wagers (\$1.43 billion).

Patrons failed to cash \$6.8 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 \$3.9 billion wagered, \$770 million, or 20%, was withheld as the "takeout" for such purposes as horsemen's purses, racetrack operations, and government taxation, as follows on the next page:

HORSEMEN'S PURSES

A total of \$164.5 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 \$168.4 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 \$44.1 million from pari-mutuel wagering. Much of this money, \$7.5 million, went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$7.8 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 (\$14,156,733), standardbreds (\$691,940), quarter horses (\$999,550), Appaloosas (\$44,116), and Arabians (\$69,631).

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 \$7.9 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 \$13.8 million to out-of-state hosts.

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 \$295.43 million.

EQUINE RESEARCH

A mandated deduction goes to the University of California for equine research. Last year the total for equine research was \$2.4 million.

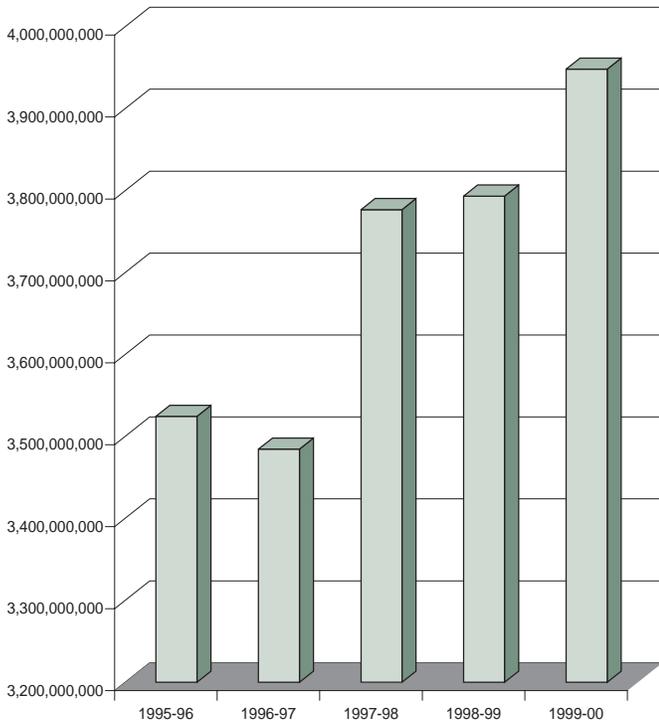
SIMULCAST FEES

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.

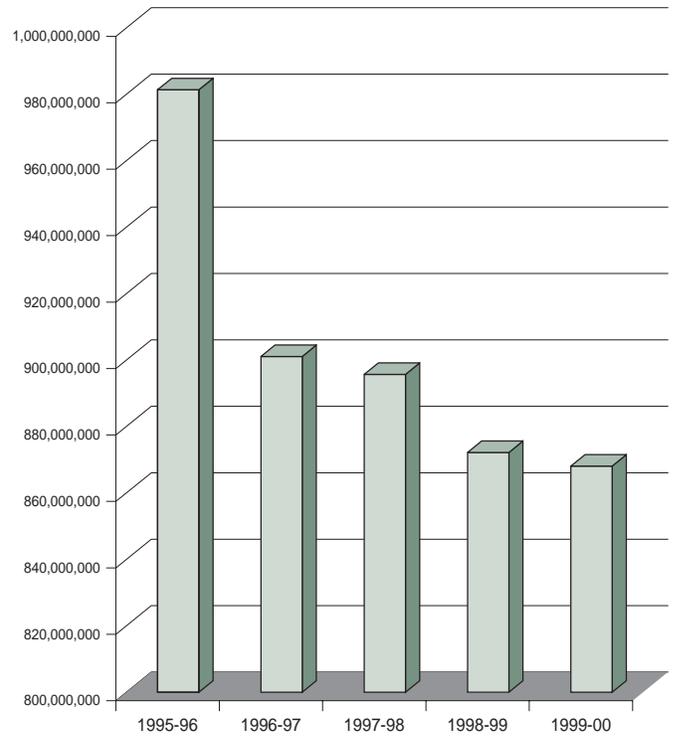
These funds received a total of \$111.7 million last year:

Stable and Vanning Fund:	\$9.6 million
Promotion Fund:	\$7.4 million
Expense Fund:	\$59 million
Guest Fund:	\$34.7 million

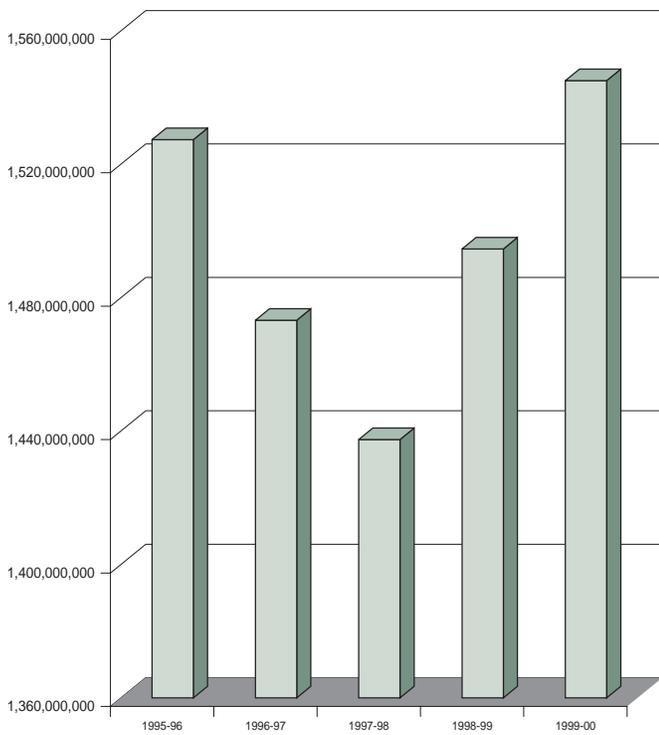
Total Handle



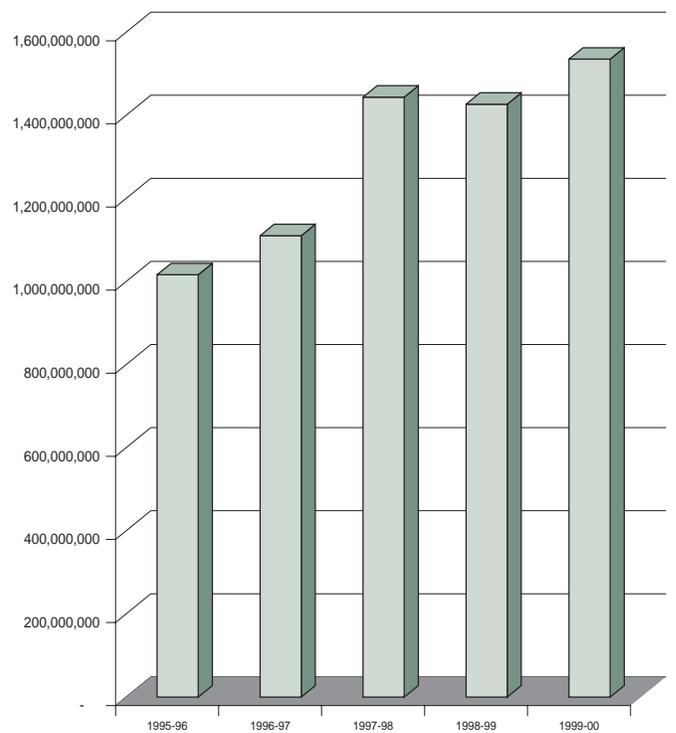
Total Handle On Track



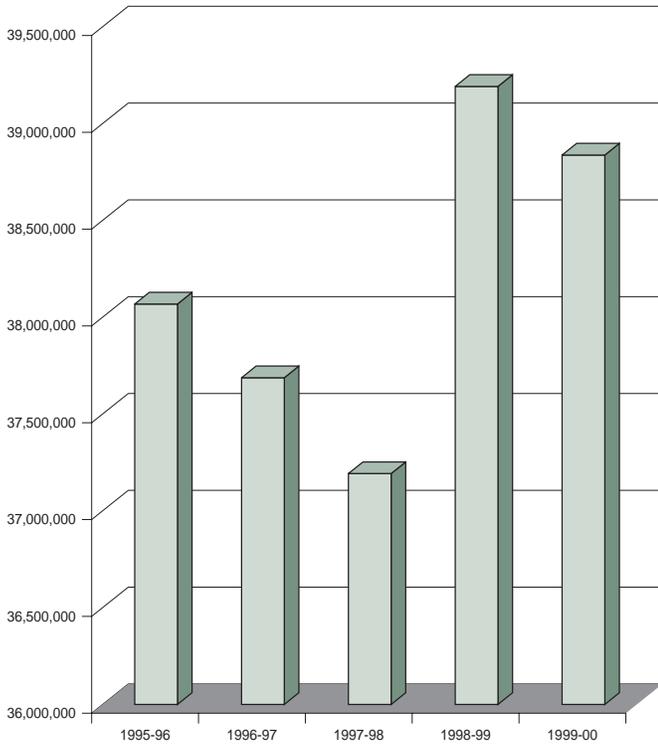
Total Handle Off Track



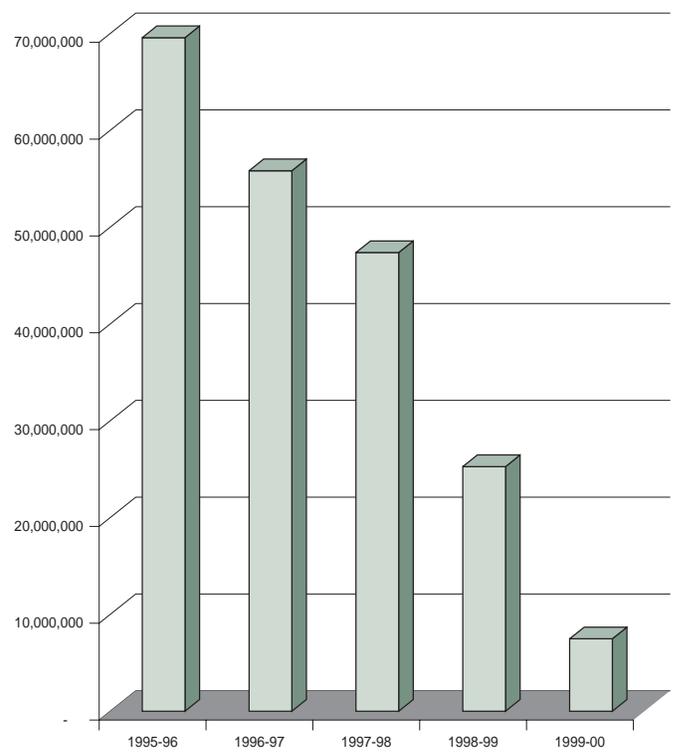
Total Handle Out of State



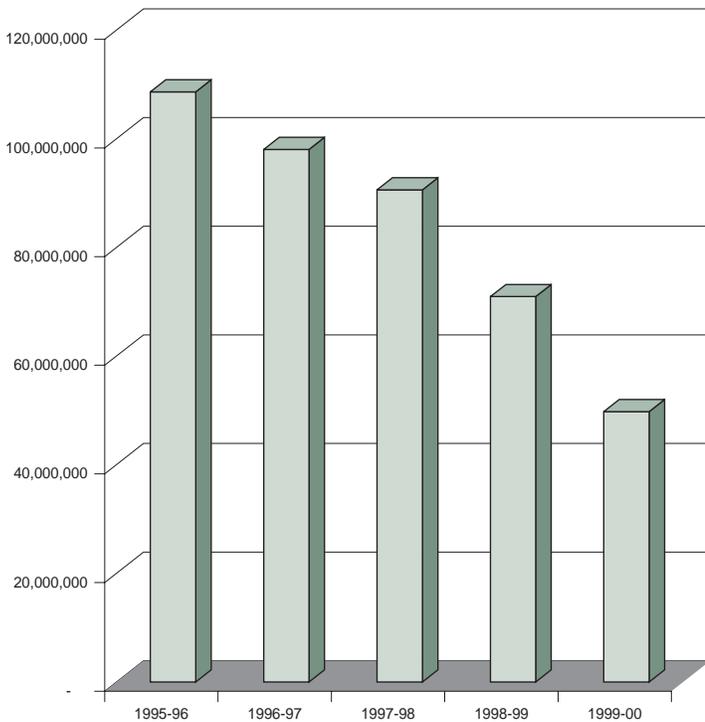
Fairs & Expositions



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, 1999*

REVENUES COLLECTED	1999	1998
Membership dues	\$ 14,165	\$ 13,970
Mutuel fees- HQHRA	207,994	241,920
Mutuel fees- Fairs	24,559	28,457
Mutuel fees- Thoroughbreds	24,717	39,573
Race administration fees	137,052	100,827
Berth transfers	1,965	1,200
Cal-Bred Registry fees	21,151	17,600
Advertising income	10,216	9,493
Interest income	32,315	29,472
Miscellaneous income		269
	474,584	482,781
EXPENSES PAID		
Advertising	15,717	17,436
Annual awards	21,617	5,707
AQHA sponsorship	6,726	6,666
Computer costs	630	2,388
Contract services	81,953	84,164
Depreciation	13,953	13,742
Dues & subscriptions	3,455	2,978
Fair representative expense	9,579	9,349
Insurance	17,253	16,840
Legal & accounting	5,904	6,622
Miscellaneous	2,630	2,476
Newsletter & directory	14,929	16,804
Office expense	22,800	16,923
PAC contribution	25,000	25,000
Postage	16,399	11,394
Race Awards	20,873	19,960
Salaries	131,426	129,052
Stationery & printing	8,356	5,592
Taxes-payroll and property	10,365	10,619
Telephone & utilities	7,085	10,299
Travel & meetings	21,816	26,391
		440,402
Increase To Fund Balance Before Horse Sale	16,364	42,379
Horse Sale, excess of expenses over income	18,227	(23,202)
Increase To Fund Balance	34,591	19,177
Beginning Fund Balance - January 1, 1998	643,032	623,855
Ending Fund Balance - December 31, 1998	677,623	\$643,032

California Harness Horsemen's Association

Statement of Functional Expenses for the year ended June 30, 2000

	Program Services	General and Administrative	Total
Accounting Services	\$13,554	\$1,506	\$15,060
Chaplaincy Services and Social Welfare	14,579		14,579
Depreciation	2,106	234	2,340
Dues and Membership	10,291	208	11,434
Equipment Leases	1,876	463	2,084
Insurance Assessments, net	81,003		81,003
Legal Costs		21,257	21,257
Meetings	7,655	851	8,506
Office and Computer Supplies	1,794	199	1,993
Office Liability Insurance		5,712	5,712
Officers' and Directors' Insurance		3,000	3,000
Outside Services	741		741
Payroll Taxes	10,939	1,215	12,154
Promotion and Advertising		2,550	2,550
Salaries, Office Staff	83,620	9,291	92,911
Storage	612	68	680
Sulky and Third Party Insurance		6,531	6,531
Track Representative	8,200		8,200
Worker's Comp Insurance	904	101	1,005
Total Expenses	\$237,262	\$56,172	\$293,434

Statement of Activities for the year ended June 30, 2000

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Administration Fees	\$476,118	\$4,621	\$476,118
Interest Income	1,476	4,621	6,097
Membership Dues and Registration	7,510		7,510
Net Assets Released/Satisfied from Restrictions	94,534	(94,534)	
Total Revenues and Other Support	579,638	(89,913)	489,725
Expenses			
Program Services	237,262		237,262
General and Administrative	56,172		56,172
Total Expenses	293,434		293,434
Change in Net Assets	286,204	(89,913)	196,291
Net Assets, June 30, 1998	(57,301)	168,443	111,142
Net Assets at End of Year	\$228,903	\$78,530	\$307,433

California Thoroughbred Trainers

Statements of Activities for the years ended December 31, 1999 and 1998

	1998	1999
Revenues		
Track revenues	\$653,265	\$773,265
Recreation hall income	491,739	523,332
Interest income	35,363	38,292
Other	10,649	
Total revenues	1,191,016	1,335,583
Expenses		
Program services:		
Recreation hall and programs	549,759	578,658
Membership services	48,998	45,472
Contributions	17,158	23,393
Total program services	615,915	647,523
Supporting services:		
Administrative salaries and related expenses	199,842	268,146
Professional and outside services	66,913	207,745
General office expenses	42,333	41,233
Insurance	47,050	44,912
Travel (mileage reimbursement)	794	405
Meetings and conventions	5,377	12,344
Rent and utilities	5,560	1,440
Repairs and maintenance	9,071	2,850
Depreciation	16,941	16,451
Total supporting services	393,881	595,526
Total expenses	1,009,796	1,243,049
Change in net assets	181,220	92,534
Net assets at beginning of year	893,474	1,074,694
Net assets at end of year	\$1,074,694	\$1,167,228

Arabian Racing Association of California

*Statement of Activities and Changes in net assets
for the year ended December 31, 1999*

	Administration (unrestricted)	Cal-Bred (restricted)	Eliminations	Total
Revenue and Support:				
Owners' and breeders' awards		\$ 67,380		\$ 67,380
Track administration fees	\$ 88,272		\$ (6,738)	81,534
Membership	3,790			3,790
Other	21,771	4,162		25,933
Total	113,833	71,542	(6,738)	178,637
Expenses:				
Owners', breeders', and stallions' awards		54,577		54,577
Breed representative	49,858			49,858
Race sponsorship	5,444			5,444
Legal and accounting	8,672			8,672
Convention, awards, and trophies	17,547			17,547
Other	29,707	13,421	(6,738)	36,390
Total	111,228	67,998	(6,738)	172,488
Increase in net assets	2,605	3,544	0	6,149
Net Assets:				
Beginning of year	97,845	20,809	0	118,654
End of year	\$ 100,450	\$ 24,353	0	\$ 124,803

Cal Western Appaloosa Racing, Inc.

Statement of Revenue and Expenses for the year ended May 31, 2000

Revenue		
Racing Income	\$59,173	
Magazine Subscriptions and Racing Dues	3,466	
Interest Income	2,965	
Miscellaneous Income	4,787	
Total Revenue		70,391
Expenses		
Salaries	11,681	
Racing Consultant	11,885	
Track Representative	9,961	
Insurance	2,813	
Advertising and Promotion	194	
Race Add-ons	11,609	
Trophies and Awards	5,447	
Printing	4,954	
Bad Debts	410	
Articles	1,239	
Supplies	2,180	
Postage	2,431	
Accounting	7,963	
Travel	319	
Rent	3,600	
Utilities, Telephone	4,603	
Taxes and Licenses	1,238	
Depreciation	597	
Maintenance and Repair	2,644	
Convention	2,979	
Board Meetings	709	
CPO Clinic	1,778	
Barbecue	87	
Miscellaneous	2,688	
Total Expenses		94,009
Net Loss		\$(23,618)

Thoroughbred Owners of California

Statements of Activity for the years ended June 30, 2000 and 1999

	1999	2000
Unrestricted Revenues and Gains:		
Proceeds from racetracks	\$1,434,000	\$1,522,000
Contributed office space	38,000	45,000
Interest	59,000	64,000
Other	2,000	34,000
Total unrestricted revenues and gains	1,533,000	1,665,000
Unrestricted Expenses:		
Salaries and employee benefits	703,000	732,000
Consulting	188,000	179,000
Donations	222,000	188,000
Professional fees	38,000	23,000
General and administrative	75,000	48,000
Rent and utilities	45,000	52,000
Office supplies	7,000	7,000
Meals and entertainment	13,000	13,000
Travel	34,000	44,000
Newsletter	85,000	85,000
Telephone	17,000	17,000
Insurance	15,000	15,000
Depreciation	51,000	51,000
Seminars	29,000	85,000
Awards		4,000
Election		19,000
Total unrestricted expenses	1,522,000	1,552,000
Increase in unrestricted net assets	11,000	113,000
Unrestricted net assets, beginning of year		
	1,453,000	1,464,000
Unrestricted net assets, end of year	\$1,464,000	\$1,577,000