

# Thirty-Second Annual Report of the California Horse Racing Board

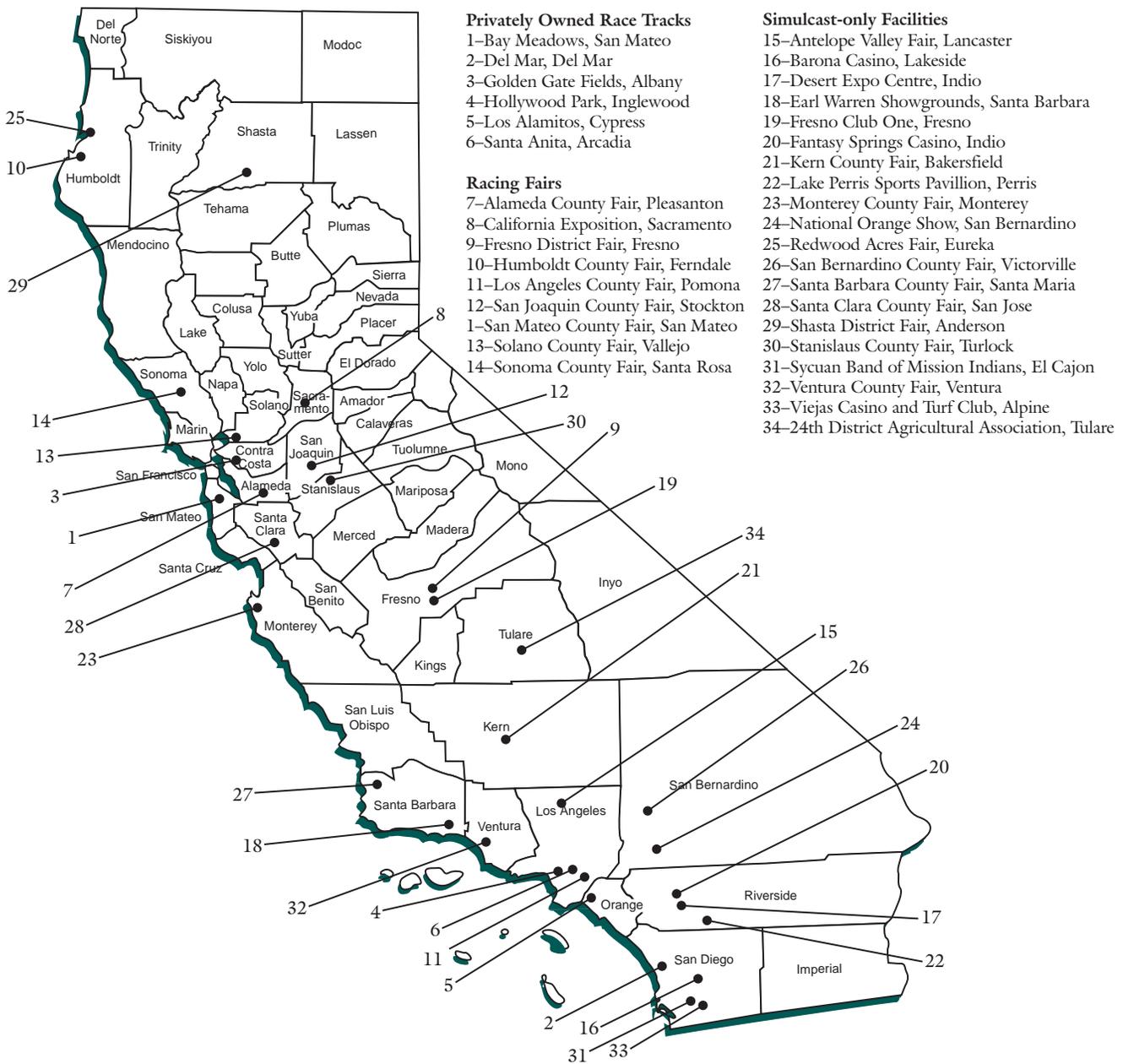
A Summary of  
Fiscal Year 2001 – 2002  
Racing in California

## California Horse Racing Board

Alan W. Landsburg, Chairman  
Roger H. Licht, Vice Chairman  
William A. Bianco, Member  
Sheryl L. Granzella, Member  
John C. Harris, Member  
Marie G. Moretti, Member  
John C. Sperry, Member  
Roy C. Wood, Jr., 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](http://www.chrb.ca.gov) on the Internet.*

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



# REPORT OF THE CHAIRMAN

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On behalf of the California Horse Racing Board (CHRB), I am pleased to submit our 32<sup>nd</sup> Annual Report, which summarizes the activities of the Board during the 2001-2002 fiscal year, including statistical data and an overview of the Board's operations. The report also offers highlights of the horse-racing industry through November of 2002.

Any review of 2002 must begin with AB 471, the groundbreaking legislation that created Advance Deposit Wagering (ADW) and helped improve the lives of workers in the industry by requiring labor protections and new standards for employee housing at racetracks. I would like to take this opportunity to praise the CHRB staff and Commissioner Roger Licht, chairman of the Pari-Mutuel Operations Committee, who together accomplished the Herculean task of drafting 14 highly complex ADW regulations and shepherding them through final regulatory approval in the span of just five months. Placing the system in operation allowed California to join other elite national racing venues in this new era of wagering.

The charts on page two of this Annual Report record the growth of ADW since its inception on January 24, 2002, through November 30. ADW numbers are impressive. During the first 10 months of operation, \$156 million in wagers was placed through the three California hubs. It is too soon to define ADW's value to California. As we reach the end of its first year of operation, the Board is concerned that we do not cannibalize our on-track audience. ADW will continue to grow only if the providers can improve their product and gain much-needed exposure in broadcast and cable television markets. I am pleased that ADW has provided some new jobs for workers in California, and I encourage the three providers to hire even more California labor in the coming year.

Buoyed somewhat by ADW, the California pari-mutuel wagering system handled \$4.1 billion for a fractional increase over the previous year. Unfortunately, only 20% of that money was wagered at the actual sites where races were being run. The rest were simulcasting dollars – money wagered at non-racing facilities in California and elsewhere. Again, I hope that ADW will branch into local television markets and create new fans who will want to witness the spectacle of live horse racing by going to their local racetracks.

The integrity of horse racing remains a high priority with the CHRB. In view of the apparent criminal acts involving the Breeders' Cup Pick Six, which called into question the security of the national tote providers, we began intensive study of California racing integrity. Working with the industry, we reviewed the CHRB's own security operations as well as various integrity matters relating to medication, surveillance cameras at racetracks, and illegal wagering on California races in other jurisdictions. Of special note, the industry developed a video focusing on the intricacies of equine drug testing and enhancements at the Ken Maddy Laboratory at UC Davis.

California maintained its position as a premier racing state by offering quality racing for all breeds. Nearly 28,000 fans turned out for the California Cup, sponsored by the California Thoroughbred Breeders Association and the Oak Tree Racing Association, at Santa Anita Park on November 2, 2002. California Cup XIII featured 96 California-bred horses competing in 10 races with total purses for the day exceeding \$1.3 million, providing a showcase as well as additional economic stability for the California breeding industry.

On a personal note, I was happy to see the return of two of racing's superstars – Julie Krone and Patrick Valenzuela. Fortunately for all of us, Julie decided to unretire from race riding. Better still, she moved her tack to California, giving our fans the opportunity to see her ride on a daily basis. Patrick's re-engagement to racing, and a sterling record of riding and personal recovery should provide inspiration to those who wish to break any cycle of addiction. Keep it up, Patrick. The CHRB is working with him to make certain that he rides a straight course as he resumes a spectacular career. During this year we also tipped our proverbial hats to another member of our jockey colony – Russell Baze, for achieving his 8,000<sup>th</sup> win. Chris McCarron's retirement leaves an unfillable space in California racing. We are fortunate that he has chosen to stay in the racing family, and wish the best in his new endeavors.

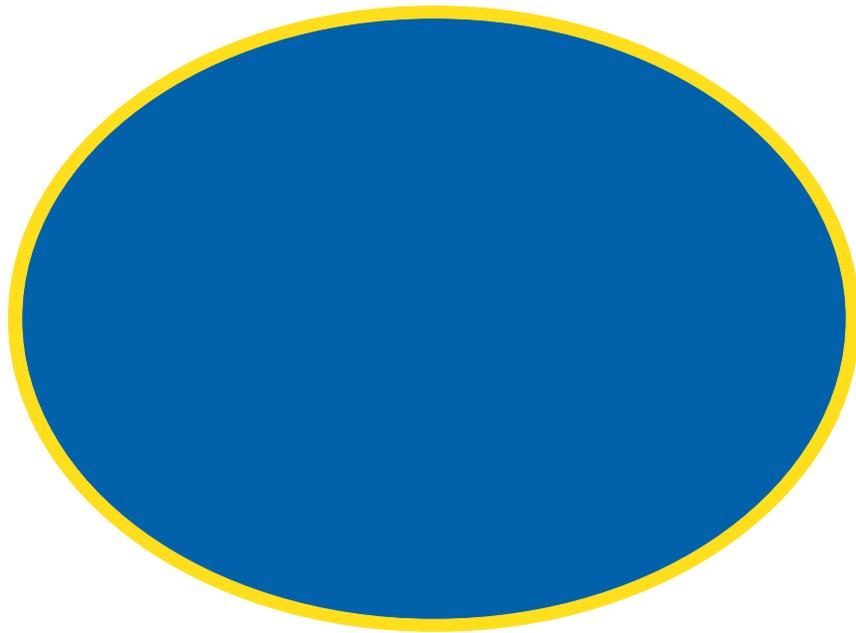
The Board authorized the display of advertising on jockey garments, owner silks, and track saddle cloths. This program is still in its infancy, but hopes are that advertising will provide a welcome new source of revenue for the industry. The Board worked with other state officials and the industry in a critical effort to master the high cost of workers' compensation insurance. We appear to have found a solution, but only time will tell.

I wish to thank all members of the Board for their valued contributions this past year. It has been my pleasure to work with them and to serve the citizens of California. I wish my successor as Chairman, Commissioner Licht, a fruitful year, and pledge my support to him.

Respectfully submitted,



Alan W. Landsburg, Chairman  
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.

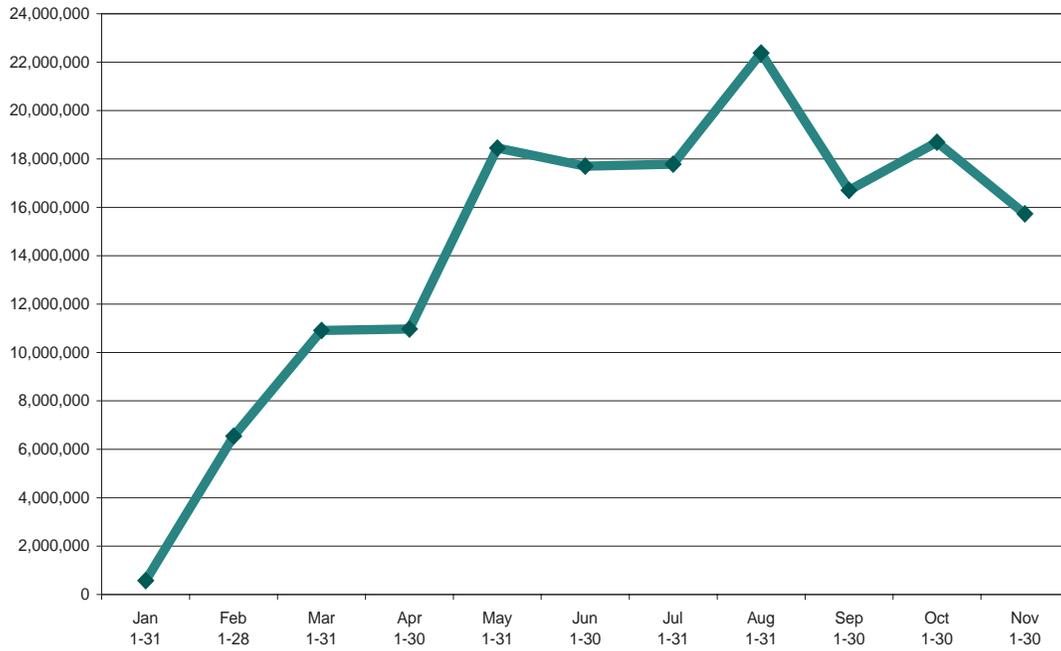
The oval shapes reflect the racing environment. The bold letters “CHRB,” representing the people of the State of California, distinguish the Board as a separate entity from the industry itself. The logo’s blue and gold colors are the official colors of the State of California.

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.

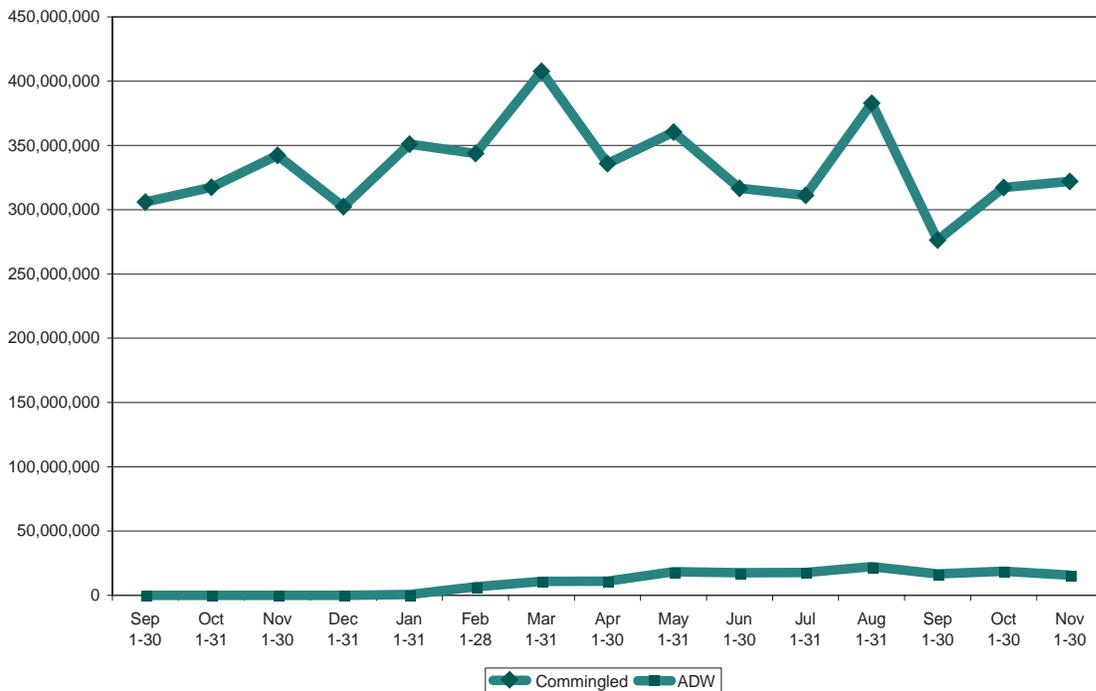
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## All Advance Deposit Wagering Monthly Activity—January 25 through November 30, 2002



## On & Off Track Handle vs. ADW Monthly Handle



# ADVANCE DEPOSIT WAGERING

The California horse-racing industry entered a new era in 2002 with the advent of Advance Deposit Wagering (ADW), which allows customers to deposit funds into accounts in order to wager online and over the telephone. These wagers are funneled into pools at host tracks where the races are being run, and are within the pari-mutuel wagering system regulated by the California Horse Racing Board. The CHRB approved two companies to provide this service on January 24, 2002.

As the top-left ADW chart shows, starting from scratch in California, the TVG and XpressBet services handled nearly \$7 million in the first month of ADW. They were joined by a third competitor on February 21 when the Board authorized Youbet.com to provide ADW services.

These three providers collectively handled nearly \$11 million in March, and another \$11 million in April, then total ADW handle soared to \$18.5 million in May. ADW handle peaked in August at more than \$22 million during the popular Del Mar racing season. Typically, betting on horse racing decreases during the fall and winter months, except for Breeders' Cup Day (October 26, 2002), and this wagering trend was reflected in the ADW figures.

Despite the three providers handling more than \$156 million between them during the first 10 months of ADW, the bottom-left chart shows that ADW still represents just a fraction of the total money wagered through the California pari-mutuel wagering system. During that same 10 months, the total money wagered through the system reached \$3.6 billion.

One of the ongoing questions about ADW is whether it generates new money or cannibalizes the handle by drawing customers away from traditional wagering facilities. There was no evidence of cannibalization during the first 10 months of ADW. The CHRB continues to study this matter.

# SHARING THE WEALTH

The State of California joins with the California horse-racing industry in a commitment to improving the lives of California residents, including those who participate in the horse-racing industry, by contributing to charitable causes and directing a portion of revenues to health and welfare programs supporting racetrack workers.

The primary sources of funds for this important purpose are:

- ◆ **Revenue from uncashed winning tickets or refund slips, as authorized by the Horse Racing Law.** In Fiscal Year 2001-2002, more than \$2.6 million of this “unclaimed property” helped pay for health and welfare programs benefiting California racetrack workers and jockeys. Some of this revenue subsidizes the cost of health insurance for California jockeys. To be eligible for the California subsidy, a jockey must ride at least 100 mounts in a calendar year, at least 50 of which must be in California. Currently, about 110 jockeys participate in the program. They still pay premiums for health insurance, but the state allocation reduces their premiums.
- ◆ **A percentage of handle on Charity Racing Days, as required by the Horse Racing Law.** Racing associations generated nearly \$1 million from Charity Racing Days for worthwhile causes in 2001-2002. California racetracks have collectively distributed an estimated \$50 million to charities since 1933.
- ◆ **Contributions from the Oak Tree Racing Association, a not-for-profit entity whose profits are directed primarily toward thoroughbred enterprises concerned with research, development, care, and breeding – particularly in California.** The Association and its Charitable Foundation together donated \$638,513 to these worthwhile causes in FY 2001-2002. The Oak Tree Association and Foundation and Oak Tree Charity Racing Days collectively have distributed \$9,259,705 since 1992.
- ◆ **Contributions from California thoroughbred horsemen.** During the last year, horsemen diverted \$245,000 from purses to help fund operations of the California Thoroughbred Horsemen’s Foundation (CTHF), which provides the health and welfare program for an estimated 7,000 eligible thoroughbred workers and their families.

Altogether, these sources provided during their respective accounting periods approximately \$4.5 million to charitable causes. In future years, the new Advance Deposit Wagering system, which allows bettors to place wagers by telephone and the Internet through providers licensed by the CHRB, is expected to generate more than \$100,000 a year for health and welfare programs in the horse-racing industry.

The Horse Racing Law requires each racing association to designate three or five days of its meet on which the net proceeds are distributed to charities that meet the statutory criteria and are approved by the CHRB. All of those Charity Racing Days throughout the year at the various racetracks add up to about one month of racing programs that are being run for the benefit of charities. In recent decades, those Charity Racing Days have been generating about \$1 million a year.

Hollywood Park distributed \$232,100 to 40 beneficiaries, including \$30,000 to the Shoemaker Foundation, an organization that assists anyone within the horse-racing industry suffering from a major illness or injury.

Oak Tree distributed \$97,000 from its Charity Racing Day proceeds to 47 beneficiaries, including \$10,000 to the Winners Foundation, an organization that helps racetrack workers and their families deal with problems associated with alcohol and drug abuse.

The Pacific Racing Association (Golden Gate) distributed \$68,300 to 17 beneficiaries, including \$10,000 to the Race Track Chaplaincy to help fund the work of chaplains at every racetrack and training facility in California.

The Los Angeles Turf Club (Santa Anita) distributed \$281,250 to 35 beneficiaries, including \$10,000 to the California Council on Problem Gambling, an organization that promotes awareness, education, research, prevention, and treatment of problem gambling.

The Del Mar Thoroughbred Club distributed \$170,707 to 22 beneficiaries, including \$20,000 to the UC Davis Center for Equine Health, which conducts research and education programs focused on the health and welfare of the horse.

The Bay Meadows Foundation distributed \$105,000 to 44 beneficiaries, mostly to charities within the San Francisco Bay Area such as the Mid-Peninsula Boys and Girls Club, San Carlos Adult Day Center, and Independent Living Resource Center.

# 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 \$959,256.*

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.



Hollywood Park President Rick Baedeker (right) awards a check to Dr. John Wietting, a teacher from Oak Street Elementary School in Inglewood, who requested the funds to purchase computers for his 5th-grade class.

# 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 11 times throughout the state during the 2001-2002 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 19, 2001  
Del Mar Simulcast Facility,  
Del Mar

August 24, 2001  
Del Mar Simulcast Facility,  
Del Mar

September 21, 2001  
Los Angeles County Fair/Fairplex,  
Pomona

October 19, 2001  
Arcadia City Hall,  
Arcadia

November 30, 2001  
University of California,  
Davis

January 24, 2002  
Holiday Inn,  
Monrovia

February 21, 2002  
Cypress City Hall,  
Cypress

March 28, 2002  
Holiday Inn,  
Monrovia

April 25, 2002  
Hollywood Park Racetrack,  
Inglewood

June 6, 2002  
Bay Meadows Racetrack,  
San Mateo

June 26, 2002  
Crown Plaza LAX,  
Los Angeles

# 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.*

**A**t 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.

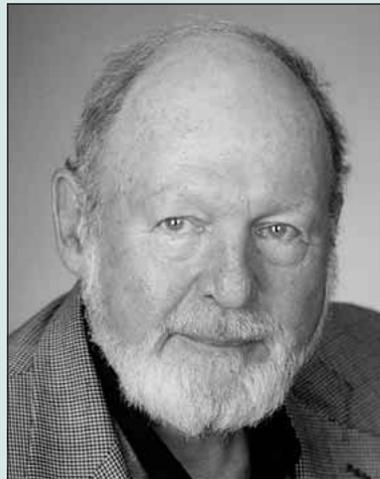
Commissioners receive a per diem of \$100 for each day spent in attendance at meetings and are reimbursed for traveling and other expenses necessarily incurred in the performance of their official duties.

## 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 executive 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:*



**Alan W. Landsburg,  
Chairman**

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. Chairman since September 2001.



**Roger H. Licht,  
Vice Chairman**

Partner in the Beverly Hills law firm of Licht and Licht. Appointed to the CHRB by Governor Gray Davis on February 23, 2001, through July 26, 2004. Vice Chairman since September 2001.

## Members of the California Horse Racing Board



**William A. Bianco,  
Member**

Founded Kinetics Group in 1971. Appointed to the CHRB by Governor Gray Davis on March 1, 2001, through January 1, 2003.



**Sheryl L. Granzella,  
Member**

Business Development Manager with Republic Services Inc. Appointed to the CHRB by Governor Gray Davis on October 22, 1999, through January 1, 2002. Reappointed by Governor Davis through January 1, 2006.



**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.



**Marie G. Moretti,  
Member**

Business Liaison with Governor Gray Davis. Appointed to the CHRB by Governor Davis on October 22, 1999, through January 1, 2002. Reappointed by Governor Davis through January 1, 2006.



**John C. Sperry,  
Member**

President of the United Food and Commercial Workers Union, Local 324. Appointed to the CHRB by Governor Gray Davis on February 2, 2002, through July 26, 2005.

*Assignments for the standing committees of the Board during FY 2001-2002, as assigned by Chairman Alan Landsburg, were as follows:*

**BENEVOLENT PROGRAMS COMMITTEE**

Commissioner Sheryl Granzella,  
*Chairwoman*  
Commissioner John Sperry

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

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

Commissioner John Sperry,  
*Chairman*  
Commissioner Roger Licht

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**

Commissioner Marie Moretti,  
*Chairmanwoman*  
Commissioner John Harris

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 John Harris,  
*Chairman*  
Commissioner William Bianco

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 Roger Licht,  
*Chairman*  
Commissioner Alan Landsburg

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**

Commissioner John Harris,  
*Chairman*  
Commissioner Roger Licht

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 William Bianco

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**

Commissioner Alan Landsburg,  
*Chairman*

Commissioner John Sperry

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 William Bianco,  
*Chairman*

Commissioner Sheryl Granzella

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**

Sheryl Granzella,  
*Member at Large*

### **Flat Racing Model Rules Subcommittee**

Roy Wood

### **Stewards/Judges Accreditation Committee**

Roy Wood  
*Vice-Chairman*

### **Drug Testing Standards/Practices**

Alan Landsburg  
Roy Wood  
Dr. Ronald Jensen

### **Scientific Review Committee**

Dr. Ronald Jensen, advisor

### **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, chairman

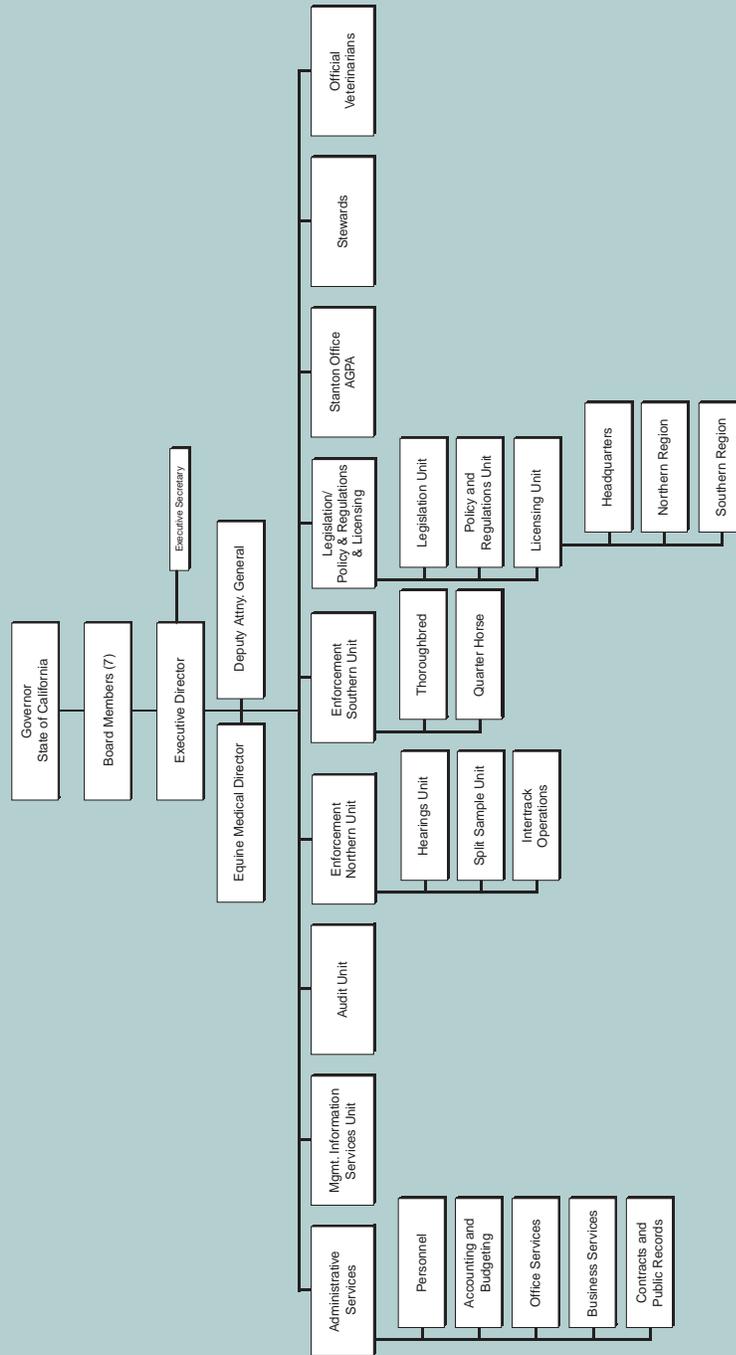
# California Horse Racing Board – Operating Budget

July 1, 2001 – June 30, 2002

Appropriations	Item	Total
Personal Services	\$4,809,000	
Operating Expenses	4,823,192	
<b>Total Appropriation</b>		<b>\$8,632,192</b>
<b>Expenditures — Personal Services</b>		
Salaries and Wages	\$2,939,322	
Staff Benefits	544,291	
<b>Total Personal Services</b>		<b>\$3,483,613</b>
<b>Operating Expenses and Equipment</b>		
General Expense	213,793	
Printing	51,733	
Communications	61,498	
Postage	16,821	
Travel-in-State	235,830	
Travel-out-of-State	1,412	
Training	1,074	
Facilities Operation	173,398	
Contractual & Professional Services-Interdepartmental	709,034	
Contractual & Professional Services-External	3,336,442	
Consolidated data center: Stephen P. Teale Data Center	186,955	
Central Administration Services: Pro Rata	153,786	
Equipment	6,803	
<b>Total Operating Expenses and Equipment</b>		<b><u>\$5,148,579</u></b>
<b>Total Expenditures</b>		<b>* <u>\$8,632,192</u></b>
Unexpended Balance FY 2001 -2002 to be reverted to General Fund 6/30/04		<u>\$ 0</u>
<b>Total Expenditures &amp; Unexpended Balance</b>		<b>\$8,632,192</b>

\* Includes year-end accruals

# California Horse Racing Board Management Organization



# 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 to execute the duties as specified. The executive director is responsible for the department's operations, which includes overseeing on a daily basis all office and field operations conducted

by the staff, including CHRB investigators and licensing personnel, and contract personnel, including the stewards and official veterinarians. The executive director is assisted in this regard by supervisory personnel at CHRB offices and at racetracks.

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 situa-

tions 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 — because even when there is no actual racing in progress, the stable areas remain active. Board executives are available by pager and cellular telephone at any hour of the day.

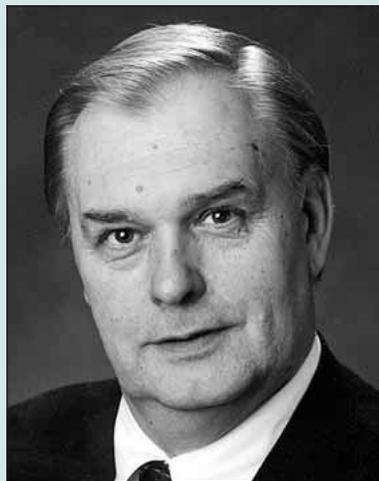
## MISSION

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.



## 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. Since May 2000, the Unit has offered subscribers of the Board and Committee meeting notices the opportunity to receive those notices via electronic mail. To date, more than 100 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.

## ACHIEVEMENTS

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 continued to attend meetings related to classification, recruitment, training, health and safety, and wellness to keep the California Horse Racing Board current with any changes that may impact the department and its employees.

## 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 (MIS)** oversees all aspects of the CHRB's statewide computer network. In FY 2001-2002, MIS improved the Board's computer capabilities and functionality by introducing state-of-the-art technological enhancements that allow the Board to maintain constant communications with many of the permanent track locations, while simultaneously providing those locations with access to mission critical information by being directly connected to CHRB Headquarters in Sacramento.

MIS continued its aggressive effort to employ newer, more cost-effective technological solutions throughout the CHRB in order to enhance productivity and efficiency while significantly reducing communications overhead costs. MIS accommodated the effects of new labor legislation. The Board's statewide main-frame application was expanded to enable the Board to fulfill its reporting requirements with minimal impact on the workload of field personnel.

MIS provided the CHRB official veterinarians with the information management tools they need to effectively enforce new regulatory restrictions. MIS expanded the mainframe application toward the goal of providing all racetrack paymasters of purses with immediate access to the specific CHRB license information that they rely on to conduct their business.

MIS made major enhancements and refinements to the CHRB Website. The Website increased the availability of meeting notices, agendas, and transcripts. A new Advisories section was added to allow the Board to disseminate critical information in a timely manner. And new search pages now make it easier than ever for interested parties to locate specific rules and regulations.

MIS is in the process of developing and delivering a state-of-the-art photo identification system that will be deployed to all licensing locations. This new ID system will significantly enhance the current licensing process while reducing the amount of time required to physically generate a photo ID/license. This new system will interface with existing CHRB data bases while capturing new and important information on each licensee. This new system will serve as the cornerstone of a new information technology environment that will improve all aspects of the Board's ability to monitor and serve the racing community.

Looking to the future, MIS will continue working with the Department of Justice and the FBI to replace the CHRB's manual fingerprint processing procedure with a digitized biometric system to help identify and review license applicants more quickly and accurately.

## 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, added 14 rules governing Advance Deposit Wagering (ADW), six rules governing backstretch worker housing, one rule governing prohibited veterinary practices, and revised nine of the Board's regulations governing horse racing in California.

In 2002 the Board adopted the addition of **Article 26, Advance Deposit Wagering (ADW)**, and approved the following related rules:

**Rule 2070, Definitions**, provides the definitions for the terms used in Article 26.

**Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant**, provides the procedures, conditions, and application that a California applicant must comply with to be licensed to conduct ADW.

**Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant**, provides the procedures, conditions, and application that an out-of-state applicant must comply with to be approved to conduct ADW.

**Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities**, provides procedures and conditions for the day-to-day operation of ADW accounts.

**Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity**, provides procedures and conditions to establish an ADW account with a California entity.

**Rule 2075, Requirements to Establish an Advance Deposit Wagering Account with an out-of-state Hub**, provides procedures and conditions to establish an ADW account with an out-of-state hub.

**Rule 2076, Deposits to an Advance Deposit Wagering Account with all Entities**, provides procedures and conditions for account holders to make a deposit to their ADW account and for the entity that accepts the deposit.

**Rule 2077, Placing an Advance Deposit Wager with all Entities**, provides procedures and conditions for placing an ADW wager.

**Rule 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities**, provides procedures and conditions for the withdrawal of funds from an ADW account.

**Rule 2079, Credit for Winning Wagers and Scratched Entries**, provides procedures and conditions for the posting of a credit for a winning wager and a credit for a scratched entry.

**Rule 2080, Proceeds from a Deceased Account Holder**, provides procedures and conditions for the release of funds in an ADW account when the account holder is deceased.

**Rule 2081, Market Access Fee for Wagers Placed by a California Resident**, provides procedures and conditions for the market access fee when a California resident places an ADW wager and specifies the wagering details required in the daily downloads to the pari-mutuel data base.

**Rule 2082, Interest Bearing Accounts**, provides for the transfer of all funds that are derived from interest that is earned on a California resident's ADW account.

**Rule 2083, Advance Deposit Wagering Prohibited**, specifies that individuals prohibited from wagering under Rule 1969, Wagering Prohibited, also are prohibited from placing an ADW wager while on duty at a race meeting, simulcast wagering facility, or a California ADW facility, and also prohibits individuals working at an out-of-state hub from placing an ADW wager while on duty.

The Board adopted the addition of **Article 28, Backstretch Worker Housing**, and approved the following related rules:

**Rule 2100, General Provisions**, specifies that backstretch worker housing provided by an association shall be maintained in accordance with Article 28.

**Rule 2101, Definitions**, provides definitions of terms used in Article 28.

**Rule 2102, Backstretch Worker Housing Inspection Required**, sets the requirements for backstretch worker housing inspections.

**Rule 2103, Habitable Rooms**, provides the basic conditions that must be present for rooms to pass inspection.

**Rule 2104, Sanitation Facilities**, provides guidelines for backstretch worker sanitation facilities.

**Rule 2105, Pest Control**, provides requirements for the control of pests in and around backstretch worker housing.

The Board adopted **Rule 1867, Prohibited Veterinary Practices**, which identifies what constitutes a prohibited veterinary practice on the premises of a facility under the jurisdiction of the Board and lists Erythropoietin and Darbepoietin as prohibited drug substances.

The Board adopted the following revisions:

**Rule 1467, Paymaster of Purses**, requires the paymaster to deduct 10% of the purse earned on any horse that finishes first, second, or third at a thoroughbred meeting and to deposit it into the trainer's account. Owners may elect not to participate by filing CHRB-134, Notification of Exclusion to Trainer 10% Program, with the paymaster.

**Rule 1691, Colors, Number, and Advertising**, permits advertising on jockey attire, owner silks, and track saddlecloths during the running of the race and specifies the size and placement of advertisements.

**Rule 1844, Authorized Medication**, adds clenbuterol as a medication that can be present in an official post race urine test sample at a level not to exceed 5 nanograms per milliliter of urine.

**Rule 1858, Test Sample Required**, eliminates testing every horse claimed in a claiming race, changes the requirement of testing to not fewer than six or more than nine, and increases the purse to \$75,000 or more for the testing of horses that finish second and third in any stakes race.

**Rule 1928, Fire Regulations**, requires associations to post an emergency evacuation plan in English and Spanish.

**Rule 1969, Wagering Prohibited**, adds totalizator employees to the classifications prohibited from wagering on the results of a race while on duty at a race meeting or simulcast wagering facility.

**Rule 1979, Trifecta**, deletes the requirement that an association refund the entire trifecta pool if less than five wagering interests finish the race.

**Rule 2049, Designation and Approval of Horsemen's Welfare Fund**, requires a charitable corporation to have a minimum of five and maximum of nine directors/trustees that are subject to Board approval.

**Rule 2050, Beneficiaries, Welfare Programs and Activities**, extends the eligibility for benefits to persons who apply within 12 months of being laid off or leaving the industry, clarifies the term "dependent," and increases the allowable administrative expense of the California Thoroughbred Horsemen's Foundation to 15% of the total expenditures for any fiscal year.

The Board initiated the rulemaking process to revise **Rule 1467, Paymaster of Purses**, to include quarter-horse race meetings in the trainer 10% program administered by the paymaster of purses.

## MISSION

To Monitor Legislation and Update the Horse Racing Law

### *Enacted Legislation:*

AB 1316 – Assemblyman Richard Dickerson; Chapter 872

AB 1803 – Assemblyman Tom Harman; Chapter 234

AB 2338 – Assemblyman Lou Papan; Chapter 1063

AB 2384 – Committee on Governmental Organization, Assemblyman Jerome Horton, Chairperson; Chapter 923

AB 2502 – Assemblyman Mark Wyland; Chapter 90

AB 2554 – Assemblywoman Helen Thomson; Chapter 874

AB 2619 – Assemblyman Tony Strickland; Chapter 921

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

### *The following horse-racing bills were chaptered in 2002:*

Allows the Shasta District Fair to operate a satellite wagering facility off the fairgrounds but within the county boundaries of the fair. *Effective Date: January 1, 2003.*

Allows Paint races to be conducted at quarter-horse racing meetings, but only as a replacement for appaloosa or Arabian races and if the Paint race does not increase the average number of races run per day. *Effective Date: January 1, 2003.*

Allows the San Mateo County Fair to operate a satellite wagering facility on the fairgrounds or on leased property in San Mateo County if the Bay Meadows race-track closes its facility. Allows the CHRB to license such satellite wagering facility, even if the facility is located within 20 miles of another satellite wagering facility or track in the northern zone. *Effective Date: January 1, 2003.*

Authorizes a portion of the funds allocated for purses at a harness race meeting to be used to defray the cost of workers' compensation insurance for stable employees and drivers of licensed standardbred trainers. Requires a written agreement between the racing association and the participating horsemen specifying the portion, if any, to be used for this purpose. This agreement is subject to approval of the CHRB. *Effective date: September 26, 2002.*

Extends the sunset provisions of the current law that requires a thoroughbred racing association or fair to pay a specified amount of purse revenue to a thoroughbred horsemen's organization to help fund a national thoroughbred racing marketing program, from January 1, 2004, to January 1, 2008. *Effective Date: January 1, 2003.*

Authorizes the CHRB to allow the Solano County Fair to run its fair race meeting at another northern zone location within or outside Solano County in the event the Solano County Fair closes its racetrack. Permits the fair to replace its existing satellite wagering facility with relocation on the fairgrounds or on leased premises within the county if the racetrack at the Solano County Fair closes. Allows the CHRB to license such satellite wagering facility, even if the facility is located within 20 miles of another satellite wagering facility or track in the northern zone. In addition, adjusts the amount deducted from the Advance Deposit Wagering handle that is distributed to the Center for Equine Health to establish the Kenneth L. Maddy Fund for the benefit of the School of Veterinary Medicine at the University of California at Davis. *Effective date: September 26, 2002.*

Allocates three positions on the board of directors of the organization representing thoroughbred owners for persons holding licenses as both owners and trainers or their spouses who are licensed as owners. *Effective date: September 26, 2002.*

AB 2869 – Horton;  
Chapter 924

Allows mule racing to be conducted at a quarter horse race meeting. Also allows thoroughbred racing associations and the horsemen participating in the race meeting to agree to lower the takeout for purses and association commissions provided that any collective bargaining agreement reached in part on the amount of commission earned continue to be calculated based on the amount of commissions calculated in current law, and any agreement reached to reduce the takeout for purses and commissions is subject to the approval of the CHRB. Approval may not be granted if notice is not given to any labor organization that could be affected by an agreement to lower the takeout. *Effective Date: January 1, 2003.*

AB 2931 – Horton;  
Chapter 922

Authorizes funds from the current designated marketing program and funds used for the purpose of stabling and vanning horses to be used to defray the cost of workers' compensation insurance for stable employees and jockeys of thoroughbred trainers. *Effective date: September 26, 2002.*

SB 1337 – Senator  
Edward Vincent;  
Chapter 904

Requires an additional 20% of the distribution from charity race day proceeds, up to a maximum of \$2 million, to be distributed to a non-profit corporation or trust whose sole purpose is the accumulation of endowment funds, the income on which is distributed to qualified disabled jockeys. Requires another 5% distribution to a welfare fund established for the benefit of horsemen and backstretch personnel, and another 5% distribution to a non-profit corporation assisting horsemen and backstretch personnel who are affected adversely as a result of alcohol or substance abuse.  
*Effective Date: January 1, 2003.*

SB 1340 – Vincent;  
Chapter 282

Establishes a California-bred incentive program for Paint horses.  
*Effective Date: January 1, 2003.*

SB 1465 – Senator Jim  
Costa; Chapter 198

Modifies the manner in which the 10% currently distributed from the California-Bred Incentive Awards Program is dispersed. Provides that these awards no longer be restricted to California-bred thoroughbred stakes races, but rather that funds from these awards could be used to support races that feature California-bred horses.  
*Effective Date: January 1, 2003.*

SB 2035 – Senator Betty  
Karnete; Chapter 268

Allows a harness or quarter-horse racing association to “bank” up to two out-of-state or out-of-country imported races on a specific race day, and then add those races to another race day’s importation schedule.  
*Effective Date: January 1, 2003.*

## MISSION

To Supervise All Audits and Authorized Pari-mutuel Wagering Operations

## 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.

## MISSION

To Continually Audit Pari-mutuel Operations

## 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.

## MISSION

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

## ACHIEVEMENTS

The **PUBLIC INFORMATION OFFICER** 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 23 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 an 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 CHRFB News & Review

*The California Horse Racing Board publishes a quarterly newsletter, the CHRFB 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 FY 2001-2002:*

**Last year the Legislature approved and Governor Gray Davis signed AB 471**, effective January 1, 2002, authorizing Advance Deposit Wagering (ADW), so that bettors in California and elsewhere can establish accounts for wagering on horse racing by telephone and over the Internet. The CHRFB quickly developed and approved 14 regulations setting up an application process for ADW operators, establishing security protocols, and meeting other requirements of the new law, such as ensuring that persons under 18 cannot open accounts and dealing with the issue of problem or compulsive gambling. On January 24, the Board approved applications by Xpressbet and TVG to operate ADW systems. On February 21, the Board approved a third operator, Youbet.com.

**CHRFB pari-mutuel auditors are constantly alert for any potential problems with the pari-mutuel wagering system.** Senior Auditor John Reagan reports that he occasionally receives complaints about odds changing after the race has been run. He writes that the public has nothing to worry about. The pari-mutuel system is what allows patrons to place their wagers on horse races in a controlled, secure, and accurate way. Using powerful computers, satellite and telephone connections, and related hardware, the system processes wagers rapidly, providing continually updated odds right up until the race and sometimes even immediately afterward as the last wagers that were placed before the start of the race filter their way through the system.

**The California horse-racing industry is aware of gambling problems in our society** and, in cooperation with the California Horse Racing Board, is taking steps to deal with them. "Compulsive gambling" – as distinct from "problem gambling" – is increasingly viewed as a disease, much like alcoholism and drug addiction. The distinction is a matter of degree. Problem gamblers are capable of stopping their destructive behavior when they realize the harm they are causing to themselves and their families. Compulsive gamblers, who are sometimes referred to as pathological gamblers, cannot stop themselves. Racetracks have



programs in place and staff members specifically assigned to deal with all forms of gambling problems.

**Pete Pedersen, at age 81 with more than 50 years in horse racing, is the senior steward in California and, we imagine, the entire world.** But Pedersen has more than just time on the job to his credit. He is widely respected for his sound judgment, moral courage, and compassion. The horse-racing world recently recognized these qualities and his achievements by presenting Pedersen with a special Eclipse Award of Merit honoring his lifetime contributions to the sport.

**The purpose of the California Marketing Committee is to market and promote horse racing in California.** Accordingly, last year the CMC created the Golden State Rewards Network (GSRN), a program that rewards horse-racing fans for their loyal patronage of California's racetrack and simulcast facilities with merchandise, food, wagering vouchers, daily programs, special parking, and the like. A pilot program was conducted at six racetracks and wagering facilities. More than 4,000 players enrolled in the pilot and accumulated more than 12-million points.

# 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 13,283 licenses of all classes, an increase of 984 over the previous year. The majority of these were renewal licenses for individuals who had been previously licensed, including 4,032 owners, 686 pari-mutuel, and 4,281 grooms' licenses.

## MISSION

To Ensure Proper Licensing  
and Enhance Customer  
Service to the Public  
and Licensees

## ACHIEVEMENTS

2002 was a watershed year for the Licensing Division. Since the inception of a single statewide unit under the Licensing Manager in 1997, all changes and procedures previously established were tested. For the majority of the year, due to attrition and illnesses, the unit operated at 40% of normal staffing. Reallocation of personnel and workload from fully staffed locations to ones short, or without resources, allowed the work of the unit not only to continue, but to handle an 8.3% increase in statewide licensing activity over the previous year. Owner licensing, up 5%, accounted for the majority of the increase.

Shortages were met by outstanding work and flexibility of existing staff, which had been trained and practiced backing up each other during previous years. The success of the planning and implementation of this statewide unit was most apparent when associations and licensees, made aware of the staff shortages, were surprised and stated that they hadn't noticed. The ability to reassign staff to needed locations, and reallocate workload from busy or short-staffed locations to other sites, was critical in the ability of the Unit to perform its assigned functions.

The existing licensing staff, in several cases new-hires with little experience, performed at a heroic level to meet the needs of the industry and to keep California racing. In addition to issuing licenses, staff also checked racing programs daily to insure proper licensing and insurance coverage was in place prior to racing. They processed all fingerprints required of new licensees and all reciprocity fingerprint affidavits, while maintaining courtesy calling programs to notify trainers of expiring insurance policies.

# 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 applicants 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 2,368 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 1,396 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 50 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 1,292 investigations resulted in administrative action against the licensees and the issuance by the stewards of 1,396 rulings. Of those, 304 concerned riding or driving infractions during races, 95 involved the eligibility of horses entered in races, and 117 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

<b>Enforcement Actions — Fiscal Year 2001-2002</b>	
Investigations:	
Fitness for continued licensing	77
Unlicensed participation	31
Conduct of financial affairs	294
Use of a prohibited drug on entered horse	23
Improper medication practice	217
Possession of contraband	13
General misconduct	144
Intoxication/alcohol or controlled substance	65
Other	428
<b>Total Investigations</b>	<b>1,292</b>
<b>Total Complaints filed:</b>	<b>833</b>
<b>Steward's Rulings</b>	
Racing infractions during a race	304
Misconduct concerning entry or procedure	119
Fitness for continued license	50
Conduct of financial affairs	117
Use of a prohibited drug on entered horse	105
Improper medication practice	15
Possession of contraband	21
Unlicensed participation/security control	33
Intoxication/alcohol or controlled substance	138
Failure to appear	26
Other	468
<b>Total Official Rulings of the Board of Stewards</b>	<b>1,396</b>

# Licensing Summary

<b>Applicant and License Processing — Fiscal Year 2001-2002</b>	
Verification of license qualifications:	
Approval for license	13,283
Formal refusal of license	50
Verification of criminal offender records:	
Fingerprints taken and processed	2,368

## MISSION

### To Process Appeals in a Fair and Timely Manner

## ACHIEVEMENTS

The **ADMINISTRATIVE HEARINGS UNIT** received 41 appeals, coordinated 27 administrative hearings, and processed 28 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** conducts random compliance inspections of operating simulcast facilities in California. These inspections focused on the overall facility operation in addition to compliance with California Horse Racing Board Rules and Regulations. Satellite uplink and downlink equipment was also examined during the course of these inspections.

Including the six major racetracks and nine racing fairs, there are currently 34 simulcast wagering facilities located throughout the state. Four of the 34 are located on Indian reservations, including the Barona Casino, which has been operating in a temporary location pending the reopening of its newly expanded casino in Lakeside.

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.

During FY 2001-2002, the Unit continued to conduct a variety of investigations at simulcast wagering facilities. In April an investigator was assigned to each satellite location. The management of each facility was contacted and given the name and phone numbers of the assigned investigator. Each location submitted a work list of current onsite personnel. Once the lists were received at CHRB headquarters, the lists were forwarded to the appropriate investigator and kept in an active file.

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.

# Appointed CHRB Officials — FY 2001–2002

## STEWARDS

Grant Baker

Pamela Berg

Albert Christiansen

Michael Corley

Ingrid Fermin

Martin Hamilton

John Herbuveaux

Darrel McHargue

William Meyers

Dennis Nevin

Peder Pedersen

David Samuel

George Slender

Peter Tommila

Merlin Volzke

Thomas Ward

John Williams

## ASSOCIATE STEWARDS

Pamela Berg

Michael Corley

Martin Hamilton

Peter Tommila

John Williams

## OFFICIAL VETERINARIANS

Dr. B. William Bell, DVM

Dr. Jennifer Baker, DVM

Dr. Donald Dooley, DVM

Dr. Robert Guillen, DVM

Dr. Robert Goodbary, DVM

Dr. Joan Hurley, DVM

Dr. Diane Isbell, DVM

# 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.*

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

The Board directly appoints the stewards, official veterinarian, and horse identifier for each race meeting, while the other racing officials are nominated by the racing association and subject to the Board's approval.

The Board has the responsibility for payment of Stewards' costs, including the official veterinarians. The Legisla-

ture provides an annual appropriation to meet the costs of direct racing supervision. The allocation for FY 2000-2001 was \$1.8 million for stewards and official veterinarians. Other racing officials were paid by the associations in the manner prescribed by the Board.

## MISSION

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

## ACHIEVEMENTS

Essentially acting as surrogates for the Commissioners of the Board in all matters relating to the race meeting assigned, the **STEWARDS** at all race meetings used their delegated authority to oversee entries, declarations, and the placing of horses for the official order of finish; conducted administrative hearings on matters involving racing infractions and other racing offenses; issued 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.

# Track Safety Program

*The CHRB continued in 2002 its enforcement of the track safety standards program, which is designed to provide the safest environment possible for California's racing participants.*

**R**ules governing the track safety program at all of the state's racing and sanctioned training facilities establish standards for rails on the racetrack, outline the renovation requirements for dirt tracks, address maintenance of dirt race tracks, and outline the criteria that must be met by facilities operating golf courses in the infield.

Since the 1994 implementation of the track safety program, California's racetracks have made improvements to their facilities ranging from new rail installation, resurfacing of turf courses, removal of objects within 10 feet of the rail, and padding of items such as electrical boxes, light standards, finish-line mirrors, and starter stands.

In 2002 each racing association and racing fair filing an application for license to conduct a race meeting was inspected and monitored for compliance with the established safety standards regulations. Prompt action was taken by the racing association to correct any deficiencies noted in the inspections, bringing California's racing facilities into compliance with the safety standards and conditions for their respective racing facilities.

In conjunction with the Board's desire to ensure the safest racing facilities possible, 2002 saw the implementation of the backstretch housing inspection program. In implementing the program, the Board adopted rules establishing standards, which provide the basic condition for habitable

rooms on the backside. As a result, in addition to the inspection of the racetrack for compliance with track safety standards, the backstretch housing quarters for every applicant association submitting an application for licensure was inspected for compliance with the established standards. The industry, in its commitment to safety for its racing participants, extended this same enthusiasm to ensure that habitable backside living conditions were maintained.

Dedicated effort and the development of track safety and backstretch housing standards have ensured that the CHRB and California's racing industry continue to lead the way by providing a safer racing environment for all horse racing participants.

# 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, 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 Kenneth L. Maddy Equine Analytical Laboratory at UC Davis 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 36,456 urine and blood samples in FY 2001-2002 at a cost of \$1,249,266. Associated Pathologists Laboratories of Las Vegas performed human drug-test analyses.

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 are 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. Containers of 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 37,000 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.*

**D**uring February of 2002, the Postmortem Program, which was initiated to protect the health of horses in racing and training, celebrated its 12-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 horseracing 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 gives insight into injury investigations and relays 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 now focusing on fractures to the lateral condyle of the cannon bones and proximal sesamoid bones.

Previous information from the postmortem program indicating that toe-grab height is related to injury of the suspensory apparatus led trainers and racetrack practitioners to participate with Dr. Susan Stover and her as-

sociates of UC Davis in a two-year clinical study at the racetracks on horses that are racing. The data collection phase of the study has been completed. Information gathered on the horseshoes worn by over 10,000 starters is now being analyzed. The findings of this study 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. Currently, an instrumented horseshoe and a computer model of the equine forelimb are being developed to measure and help understand racing and training injuries.

The postmortem program has detailed information on more than 3,130 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 program's partners to continually improve the welfare of racehorses and foster the public's trust in the sport of racing.

# 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 CHRIMS pari-mutuel system was developed in 1989 from a required accounting and managerial need to keep up with the growth of simulcast wagering. The initial goal of the CHRIMS project was to gather daily handle and attendance numbers from 1985 (when simulcasting began). Shortly after the goal was met, the project was then expanded to include all pari-mutuel distributions. This required processing daily conventional and exotic pools by location, association, and type of race.

The total amount retained from the public (takeout) and the total amount payable to the public are balanced back to total track handle. Handle, along with prospective distributions, can be queried and sorted by location groups (e.g. California on-track, California off-track, and out-of-state wagers) and by various date ranges; breeds, and a variety of other options.

Utilizing the software tools that have been developed, the CHRIMS staff loads and balances California pari-mutuel data daily.

The basis system operation of CHRIMS occurs in three phases:

◆ **Data Acquisition.** Each night following the close of wagering, CHRIMS computers in Northern California automatically dial into three totalizator hubs, which together process all California pari-mutuel wagering, including in-state and out-of-state wagering on thoroughbred, quarter-horse,

and standardbred racing. The CHRIMS computers electronically download complete end-of-session reports from the three totalizator computers, a data stream that includes all wagering activity conducted through California pools, down to the level of individual teller transactions.

◆ **Data Processing.** Each morning, CHRIMS personnel supervise the compilation of tote data into usable information units (pool by pool, site by site, handle, takeout, breakage, and payout). This information is then processed using tables prescribing statutory and contractual takeout distribution formulas to produce new information separating pari-mutuel revenue allocations. This processed information is then available electronically to an official auditor for review, and archived and made available throughout the system's network of users.

◆ **Information dissemination.** All wagering and takeout information is locked into the system and opened to the CHRIMS network in the form of queried data-sets, such as reports detailing the complete breakdown of handle by date, site, pool, and type of wagering event. System users may query the data base across a variety of parameters to obtain consistent, reliable information for accounting purposes, statistical analysis, confirmation of

pari-mutuel receipts due, interstate simulcast settlements, and more.

Unlike a spreadsheet, which was the prior industry standard, the data base is relational, which allows the end-user to access information by selecting data ranges, host-track combinations, and a variety of data sorting options.

The data base numbers reflect what has actually taken place in California racing and can be used to project any changes that might affect racing statistics. The system has been structured to provide the data needed by mutuel, racing, and accounting departments within the track, as well as horsemen's associations. This information is uniquely valuable to help determine the probable effects of proposed changes to current law. Upon request, "what-if" scenarios can be run in a testing environment to graph distribution effects by changing distribution percentages that may be affected by proposed law.

In 2002, CHRIMS extended this application to account for handle reporting and the pari-mutuel distributions of Advance Deposit Wagering. This project was a challenge in its first year, but is expected to run much smoother in its second year.

In addition to managing and reporting California pari-mutuel data, CHRIMS built and maintains a secure Wide Area Network connecting all California racetracks and wagering facilities for the purpose of passing totalizator traffic within California, as well as allowing CHRB and track staff access to the CHRIMS data base.

## Sample CHRIMS Report

<b>BREED REPORT</b>						
	<b>App</b>	<b>Arabian</b>	<b>Mules</b>	<b>Quarter</b>	<b>TH</b>	<b>Total</b>
License Fees	25,660.46	22,465.48	40,064.53	16,835.44	5,238,601.70	5,343,627.61
Exotic License	0	0	0	0	0	0
Breakage	0	0	0	0	76,276.20	76,276.20
Minus Break	0	0	0	0	0	0
F and E Fund	12,830.60	11,233.34	20,032.63	8,418.13	283,264.46	335,779.16
License Reduction	-569.47	-194.14	-520.85	-124.04	-126,567.69	-127,976.19
<b>Total License</b>	<b>37,921.59</b>	<b>33,504.68</b>	<b>59,576.31</b>	<b>25,129.53</b>	<b>5,471,574.67</b>	<b>5,627,706.78</b>
Equine Research Lab	1,283.06	1,123.40	2,003.32	841.83	236,933.28	242,184.89
City Tax to State	0	0	0	0	0	0
City/County Tax	4,234.04	3,706.76	6,610.66	2,777.79	781,875.83	799,205.08
<b>Total City Tax</b>	<b>4,234.04</b>	<b>3,706.76</b>	<b>6,610.66</b>	<b>2,777.79</b>	<b>781,875.83</b>	<b>799,205.08</b>
Promotion Fund	5,132.14	4,493.05	8,012.83	3,367.14	657,207.53	678,212.69
Van/Stabling	7,698.20	6,739.75	12,019.41	5,050.67	985,811.62	1,017,319.65
Location Fee	20,126.02	22,791.77	36,374.24	17,457.86	3,495,705.54	3,592,455.43
Expense Fund	32,076.10	28,082.64	50,081.23	21,044.89	4,107,554.35	4,238,839.21
<b>Total Sim Distribs</b>	<b>65,032.46</b>	<b>62,107.21</b>	<b>106,487.71</b>	<b>46,920.56</b>	<b>9,246,279.04</b>	<b>9,526,826.98</b>
Purses	60,267.70	57,989.79	95,071.46	43,703.85	15,349,232.53	15,606,265.33
Exotic Purses	0	0	0	0	636,568.43	636,568.43
Overlap Purses	0	0	0	0	0	0
Breakage	-54,492.38	2,350.90	-73,945.90	2,076.57	621,705.79	497,694.98
Minus Break	0	0	0	0	0	0
SB2000 Purses	0	0	0	0	0	0
<b>Total to Purses</b>	<b>5,775.32</b>	<b>60,340.69</b>	<b>21,125.56</b>	<b>45,780.42</b>	<b>16,607,506.75</b>	<b>16,740,528.74</b>
<b>Owners Premiums</b>	<b>898.13</b>	<b>786.35</b>	<b>1,402.27</b>	<b>589.25</b>	<b>165,852.35</b>	<b>169,528.35</b>
SB2000 Breeders	0	0	0	0	0	0
Breeder/Sires Awards	6,928.40	6,065.66	10,817.44	4,545.64	1,451,919.86	1,480,277.00
<b>Total Breeder/Sires</b>	<b>6,928.40</b>	<b>6,065.66</b>	<b>10,817.44</b>	<b>4,545.64</b>	<b>1,451,919.86</b>	<b>1,480,277.00</b>
Track Commissions	61,164.34	58,773.42	96,471.35	44,291.37	15,887,181.51	16,147,881.99
Exotic Commissions	0	0	0	0	636,568.43	636,568.43
Overlap Track	0	0	0	0	0	0
Breakage	-54,493.70	2,348.29	-73,947.75	2,074.83	244,051.59	120,033.26
Minus Breakage	0	0	0	0	0	0
License Reduction	569.47	194.14	520.85	124.04	126,567.69	127,976.19
<b>Total to Track</b>	<b>7,240.11</b>	<b>61,315.85</b>	<b>23,044.45</b>	<b>46,490.24</b>	<b>16,894,369.22</b>	<b>17,032,459.87</b>
<b>Commingle Guests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,623,085.06</b>	<b>24,623,085.06</b>
<b>Retained from Public</b>	<b>129,313.11</b>	<b>228,950.60</b>	<b>231,067.72</b>	<b>173,075.26</b>	<b>75,479,396.12</b>	<b>76,241,802.81</b>
<b>Payable to Public</b>	<b>1,153,711.09</b>	<b>894,324.53</b>	<b>1,772,155.22</b>	<b>668,700.44</b>	<b>317,814,361.01</b>	<b>322,303,252.29</b>
<b>TOTAL HANDLE</b>	<b>1,283,024.20</b>	<b>1,123,275.13</b>	<b>2,003,222.94</b>	<b>841,775.70</b>	<b>393,293,757.13</b>	<b>398,545,055.10</b>

# Racehorse Fatalities

*A total of 257 fatalities was reported during the period 11/6/01 to 11/5/02.*

Associations	Breed of Horse						Occurred During			
	TB	QH	ST	APP	AR	P	RACE	TRAIN*	OTH*	
<b>Thoroughbred</b>										
Los Angeles Turf Club/SA	29						5	19	5	
Churchill Downs Operating Co./HP	29						12	14	3	
Del Mar Thoroughbred Club/DM	17						4	9	4	
Oak Tree Racing Assn./SA	18						7	8	3	
Churchill Downs Fall Operating Co./HP	11						8	2	1	
Bay Meadows Operating Co./BM	20						8	7	5	
Bay Meadows Operating Co. (Fall)/BM	10						5	4	1	
Pacific Racing Assn./GGF	37						16	17	4	
<b>Harness</b>										
Capitol Racing LLC/CE			5				1	1	3	
<b>Quarter Horse</b>										
Los Alamitos Quarter Horse Racing Assn./LA	18	35		2			33	11	11	
<b>Fairs</b>										
Stockton	3			2			2	3		
Pleasanton	2							1	1	
Vallejo	4						1	3		
Santa Rosa	2						2			
San Mateo	1						1			
Ferndale										
Cal Expo	3	1					3	1		
Pomona	7						3	4		
Fresno	1								1	
<b>Totals</b>	212	36	5	4			111	104	42	
<b>Total Fatalities 257</b>							257	<b>257</b>		

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 517 racing injuries were reported during the period 11/6/01 to 11/5/02.*

Associations	Breed of Horse					
	TB	QH	APP	AR	ST	M
<b>Thoroughbred</b>						
Los Angeles Turf Club/SA	53					
Churchill Downs Operating Co./HP	43					
Del Mar Thoroughbred Club/DM	24					
Oak Tree Racing Assn./SA	24					
Churchill Downs Fall Operating Co./HP	21					
Bay Meadows Operating Co./BM	34					
Bay Meadows Operating Co. (Fall)/BM	*					
Pacific Racing Assn./GGF	86					
<b>Thoroughbred Total</b>	285					
<b>Harness</b>						
Capitol Racing LLC/CE*	*					
<b>Quarter Horse</b>						
Los Alamitos Quarter Horse Racing Assn./LA	52	84	1	2		1
<b>Fairs</b>						
Stockton	2	1	3			
Pleasanton	7		1	1		
Vallejo	10	1	1			
Santa Rosa	14	3	1	1		
San Mateo	*					
Ferndale	2					
Cal Expo	5	2				
Pomona	21	2	1			
Fresno	9	1	2	1		
<b>Fair Total</b>	70	10	9	3		
<b>Total By Breed</b>	407	94	10	5		1
<b>Total Injuries 517</b>						

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

# Horse Racing in California

**R**ussell Baze rode his 8,000th winner in 2002 – joining Laffit Pincay Jr., Bill Shoemaker, and Pat Day as the only jockeys ever to reach that plateau. The records of Baze, Pincay, and Shoemaker say a lot for California horse racing. Baze is one of the most consistent riders anywhere. Each year Baze rides more than 400 winners. We are fortunate to have a jockey of his ability and his strength of character in this state.



Russell Baze pilots the 2-year-old filly Ourwhistlebritches to victory in the 8th race at Bay Meadows on October 26 for his 8000th career win.

## California Horse-Racing Meetings During 2002

<b>Thoroughbred Race Meetings — Central &amp; Southern Zones</b>		
Santa Anita Park		12/26/01 — 4/21/02
Hollywood Park		4/24/02 — 7/23/02
Del Mar		7/24/02 — 9/11/02
Santa Anita Park		10/2/02 — 11/3/02
Hollywood Park		11/6/02 — 12/22/02
<b>Thoroughbred Race Meetings — Northern Zone</b>		
Golden Gate Fields		12/26/01 — 3/31/02
Bay Meadows		4/3/02 — 6/16/02
Bay Meadows		8/30/02 — 11/3/02
Golden Gate Fields		11/6/02 — 12/22/02
<b>Quarter Horse Race Meetings — Statewide</b>		
Los Alamitos		12/28/01 — 12/22/02
<b>Harness Race Meetings — Statewide</b>		
Cal Expo		12/26/01 — 7/27/02
Cal Expo		9/27/02 — 12/21/02

<b>Fair Meetings — Statewide</b>		
Stockton	(San Joaquin Fair)	6/12/02 – 6/23/02
Pleasanton	(Alameda County Fair)	6/26/02 – 7/7/02
Vallejo	(Solano County Fair)	7/10/02 – 7/21/02
Santa Rosa	(Sonoma County Fair)	7/24/02 – 8/5/02
San Mateo	(San Mateo County Fair)	8/7/02 – 8/19/02
Ferndale	(Humboldt County Fair)	8/8/02 – 8/18/02
Sacramento	(California State Fair)	8/21/02 – 9/2/02
Pomona	(Los Angeles County Fair)	9/13/02 – 9/29/02
Fresno	(Fresno District Fair)	10/2/02 – 10/13/02

## 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

#### Modest Gain Turned the Tide on Attendance at Albany Racetrack

### GOLDEN GATE FIELDS

Buoyed perhaps by an increase of 5.8% in average field size, the 101-day Golden Gate Fields race meet showed a marginal .4% gain in on-track attendance, and though attendance at off-track sites declined by 3.2%, for an overall network average daily attendance decrease of 1.9%, this was still the first thoroughbred meet in Northern California that did not experience an on-track attendance decline in over a decade.

The meet also enjoyed a 6.5% gain in average daily handle generated at Northern California and out-of-state wagering sites. Average daily handle dipped by .5% at Northern California sites, but rose by 13.8% at out-of-state locations. In addition to bets placed at traditional wagering sites, Northern California fans bet \$4.26 million on thoroughbred races through account wagering systems.

The star of the season was the 7-year-old gelding Mellow Fellow, who won all four of his starts at the meeting, including the Danville and Montclair Handicaps. Members of the media that cover Bay Area racing voted Mellow Fellow Horse of the Meeting, Best Older Horse, and Best Sprinter.



The Golden Gate Derby featured an outstanding duel between Danthebluegrassman and Cappuchino as the two horses battled on the front end from start to finish in the 1 1/16-mile race. Danthebluegrassman put his nose in front at the wire to get the win.

Jerry Hollendorfer earned his 22nd consecutive Golden Gate Fields training title by saddling 84 winners. Russell Baze recorded 159 victories to run away with his 24th career riding crown at Golden Gate Fields. Kevin Krigger, despite missing 25 days due to riding suspensions, won 54 races to finish as the leading apprentice rider.

Mellow Fellow and Russell Baze win the Montclair Handicap.

## HIGHLIGHT

### Racing Handle Increased Despite Popularity of S.F. Giants in World Series

## BAY MEADOWS

Even though the surprising pennant drive and seven-game participation in the World Series by the San Francisco Giants had a significant impact on horse-racing attendance and handle in Northern California, average daily handle, including bets placed through Advance Deposit Wagering systems, increased by 6.4% during the 105-day Bay Meadows spring/fall meet.

On track, daily average handle declined by 5.3%, while off-track wagers placed in Northern California increased by 9.2%. Overall, average Northern California wagering increased by 3.8%. Average daily out-of-state handle increased by 10.1%. Average daily on-track attendance fell by 4.7%, while off-track sites experienced a 2.9% decrease, for an overall decline of 3.7% in the Northern California network.

Russell Baze became only the fourth jockey in thoroughbred racing history to win 8,000 races when he guided the 2-year-old filly Ourwhistlebritches to victory in the eighth race at Bay Meadows on Oct. 26. Baze led his colleagues at both the spring (99 victories) and fall (109 wins) meetings to earn Bay Meadows riding titles Nos. 27 and 28. Jerry Hollendorfer extended his streak of consecutive training championships at Bay Meadows to 25 when he took the title at the spring meeting with 54 wins and the fall meeting crown with 48 victories.

One of the best races of the year was the Bay Meadows Breeders' Cup Sprint, which was won by Mellow Fellow. This proved to be a "key race" on the national level as runner-up Explicit won the True North Breeders' Cup in his next start and third-place finisher Swept Overboard captured the Metropolitan Mile Handicap in his next race. In other impressive efforts, British-bred turf specialist Suances looked sensational going wire-to-wire in the San Francisco Breeders' Cup Mile and A B Noodle won three races on the Longden Turf Course, including the Bay Meadows Oaks and the Carmel Handicap.

David Copperfield (#4), ridden by Jason Lumpkins, defeats Little Ghazi (#2) and Ninebanks in the Bay Meadows Breeders' Cup.



## HIGHLIGHT

### Record Handle Exceeded \$11.1 Million Daily, Attendance on Rise

## HOLLYWOOD PARK

Hollywood Park finished its spring/summer meet with a 9.4% increase in on-track attendance and record averages for combined common pool handle (\$10,599,015) and all sources handle (\$11,136,784). The combined handle average — up 4.5% from 2001 — broke the previous mark of \$10,384,708, which was established in 1999. Handle from all sources (common pool and separate pool) was up 4.1% from 2001 and up .04% from the previous record average of \$11,057,234 established in 1999.

On-track attendance totaled 593,441 for the 65-day meeting, an average of 9,130, compared to 8,345 in 2001. On-track handle fell by 4.1% to an average of \$1.9 million, but it was offset by gains through account wagering. The \$352,865 account wagering average dwarfed the \$83,510 decrease in the on-track average. “Account wagering exceeded our projections,” track president Rick Baedeker said. “It gradually increased throughout the meeting.”

Purses averaged a record \$418,769 as Hollywood Park’s stakes program produced very strong numbers on Hollywood Gold Cup Day (\$17.8 million), Memorial Day (\$17.5 million) and the inaugural American Oaks Day (\$16.9 million). The Oaks drew a field of 13 top-flight 3-year-old fillies from across the nation and Europe, signifying a bright future for the turf race. “If you were here for the inaugural Oaks this year, you will definitely be back next year,” Baedeker said. “The Oaks will grow year by year until it becomes a major event on the world calendar.”

### Pincay Set More and More Records as He Passed Shoemaker and McCarron in Stakes Races

The 63<sup>rd</sup> running of the Gold Cup won’t soon be forgotten. Gritty roan Sky Jack, ridden by Laffit Pincay Jr., became the 14<sup>th</sup> California-bred winner, out-dueling Momentum and jockey Garrett Gomez through a stirring stretch drive to win by a nose. Pincay, 55, surpassed Bill Shoemaker as the leading Gold Cup jockey with his ninth victory in the Grade I event and his second consecutive. In addition, he surpassed recently retired Chris McCarron as Hollywood Park’s all-time stakes leader with 286 added-money wins.

McCarron provided some drama of his own, announcing his retirement June 15, then capping his brilliant 28-year, Hall of Fame career with a victory aboard Came

Home in the Affirmed Handicap on June 23.

Patrick Valenzuela, meanwhile, indicated his comeback is for real by winning his first Hollywood Park title since the 1991 Autumn Meet. Bobby Frankel won his 13<sup>th</sup> Hollywood Park training title.



Trainer Doug O'Neill (left) leads Sky Jack and Laffit Pincay Jr. into the winner's circle after victory in the Hollywood Gold Cup.

## Rain Opening Weekend Dampened Figures at Autumn Meet

Hollywood Park's 35-day autumn meet took a huge hit opening weekend as heavy rain resulted in a sharp decline in business. The brunt of the damage was done opening Friday night, usually a highlight of the fall campaign. Heavy rain resulted in 18 program scratches and a mere \$779,326 in on-track handle, a 52% decrease from 2001. Things did not improve much Saturday as wet weather reduced on-track play to \$1.4 million, a 33% decrease from the previous year.

Business rebounded following the disastrous start, but not enough to make up the deficit despite excellent racing during the 11th annual Turf Festival on Thanksgiving weekend. Going into December, overall handle was within 1.5% of the 2001 daily average of \$9.3 million.

The Turf Festival, inaugurated in 1991, once again proved to be one of the more successful events on the Southern California calendar, drawing superior turf horses from across the nation and from Europe. Dress To Thrill, a 3-year-old Irish filly trained by Dermot Weld and owned by Moyglare Stud Farm, upset Golden Apples and Banks Hill in winning the \$500,000 Matriarch under Irish jockey Patrick Smullen. The Thoroughbred Corp.'s Johar closed strongly in the stretch under Alex Solis to win the \$500,000 Hollywood Derby, giving Hall of Fame trainer Richard Mandella his first win in the Grade I event.

Laffit Pincay Jr., on top of his game approaching his 56th birthday, once again joined the leaders in the jockey standings, along with Alex Solis and Victor Espinoza. Pincay, who reached the 200-win plateau for the third consecutive year in early December, provided one of the major surprises of the meeting by guiding Sligo Bay to victory in the Grade I Hollywood Turf Cup.



Dress to Thrill and Patrick Smullen blow by Golden Apples and Patrick Valenzuela to win the Matriarch Stakes.

## HIGHLIGHT

### Del Mar Surged to Another Record Handle, Boosted by New Account Wagering System

## DEL MAR

Del Mar's seven-week meet recorded total pari-mutuel handle of \$531,563,512, for a best-ever daily average of \$12,361,942, which was up 2.5% from the previous summer's record numbers of \$518,382,824 and \$12,055,415. The track also had its first go-round with Advance Deposit Wagering and the final figures were beyond expectations as \$27,577,285 was bet through Internet and telephone methods for a daily average of \$639,937.

Attendance dropped 2.1% due to a dip at off-track sites where 556,471 patrons participated in simulcast wagering on Del Mar races compared with 585,506 in 2001. However, attendance on-track at Del Mar rose slightly to 667,280 (from 664,594 in 2001) for a daily average of 15,518.

Over the 43 racing days and 370 races, Del Mar distributed a record \$22,298,054 in purses, including \$600,000 to the connections of Came Home, who won Del Mar's richest and most prestigious event – the \$1-million Pacific Classic. In other racing highlights, the crack sprinter Disturbingthepeace took both the Bing Crosby and Pat O'Brien Stakes for a rare double. Trainer Laura de Seroux brought out two sensational fillies for stakes triumphs with Azeri in the Clement L. Hirsch Handicap and Dublino in the Del Mar Oaks.

Trainer Bob Baffert once again was the season's champion trainer – his sixth straight title – with 30 firsts and a 22% win rate. The white-haired conditioner scored 16 of his 30 victories with maidens, including a dozen 2-year-olds. One of his juvenile winners, Icecoldbeeratreds, took honors in the Del Mar Futurity, giving Baffert his seventh straight trip to the winner's circle in the track's 2-year-old championship test. The session's top rider was comebacking Patrick Valenzuela, who registered with 46 winners to earn his first shore title in 11 years.

During the course of 2002, the Del Mar Thoroughbred Club welcomed a new chairman of the board in the person of long-time director Robert Strauss, and also added a new director in Betty Mabee. The track also replaced two of its aging backstretch barns with new, prefabricated structures and became the first California

track to install an all-digital, photo-finish camera that projected high-definition television images.



Came Home and Mike Smith flash by the wire in the Pacific Classic.

## HIGHLIGHT

### Los Alamitos Offered Richest California Race with \$1.3 Million Purse in Los Al Futurity

## LOS ALAMITOS

Los Alamitos Race Course hosted the richest race in California for any breed when 2-year-old quarter horses competed in the \$1,313,700 Los Alamitos Million Futurity — one of many rich races run during the record 203 racing programs offered from December 28, 2001, through December 22, 2002, as the racetrack showcased quarter-horse and mixed-breed racing on a year-round basis.

Despite quality racing, handle dipped across the board in 2002. The single-night average handle of \$1.15 million represented a 10% drop from 2001. The on-track handle of \$249,871 dropped 17%, while in-state satellite handle decreased 8%. On-track attendance at the Orange County track was down 6%.

First Place Queen outdueled 3-5 favorite Meteoric to win the Los Alamitos Million Futurity by a half-length. For the first time in the history of Los Alamitos, horsemen were able to choose their horse's post position in the Los Alamitos Million. Owners Micah Leslie and Newcomb Cattle Company selected post 2 for First Place Queen's starting spot. The filly used that inside post to good advantage as she officially led at every point of call.

The Million was one of many races featuring lucrative purses at the Cypress oval. Los Alamitos hosted the \$500,000 Champion of Champions, the richest event for older quarter horses in the world. Whosleavingwho broke with the leaders before pulling away to an impressive win in the Champion of Champions.

The track also offered the \$200,000 Marathon National, the richest race ever for the breed at 870 yards. Other major events included the world's richest races for Arabians and Paint Horses, with both events offering purses of more than

\$100,000. In addition, track officials announced plans for the Los Alamitos "Super" Derby to debut in 2004. The Los Alamitos "Super" Derby will feature a \$500,000 guaranteed purse.



Morning Snow, ridden by Sam Thompson, romps in the Ed Burke Futurity.

## HIGHLIGHT

### Great Weather. Pick 6, Introduction of ADW Sparked Handle Increases Across the Board

## SANTA ANITA PARK

Santa Anita Park concluded its 65th season with increases in all handle categories — total handle, on-track handle, out-of-state handle, Southern California off-track handle and account wagering. Santa Anita's total handle (all sources) was \$1,020,645,057, the third time in the past five years the total handle (all sources) exceeded \$1 billion. Total handle was up more than \$99.2 million over last year, in part because of excellent weather in 2002. Santa Anita's track was listed as "fast" for 82 of the meet's 85 days.

"It was a very successful meeting for us," said Jack Liebau, president and chief executive officer of the Los Angeles Turf Club. "We enjoyed excellent weather and great racing, and also benefited from a record of 25 Pick 6 carryovers, which positively impacted our handle numbers." Liebau added that the handle was also influenced by the introduction of XpressBet, Magna Entertainment Corp.'s Advance Deposit Wagering (ADW) system, which generated more than \$10 million in wagering on Santa Anita races. XpressBet was launched on Jan. 25, 2002, and was operational for 63 of Santa Anita's 85 race days.

Average daily total handle, which included money wagered on Santa Anita by XpressBet patrons, improved to \$12,050,726, an 8.6% increase from last year. Average daily on-track handle was \$2,502,105, an increase of 2.2% over last year. Southern California off-track average daily handle was \$3,509,044, up 4.8%, while average daily out-of-state handle was \$5,024,307, an increase of 12.5%. Average daily on-track attendance was 9,930, a decline of 5.3% from last year.

Came Home, winner of three stakes races at the meet including the Santa Anita Derby, was named Horse of the Meet in the annual media poll. Alex Solis won the riding title, his 18th overall, with 76 victories to runner-up Kent Desormeaux's 70.

Bob Baffert captured his fifth consecutive Santa Anita training title with 43 wins, while Hall of Fame trainer Bobby Frankel won 13 stakes races, including the \$1 million Santa Anita Handicap with Stronach Stables' Milwaukee Brew.



Chris McCarron guides Came Home (rail) to victory in the Santa Anita Derby.

## HIGHLIGHT

### Once Again, the Best Road to the Breeders' Cup Went Through Oak Tree at Santa Anita

## OAK TREE

The Oak Tree meeting at Santa Anita continued its storied tradition of showcasing thoroughbred champions in 2002. Case in point: the fantastic filly Azeri used a decisive victory in the Lady's Secret Breeders' Cup Handicap on October 2 as a steppingstone to a convincing triumph in the Breeders' Cup Distaff, putting the daughter of Jade Hunter in the forefront for Horse of the Year honors.

Azeri, trained by Laura DeSeroux for the Allen Paulson Living Trust, has 10 wins and a second in 11 starts. She was voted Horse of the Meet in the annual Oak Tree media poll.

Oak Tree's combined average daily handle for the 26-day meet was \$10,647,918, an increase of 5.3% from 2001's total of \$10,111,519 over a 32-day meeting. Daily average on-track handle of \$2,249,238 was down 4.2% from 2001, while average daily on-track attendance was 10,135, a decrease of 3.8% from last year. With six fewer racing days than in 2001, combined total handle was \$276,845,846, down 14.4%, while combined total attendance of 528,469 decreased by 23.2%.

All-time leading jockey Laffit Pincay Jr., at age 55, captured his third straight Oak Tree riding title with 27 wins, edging Patrick Valenzuela (26) and David Flores (25) in a race that went down to the final day of the meet. It was Pincay's sixth Oak Tree title overall and his 43rd career championship. Arcadia native Jack Carava won 14 races to earn his first Oak Tree training crown.



Azeri, ridden by Mike Smith, helped establish her credentials for Horse of the Year with an easy win in the Lady's Secret Breeders' Cup Handicap during the Oak Tree meet.

## HIGHLIGHT

### 10-Month Calendar of Racing at Cal Expo Successful in 2nd Season

## HARNESS RACING

For the second straight year, harness racing in California had a 10-month schedule at Cal Expo's one-mile oval. For the first year, however, total wagering surpassed the \$150 million mark as \$168,459,411 was wagered from the fall of 2001 through July of 2002 – a gain of almost 16% over the same period the year before. Purses generated for horsemen increased by 18% from the previous year to \$8,212,994.

Gains also were evidenced in race nights (184 nights – a gain of 41 nights from the previous year), total races conducted (up to 12.48 races per night), and total starters (95.78 horses per program, 7.68 horses per race).

Capitol Racing LLC conducted two race meets beginning with a 50-night fall/winter meet followed by a 134-night spring/summer meet. At the fall/winter meet, total handle increased more than 75% to \$45,623,242, with other significant gains in on-track handle (up 86% to \$3,930,881); off-track, in-state handle (up 72% to \$30,578,063); and off-track, out-of-state handle (up 81% to \$11,114,298). But despite these gains, the average nightly handle still dropped 1.66%, the result of adding proportionally more week nights as opposed to weekend nights to the meet's schedule. On the plus side, horsemen's purses were up almost 75% for the meet.

At the spring/summer meet, 19 more nights of racing resulted in greater total handle (\$122,836,169) at all simulcast venues, but total on-track handle declined slightly to \$10,174,466, down 3.17%. Most importantly for horsemen, their purses were up 3.84%.

The honor of Horse of the Year in California harness racing went to Insolent, a 4-year-old pacing mare who tallied 17 wins in 33 starts. The long racing season produced an arduous and contentious race for the leading driver and trainer of the year. Driver Ed Hensley captured the driver championship, while Rick Plano corralled the title of leading trainer.



J.P. Reddam's Pulse (inside), driven by Luke Plano, narrowly defeats Nukem Blue Team in the Bill Conlin Memorial Pace at Cal Expo.

## HIGHLIGHT

### The Fair Circuit Serves Local Communities and Boosts the State Economy

## THE CALIFORNIA FAIRS

The California fair circuit strives to offer horse racing to communities throughout the state and to serve as a champion for its contributions to the state's agribusiness economy. The desire to present the industry to today's customers and the customers of tomorrow, and to provide for the maximum expansion of horse-racing opportunities on behalf of the state, continues foremost in the fair's efforts.

In 2002, besides the customary purse, every thoroughbred owner was paid a "performance purse" of \$110, while the owners of mixed breeds received \$85 through the paymaster account for each start. This popular and innovative idea to pay a purse to all horses that enter and start in a race at each fair continues to be successful. The fairs also continue to award horse owners by paying a purse through the eighth-place finisher in each race.

## HIGHLIGHT

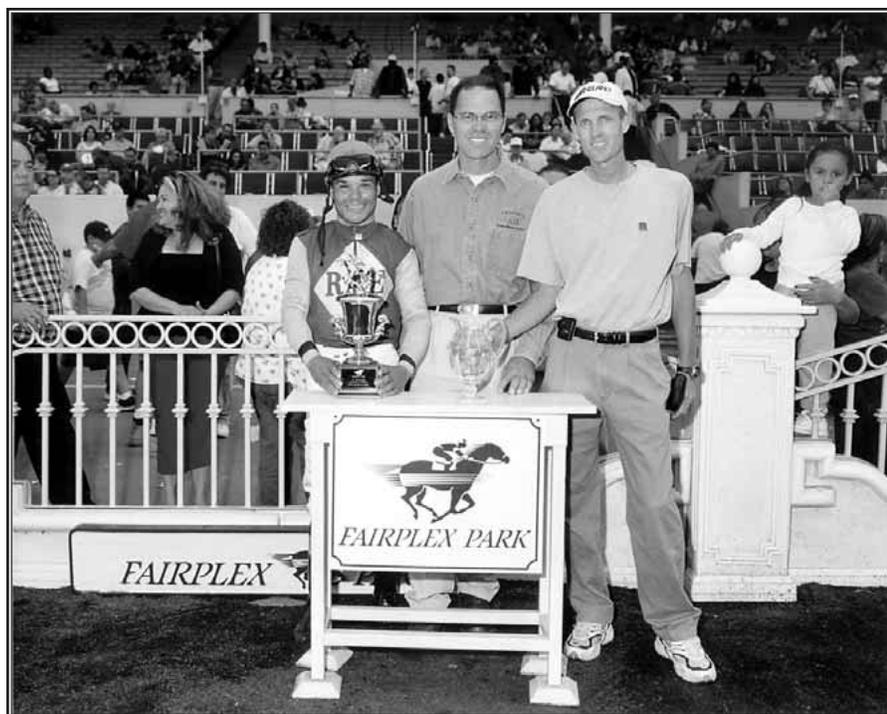
### After Slow Start, Fairplex Rallied Strongly to Post Acceptable Figures

## FAIRPLEX PARK

The Fairplex Park rebounded resolutely after a sluggish start to the 2002 racing season, rallying strongly through the stretch in what racing manager George Bradvica aptly termed "a Silky Sullivan finish."

The 64<sup>th</sup> year of racing at the Los Angeles County Fair began inauspiciously, with total handle down 20% early in the 17-day meet. But the deficit diminished as the meet went on, and like the legendary stretch runner of five decades ago, Silky Sullivan, the popular track closed with a flourish to finish with only slight decreases in total handle and overall attendance.

On-track wagering for the season totaled \$11,238,389, a decrease of less than 10% from the previous year, while in-state simulcast wagering finished nearly even with 2001 and out-of-state handle dropped 3.5%. Altogether, total handle of \$98,460,184 was down 5.5%. On-track attendance figures for the season totaled 118,199, a decline of 6% from 2001.



"Our meet ended in storybook fashion," said Fairplex CEO James Henwood. "We did what we've traditionally done, taken our track and made magic with it. We look forward to our 2003 race meet in conjunction with the Los Angeles County Fair."

Saluting the leaders of the 2002 Fairplex season during a special presentation in the winner's circle, Racing Manager George Bradvica (center) awarded trophies to leading jockey Martin Pedroza and to Dennis O'Neill, brother and assistant to leading trainer Doug O'Neill.

## HIGHLIGHT

### Stockton Remained Strong in 2002

## STOCKTON

Wagering on races at the Stockton meet ended with a total handle of \$14,945,022. And though the \$1,494,502 daily average handle was down 3% from the \$1,542,473 figure the previous year, all aspects went well, according to Forrest White, CEO and Director of Racing for the San Joaquin Fair. He said the off-track wagering handle decrease of 2% was offset by the addition of Advance Deposit Wagering, which was not computed in the total handle reports. The total on-track attendance of 44,849 paralleled the previous year's significant increase.

## HIGHLIGHT

### Fair Worked Hard to Overcome Outside Hindrances to Meet

## PLEASANTON

The Alameda County Fair in Pleasanton, home of the "*Oldest One-Mile Race Track in America*," experienced another successful 11-day meet in 2002 despite adverse circumstances. Total handle of \$32,661,026 (not including Advance Deposit Wagering) was the third highest in history for the fair, but down 5% from the prior year. This was partly because 7% fewer horses ran during the meet from the previous year, many due to the workers' compensation insurance crisis. Pleasanton increased its starter fee in order to temporarily help horsemen with rising insurance costs. Also, given the severe economic downturn in the Pleasanton community (Pleasanton is located at the north end of Silicon Valley), fair officials were pleased that the slight decrease in handle was not greater.

## HIGHLIGHT

### Fair Officials Looking Forward to 4 Out of 5 Growth Years After Slight Downturn in 2002

## VALLEJO

The Solano County Fair race meet continued to feature competitive racing with average fields of nearly eight horses. Despite losing a day of racing and operating on a Monday without the support of Southern California simulcast racing and wagering, average daily handle of \$2,673,365 was down only slightly (about 2%) from the previous year and followed the trend of other race meets in 2002. Out-of-state wagering on racing from the fair and wagering on imported races inched upward on a day-to-day basis when compared to the previous year, while in-state numbers trended downward off the record pace of 2001. After three consecutive years of growth, a downturn was to be expected, and fair officials are looking forward to the 54th Solano County Fair race meeting in 2003.

## HIGHLIGHT

### Santa Rosa Festival Remained Popular in Face of Modest Declines

## SANTA ROSA

The Sonoma County Fair race meet generated total all-source handle of \$36,751,333 for an average daily handle of \$3,062,611 during its 12-day meet compared with 2001 figures of \$37,412,511 and \$3,117,709, marking a decrease of less than 2%. The fair in Santa Rosa is the home of "Wine Country Racing," and horse racing always is popular. Total attendance at the races was 63,961, reflecting a strong base of racing fans. The fair itself featured one of the largest and most spectacular themed flower shows in the country.

## HIGHLIGHT

### Exciting 2002 Jockey Race Helped San Mateo Finish Close to Even with Excellent 2001 Figures

## SAN MATEO

The San Mateo Fair race meet, which operates each year at Bay Meadows racecourse, closed its 12-day 2002 meet with a 3.5% drop in average all-source handle from 2001, following the slightly downward trend of other fair race meets. The decrease in handle was due in part to a shortage of ready-to-run horses that was attributable to the spread of an equine virus, as well as concerns relating to cost increases in workers' compensation insurance. On a positive note, the fair experienced a .6% increase in daily average handle generated in Northern California (including wagers placed via account wagering systems). On-track wagering was down 7.8%, while handle generated at out-of-state sites fell by 13.2%. Average daily all-source handle (excluding wagers placed in Southern California) was \$2,662,070.

The meet featured an exciting jockeys' race, with apprentice Francisco Duran (16 wins) edging Russell Baze and Jason Lumpkins by one win for the riding championship. Fans also saw some top horses compete at the fair, including Ninebanks, who won the San Matean Handicap, and A B Noodle, who took the Lady Morvich Handicap.

## HIGHLIGHT

### Fresno Makes More (Average Daily Handle and Attendance) with Less (Only 10 Racing Days)

## FRESNO

The Big Fresno Fair again hosted one of the most entertaining and highly attended live horse-racing meets at the California fairs. The Fair had an opportunity to host a key legislative sub-committee meeting on fair overlap. (Fresno races overlapped with Bay Meadows.) Despite a decrease in the number of racing days (down to 10), the handle was on a par with the previous year's 11-day meet. Total handle dropped to \$6,235,789 from \$6,530,750 in 2001, but average daily handle jumped 5% to \$623,579. Similarly, total attendance declined by 10% with the reduced racing schedule, but average daily attendance on track was up more than 4% at 6,714.

"In a time of challenges for live horse racing, the meet was a great success again," said CEO Scott Anderson. "The personnel responsible for fair racing did an exemplary job."

## HIGHLIGHT

### Fair Annually Attracts Visitors Who Enjoy Watching Horse Racing in Charming Atmosphere

## FERNDALE

The Humboldt County Fair, located in the timber and dairy contry of California's far north coast, annually takes visitors a step back in time. One of the most popular attractions at the quaint fair is horse racing. The 106th race meet in Ferndale ended with a 1.8% increase in all-source live handle. Wagering was down 3% at off-track facilities throughout Northern California, while on-track handle was down less than 1% from 2001. Average field size increased by 5% from 2001, continuing a trend from the previous year.

## HIGHLIGHT

### Menacing Dennis Spiced Racing Scene as Figures Dipped Slightly from Record 2001 Totals

## SACRAMENTO

The California Exposition & State Fair, located just minutes from the State Capitol, enjoyed a successful run from August 16 through September 2 as more than 1 million guests were entertained. The 2002 racing season, coming off record totals in attendance and handle in 2001, experienced a decrease in handle. A total of \$17,093,787 was wagered in the Northern California network, which was a decrease of 3% from 2001. On-track handle decreased 9% for the meet. The decrease in handle was partly attributed to smaller thoroughbred fields for the live and imported programs (from 8 in 2001 down to 7.5 in 2002).

More than \$1.1 million was wagered through Advance Deposit Wagering outlets on the State Fair racing product. The racing highlight of the meet was the appearance of Preakness starter Menacing Dennis, who smoked a field of fellow Cal-breds in the Earlene McCabe Derby.



Fans enjoy another day of horse racing at the State Fair.

## Simulcast Facilities by Location

### **Stockton, 2nd District Agricultural Association**

The San Joaquin 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 2001-2002 was \$36,017,117 wagered by 191,062 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 2001-2002 was \$16,194,164 wagered by 60,308 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 2001-2002 was \$2,118,367 wagered by 6,651 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 2001-2002 was \$11,439,817 wagered by 61,409 patrons.

### **Santa Barbara, 19th District Agricultural Association**

The Earl Warren Showgrounds facility is located in Santa Barbara at 3400 Callareal St. The simulcast wagering facility opened March 3, 1987. The pari-mutuel handle and attendance in FY 2001-2002 was \$12,209,471 wagered by 36,776 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 2001-2002 was \$17,418,241 wagered by 138,596 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 2001-2002 was \$4,394,242 wagered by 7,830 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 2001-2002 was \$199,558,817 wagered by 1,005,200 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 2001-2002 was \$5,322,096 wagered by 30,516 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 2001-2002 was \$3,235,723 wagered by 13,857 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 2001-2002 was \$14,337,986 wagered by 80,441 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 2001-2002 was \$47,531,552 wagered by 154,090 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 2001-2002 was \$9,767,731 wagered by 35,880 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 2001-2002 was \$18,426,508 wagered by 93,847 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 2001-2002 was \$49,501,570 wagered by 244,050 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 2001-2002 was \$69,828,729 wagered by 325,513 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 2001-2002 was \$30,462,909 wagered by 178,363 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 2001-2002 was \$31,255,475 wagered by 139,872 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 2001-2002 was \$77,318,736 wagered by 260,593 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 2001-2002 was \$193,686,106 wagered by 700,944 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 2001-2002 was \$10,535,082 wagered by 41,292 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 2001-2002 was \$85,274,993 wagered by 358,952 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 2001-2002 was \$408,598,358 wagered by 1,743,378 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 2001-2002 was \$58,234,596 wagered by 229,483 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 2001-2002 was \$152,729,825 wagered by 554,604 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 2001-2002 was \$453,902,919 wagered by 1,722,763 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 2001-2002 was \$291,038,339 wagered by 1,054,480 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 2001-2002 was \$14,607,222 wagered by 57,097 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 2001-2002 was \$28,410,404 wagered by 136,995 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 2001-2002 was \$15,955,761 wagered by 64,584 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 2001-2002 was \$10,541,383 wagered by 46,410 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 2001-2002 was \$27,201,832 wagered by 125,612 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 \$4.1 billion for the 2001-2002 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 \$43.6 million from all pari-mutuel sources for the 2001-2002 fiscal year.*

**L**icense 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 2001-2002, the state received \$1.2 million in breakage, with the tracks receiving \$3.8 million and purses \$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 2001-2002 racing year totaled \$2,054,753.

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)

2001-2002	TB	QH	HH	Fairs
Los Angeles Turf Club	\$402,730			
Churchill Downs California Spring Oper. Co.	272,935			
Del Mar Thoroughbred Club	313,870			
Oak Tree Racing Assn.	155,186			
Bay Meadows Racing Assn.	131,984			
Pacific Racing Assn.	123,563			
Churchill Downs California Fall Oper. Co.	<u>109,548</u>			
Thoroughbred Total	\$1,509,816			
Los Alamitos Quarter Horse Racing Assn.		\$78,000		
Quarter Horse Total		\$78,000		
Capitol Harness Racing Assn.			\$140,870	
Harness Total			\$140,870	
Los Angeles County Fair				\$88,836
CARF				<u>237,231</u>
Fairs Total				\$326,067
Total to State from unclaimed pari-mutuel tickets				\$2,054,753

## Occupational Licenses and Fees

July 1, 2001 through June 30, 2002

Type of License	Fee	Issued	Total
Multiple Ownership	300	8	2,400
Horse Owner-Open Claim	250	21	5,250
Officer/Director/Partner	200	19	3,800
Horse Owner	150	4,032	604,800
<hr/>			
Trainer, Assistant Trainer	150	403	60,450
Harness Horse Driver	150	52	7,800
Jockey/Apprentice Jockey	150	136	20,400
Jockey Agent	150	24	3,600
<hr/>			
Racing Official/Manager of Association	150	135	20,250
Bloodstock Agent	150	11	1,650
Veterinarian	150	35	5,250
Association Employee	75	262	19,650
Valet/Custodian/Attendant	75	7	525
<hr/>			
Pari-mutuel Employee/Tote	75	686	51,450
Horseshoer	75	52	3,900
Exercise Rider/Pony Rider	75	426	31,950
Misc. Employee/Stable Agent Vendor	75	413	30,975
Security Guard	75	219	16,425
Stable Foreman	75	73	5,475
<hr/>			
Authorized Agent	25	855	21,375
Replacement License	15	859	12,885
Annual Groom/Stable Employee (Original)	35	949	33,215
Annual Groom/Stable Employee (Renewal)	20	<u>3,332</u>	<u>66,640</u>
Gross Fees		13,283	1,112,315
Less allowance for Franchise Tax Board			-61
Total fees generated to General Fund			\$1,112,254

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

## Fines Imposed in 2001 -2002

### Thoroughbred Meetings — Central & Southern Zones

Location	Rulings	Imposed	Inclusive Dates
Del Mar	62	\$18,335	7/18/01 — 9/5/01
Santa Anita	58	6,095	9/26/01 — 11/5/01
Hollywood Park	42	12,070	11/7/01 — 12/17/01
Santa Anita	190	20,630	12/26/01 — 4/21/02
Hollywood Park	58	17,475	4/24/02 — 7/21/02

### Thoroughbred Meetings — Northern Zone

Bay Meadows	26	\$6,975	8/31/01 — 11/5/01
Golden Gate	48	7,886	11/7/01 — 3/31/02
Bay Meadows	35	5,375	4/3/02 — 6/16/02

### Quarter-Horse Meetings — Statewide

Los Alamitos	81	\$17,650	7/1/01 — 12/16/01*
Los Alamitos	84	15,000	12/28/01 — 6/30/02*

### Harness Meetings — Statewide

Cal Expo	73	\$9,800	9/28/01 — 2/24/02
Cal Expo	90	16,050	3/1/02 — 7/27/02

### Fair Meetings — Statewide

Pleasanton	4	\$800	6/27/01 — 7/8/01
Vallejo	3	700	7/11/01 — 7/23/01
Santa Rosa	4	800	7/25/01 — 8/6/01
San Mateo	6	2,000	8/8/01 — 8/20/01
Ferndale	0	0	8/9/01 — 8/19/01
Sacramento	7	1,200	8/22/01 — 9/3/01
Pomona	13	2,875	9/7/01 — 9/24/01
Fresno	8	3,800	10/3/01 — 10/14/01
Stockton	3	300	6/12/02 — 6/23/02

\* Although the Los Alamitos meet ran from 1/5/01 through 12/16/01, and the 2002 meet runs from 12/28/01 through 12/22/02, this chart contains data only from 7/1/01 through 6/30/02.

## 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, 2001 through June 30, 2002

	Detail	Total
<b>Revenue To Fair &amp; Expo</b>		
Pari-mutuel License Fees, Fund 0191:		
0.63% — total handle	\$13,340,239	
1.00% — fair handle	1,684,329	
Escheat of unclaimed warrant	91	
Section 19620-A	265,000	
Section 19620-B	12,432,000	
Total 0191 Fund		\$27,721,659
Simulcast Wagering Fees, Fund 0192:		
Simulcast Wagering	\$11,229,930	
Other regulatory, licenses, and permits — purses	1,429,405	
Total 0192 Fund		12,659,335
<b>Revenue To General Fund</b>		
Horse racing licenses	\$1,610,708	
Breakage	68,553	
Fines & Penalties	166,115	
Unclaimed Pari-mutuel Tickets	326,067	
Unclaimed Pari-mutuel Tickets (Racetrack Security Fund)	1,465,686	
Occupational Licenses	1,112,254	
Miscellaneous Income	12,082	
Total General Fund		4,761,465
<b>Wildlife Restoration</b>		
Horse racing licenses		750,000
Racetrack Security		263,000
CA Veterinary Diagnostic Laboratory		2,399,074
<b>Total Revenue</b>		<b>\$48,554,533</b>

## 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 2001-2002 racing year, there were 2,973 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 FY 2001-2002 racing year, the total amount paid for claiming of horses was \$44,657,875, resulting in sales tax revenues of \$3,622,188.

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 2001-2002 racing year, \$7,900,632 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 2001-2002 totaled \$168,944,711.

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.

## 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 2001-2002 totaled \$165,106,798. In addition, \$15,557,818 was paid out as California-Bred incentives.

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

The actual purses to be paid for any one race, or for the day’s races, initially are determined by the racing secretary’s projections of handle, then must be revised during the course of the race meeting based on actual handle. The racing association must also conclude an agreement with the respective horsemen’s organization representing the horsemen at each meeting in order to establish the percentage of the total purses that may be used for stakes races.

## Statistics For Horses Claimed

July 1, 2001 to June 30, 2002

Track Location	Horses Claimed	Amount Paid	Sales Tax
<b>Thoroughbred Meetings — Northern</b>			
Golden Gate	384	\$4,655,950	\$384,116
Bay Meadows	317	4,004,950	330,408
<b>Thoroughbred Meetings-Central-Southern</b>			
Del Mar	240	6,335,500	475,163
Oak Tree	60	3,096,000	255,420
Hollywood Park	249	6,556,500	540,911
Hollywood (fall)	88	2,009,500	160,760
Santa Anita	465	10,557,000	870,953
<b>Sub-total Thoroughbreds</b>	<b>1,803</b>	<b>\$37,215,400</b>	<b>\$3,017,731</b>
<b>Harness Meetings-Statewide</b>			
Cal Expo	108	879,650	68,173
Cal Expo (fall)	101	758,075	57,850
<b>Sub-total Harness</b>	<b>209</b>	<b>\$1,637,725</b>	<b>\$126,023</b>
<b>Quarter-Horse Meetings-Statewide</b>			
Los Alamitos	711	\$3,698,050	\$314,334
<b>Sub-total QH</b>	<b>711</b>	<b>\$3,698,050</b>	<b>\$314,334</b>
<b>Fair and Mixed Meetings-Statewide</b>			
Pleasanton	27	\$155,700	\$11,678
Vallejo	37	394,100	31,528
Santa Rosa	46	337,800	24,490
San Mateo	24	269,000	21,592
Ferndale	4	13,700	959
Sacramento	25	125,900	9,443
Pomona	57	665,300	53,220
Fresno	13	48,400	3,690
Stockton	17	96,800	7,500
<b>Sub-total Fairs</b>	<b>250</b>	<b>\$2,106,700</b>	<b>\$164,100</b>
<b>Grand Total</b>	<b>2,973</b>	<b>\$44,657,875</b>	<b>\$3,622,188</b>

## 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 2001-2002, there were 1,665 horses sold for a total of \$32,910,400. These sales generated a total of \$1,514,394 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 2001-2002:

### Barretts Equine Ltd. Thoroughbred Sales at Fairplex Park

1. October Yearling Sale October 2
2. October Mixed Sale October 29, 30
3. January Mixed Sale January 22, 23
4. March Two-Year-Olds March 5
5. Spring Two-Year Olds May 9, 10

A total of 1,376 horses was sold for \$26,331,600, which generated \$1,287,062 in sales tax.

### California Thoroughbred Breeders Association Sales

1. Del Mar Select and Yearling Sale August 11, 12

A total of 104 horses was sold for a total of \$4,541,000, which generated \$185,100 in sales tax.

### Quarter-Horse Sales At Los Alamitos

1. PCQHRA Yearling and Mixed Stock Sale Sept. 30

A total of 185 horses was sold for \$2,037,800, which generated \$42,232 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 2001-2002. 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 FY 2001-2002 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 distribution. A further amount equal to .07% of the handle is specified for owners' premiums and transferred to the CTBA for distribution.

During FY 2001-2002, \$14,206,466 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 2001-2002, the program generated \$617,801.

### Quarter-Horse Breeders Program

Pacific Coast Quarter Horse Racing Association, as the recognized breeders organization, received \$585,202 from the pari-mutuel handle to fund its program in FY 2001-2002. 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

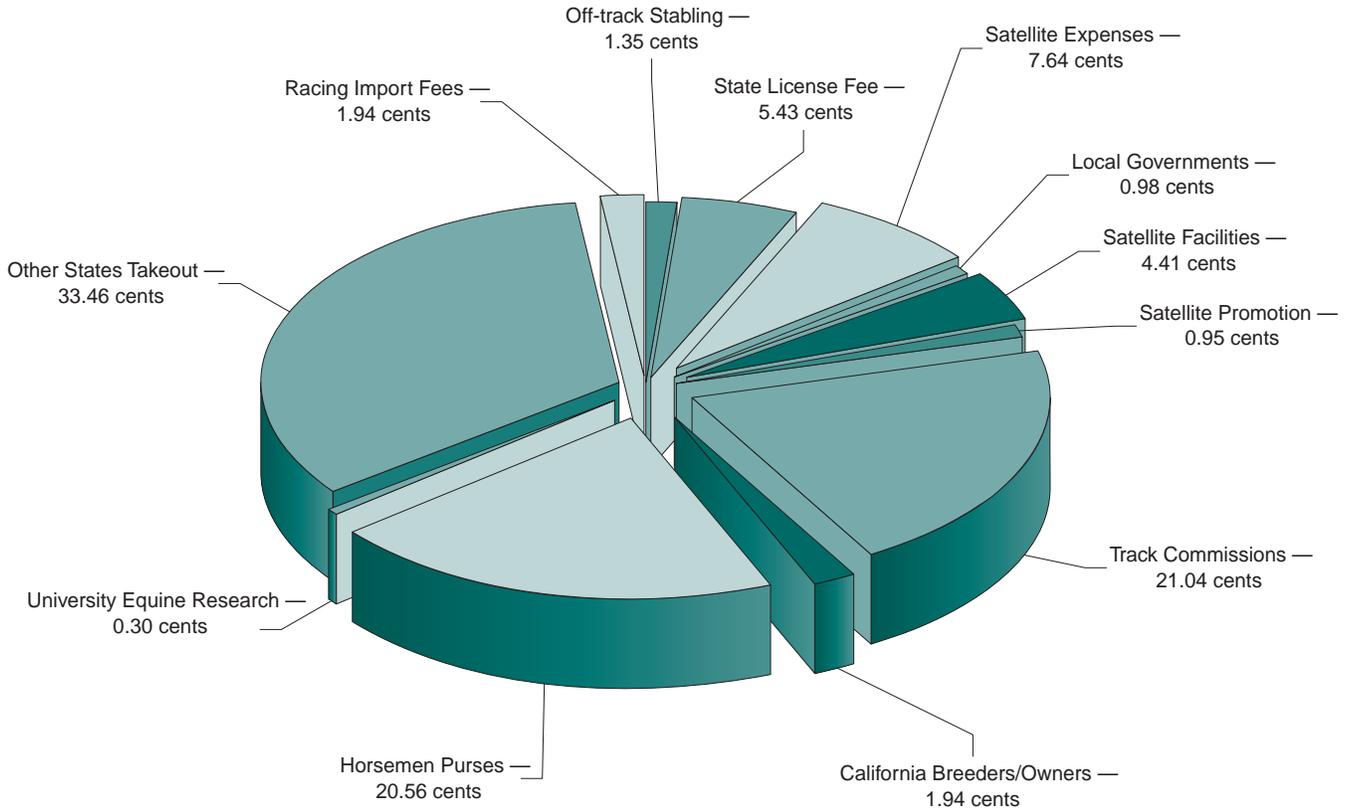
Cal-Western Appaloosa Racing, Inc., as the recognized breeders organization, received \$34,020 for the breeders program in FY 2001-2002.

### Arabian Breeders Program

The California Arabian horse breeders awards received \$67,027 for the program during FY 2001-2002.

# 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 \$4,117,257,020 was wagered by fans of California racing during the 2001-2002 fiscal year, and of that money 80.5% (\$3,314,196,623) 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 only 20% of wagers placed (\$829 million). Off-track betting within the state provides more than 38% of the handle (\$1.58 billion). The balance comes from out-of-state wagers (\$1.7 billion).

Patrons failed to cash \$4.1 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 race-track 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 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 \$4.1 billion wagered, \$803 million, or 19.5%, 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 \$165.1 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 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. During the last fiscal year, the state received \$43.6 million from pari-mutuel wagering. Of this money, \$4.8 million, went to the General Fund for budgeted operating revenues for state programs.

The allocation of the California Horse Racing Board budget (\$8.6 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 (\$14,206,466), standardbreds (\$617,801), quarter horses (\$585,202), appaloosas (\$34,020), and Arabians (\$67,037).

## 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 \$15.6 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 \$268.7 million.

## EQUINE RESEARCH

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

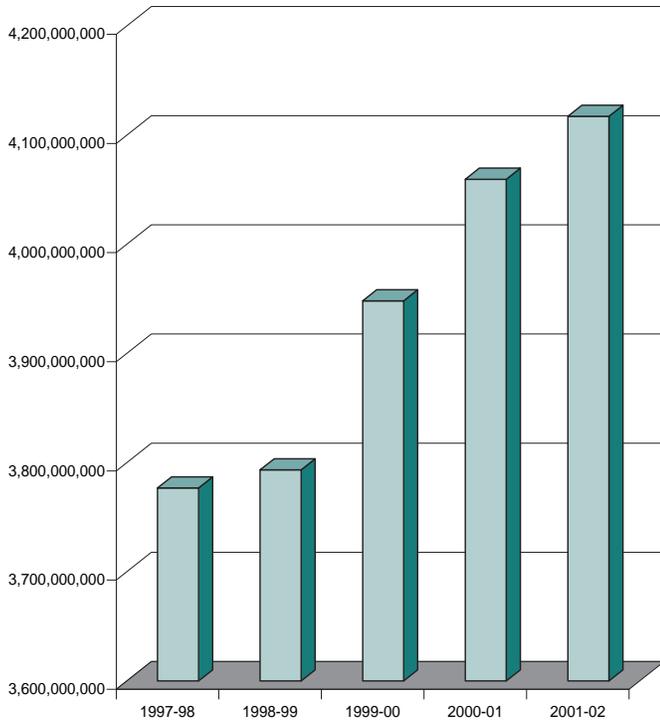
## SIMULCAST FEES

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.

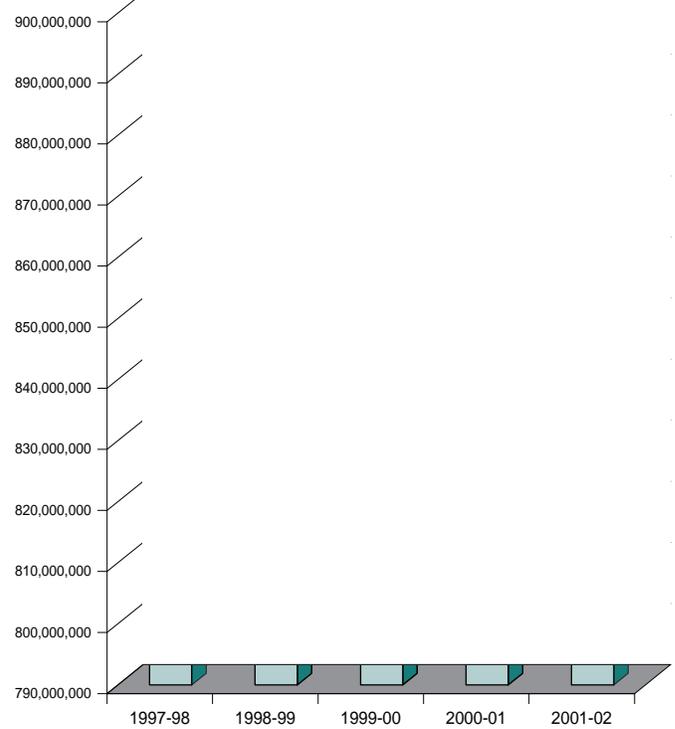
These funds received a total of \$115.1 million last year:

Stable and Vanning Fund:	\$10.8 million
Promotion Fund:	\$7.6 million
Expense Fund:	\$61.3 million
Guest Fund:	\$35.4 million

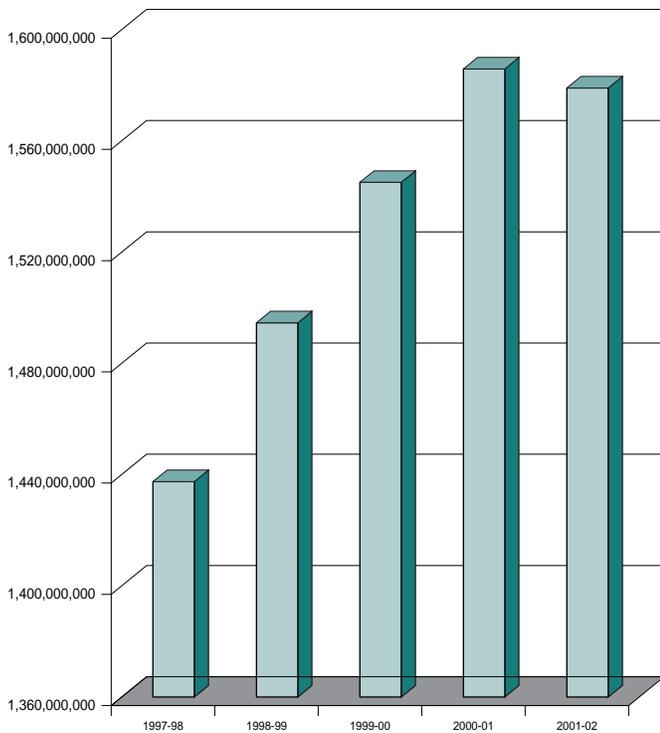
## Total Handle



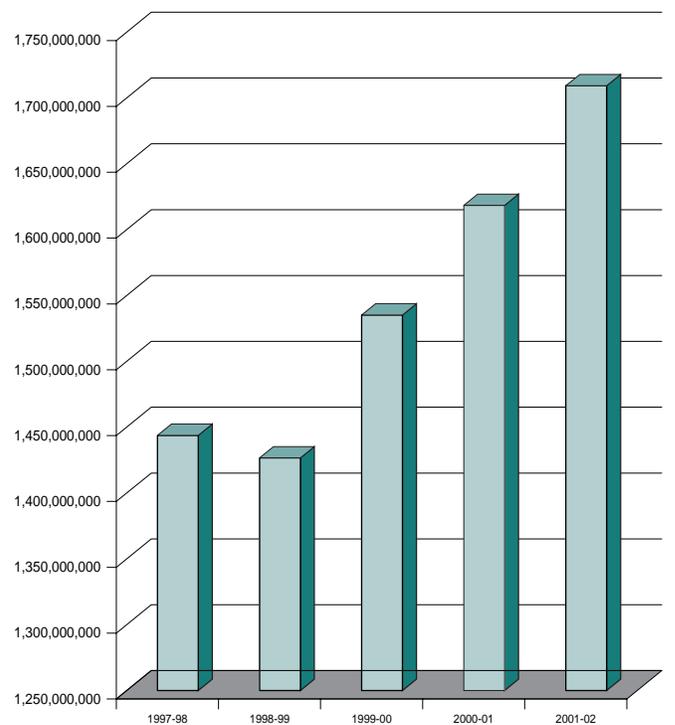
## Total Handle On Track



## Total Handle Off Track



## Total Handle Out of State



## 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, 2001*

<b>REVENUES COLLECTED</b>	2000	2001
Membership dues	\$ 14,590	\$ 8,910
Mutuel fees- HQHRA	315,997	372,718
Mutuel fees- Fairs	19,089	15,405
Mutuel fees- Thoroughbreds	33,447	52,162
Race administration fees	150,570	145,755
Berth transfers	5,118	3,600
Cal-Bred Registry fees	20,403	18,638
Advertising income	9,665	7,115
Interest income	44,371	32,429
	613,250	656,632
<b>EXPENSES PAID</b>		
Advertising	15,683	16,620
Annual awards	12,425	19,529
AQHA sponsorship	2,100	2,700
Bob Gilbert Fund		5,000
Computer costs	2,753	3,285
Contract services	83,803	85,118
Depreciation	11,420	4,969
Dues & subscriptions	3,885	2,833
Fair representative expense	9,628	9,443
Insurance	17,610	25,528
Legal & accounting	8,981	29,043
Miscellaneous	203	2,016
Newsletter & directory	13,134	11,767
Office expense	20,438	20,388
Postage	14,576	14,989
Purse Supplement	134,761	176,355
Race Awards	15,786	19,238
Salaries	142,516	156,793
Special events	1,736	14,458
Stationery & printing	8,038	6,817
Taxes-payroll and property	11,232	12,039
Telephone & utilities	7,946	5,989
Travel & meetings	18,707	19,736
	582,361	664,653
<b>Change To Fund Balance Before Horse Sale</b>	30,889	(8,021)
<b>Horse Sale, excess of expenses over income</b>	32,406	26,430
<b>Increase To Fund Balance</b>	63,295	18,409
<b>Beginning Fund Balance</b>	677,622	740,917
<b>Ending Fund Balance</b>	\$740,917	\$759,326

# California Thoroughbred Trainers

*Statements of Activities for the years ended December 31, 2000 and 2001*

	2000	2001
<b>Revenues</b>		
Track revenues	\$759,845	\$784,637
Recreation hall income	508,162	543,017
Interest income	55,417	39,037
Other	1,762	100
<b>Total revenues</b>	<b>1,325,186</b>	<b>1,366,791</b>
<b>Expenses</b>		
Program services:		
Recreation hall and programs	400,239	559,615
Membership services	96,804	99,908
Contributions	54,010	41,448
<b>Total program services</b>	<b>551,053</b>	<b>700,971</b>
<b>Supporting services:</b>		
Administrative salaries and related expenses	491,859	474,210
Professional and outside services	82,683	123,785
General office expenses	188,563	55,884
Insurance	33,954	17,790
Travel (mileage reimbursement)	4,516	4,867
Meetings and conventions	9,192	15,516
Other, net	433	226
Repairs and maintenance	15,143	7,860
Depreciation	19,042	23,297
<b>Total supporting services</b>	<b>845,385</b>	<b>723,435</b>
<b>Total expenses</b>	<b>1,396,438</b>	<b>1,424,406</b>
Change in net assets	(71,252)	(57,615)
<b>Net assets at beginning of year</b>	<b>1,167,228</b>	<b>1,095,976</b>
<b>Net assets at end of year</b>	<b>\$1,095,976</b>	<b>\$1,038,361</b>

# Arabian Racing Association of California

*Statement of Activities and Changes in net assets  
for the year ended December 31, 2001*

	Administration (unrestricted)	Temporarily Restricted	Total
<b>Revenue and Support:</b>			
Owners' and breeders' awards		\$ 68,165	\$ 68,165
Track administration fees	85,405		85,405
Membership	1,990		1,990
Other	6,105		6,105
Net assets released from restriction: Satisfaction of program restrictions:	68,283	(68,283)	
<b>Total</b>	<b>161,783</b>	<b>(118)</b>	<b>161,665</b>
<b>Expenses:</b>			
Owners', breeders', and stallions' awards	55,289		55,289
Breed representative	44,479		44,479
Race sponsorship	5,399		5,399
Legal and accounting	7,900		7,900
Promotion	3,705		3,705
Convention, awards, and trophies	6,227		6,227
Other	17,697		17,697
<b>Total</b>	<b>140,696</b>		<b>140,696</b>
Increase (Decrease) in net assets	21,087	(118)	20,969
<b>Net Assets:</b>			
Beginning of year: As previously reported	143,379	6,253	149,632
<b>End of year</b>	<b>\$ 164,466</b>	<b>\$ 6,135</b>	<b>\$ 170,601</b>

# Cal Western Appaloosa Racing, Inc.

*Statement of Revenue and Expenses for the year ended May 31, 2001*

*(Updated report not received in time to include in this publication.)*

<b>Revenue</b>		
Racing Income	\$63,472	
Magazine Subscriptions and Racing Dues	2,998	
Interest Income	2,847	
Miscellaneous Income	2,318	
Total Revenue		71,635
<b>Expenses</b>		
Salaries	18,637	
Racing Consultant	2,687	
Track Representative	11,935	
Insurance	222	
Race Add-ons	687	
Trophies and Awards	7,666	
Supplies	2,066	
Postage	1,331	
Accounting	2,807	
Rent	3,600	
Utilities, Telephone	4,057	
Taxes and Licenses	2,375	
Depreciation	599	
Maintenance and Repair	3,082	
Convention	1,061	
Board Meetings	40	
Miscellaneous	3,157	
Total Expenses		66,009
<b>Net Income</b>		<b>\$5,626</b>

# Thoroughbred Owners of California

*Statements of Activity for the years ended June 30, 2001 and 2002*

	2002	2001
<b>Unrestricted Revenues and Gains:</b>		
Proceeds from racetracks	\$1,517,000	\$1,524,000
Contributed office space	46,000	45,000
Interest	47,000	84,000
Other	2,000	3,000
<b>Total unrestricted revenues and gains</b>	<b>1,612,000</b>	<b>1,656,000</b>
<b>Unrestricted Expenses:</b>		
Salaries and employee benefits	826,000	784,000
Consulting	223,000	186,000
Donations	170,000	205,000
Professional fees	29,000	21,000
General and administrative	84,000	75,000
Rent and utilities	53,000	51,000
Office supplies	6,000	6,000
Meals and entertainment	9,000	8,000
Travel	55,000	46,000
Newsletter	97,000	87,000
Telephone	13,000	15,000
Insurance	33,000	36,000
Depreciation	9,000	8,000
Seminars	65,000	59,000
Awards	7,000	10,000
Election	22,000	14,000
<b>Total unrestricted expenses</b>	<b>1,708,000</b>	<b>1,625,000</b>
<b>Increase in unrestricted net assets</b>	<b>(96,000)</b>	<b>31,000</b>
<b>Unrestricted net assets, beginning of year</b>		
	1,608,000	1,577,000
<b>Unrestricted net assets, end of year</b>	<b>\$1,512,000</b>	<b>\$1,608,000</b>

# American Mule Racing Association

*Statement of Revenues, Expenses and Other Changes in Net Assets—Cash Basis  
for the year ended December 31, 2001*

	2000	2001
<b>Revenue and other support:</b>		
California Authority of Racing Fairs	\$67,710	\$81,693
Futurities	8,700	8,424
Other income	4,630	5,024
Membership	1,590	2,155
Cal Bred fees	75	550
Total revenue and other support	82,705	66,452
<b>Expenses:</b>		
Program expenses		
Owner promotion	20,500	31,725
Futurities	8,075	8,160
Racing statistics	5,650	7,000
Award fees	4,241	1,513
Race meet assistance	4,000	4,000
Total program expenses	42,466	52,398
Supporting expenses		
General and administrative	4,754	8,885
Total supporting expenses	4,754	8,885
Total expenses	47,220	61,283
Change in net assets	35,485	36,563
Unrestricted net assets, beginning of year	51,903	87,388
Unrestricted net assets, end of year	\$87,388	\$123,951

# California Harness Horsemen's Association

*Statement of Functional Expenses for the year ended June 30, 2001*

	Program Services	General and Administrative	Total
Accounting Services	\$13,135	\$1,459	\$14,594
Chaplaincy Services and Social Welfare	39,422		39,422
Computer expense	653	73	726
Depreciation	2,170	240	2,410
Dues and Membership	7,450	828	8,278
Equipment Leases	3,652	406	4,058
Interest expense		299	299
Legal Costs		52,971	52,971
Mailing and postage	5,022	558	5,580
Meetings	8,931	992	9,923
Office expenses	7,242	805	8,047
Office Liability Insurance		5,520	5,520
Officers' and Directors' Insurance		4,500	4,500
Outside Services	1,195		1,195
Payroll Taxes	11,511	1,279	12,790
Promotion and Advertising		2,362	2,362
Salaries, Office Staff	113,026	12,559	125,585
Sire Stakes subsidy	200,000		200,000
Track Representative	11,083		11,083
Workers' Comp Insurance	1,357	151	1,508
<b>Total Expenses</b>	<b>\$425,849</b>	<b>\$85,002</b>	<b>\$510,851</b>
	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support</b>			
Administration Fees	\$382,312		\$382,312
Interest Income	9,175	789	9,964
Membership Dues and Registration	11,230		11,230
Net Assets Released/Satisfied from Restrictions		28,587	28,587
<b>Total Revenues and Other Support</b>	<b>428,716</b>	<b>3,377</b>	<b>432,093</b>
<b>Expenses</b>			
Program Services	425,849		425,849
General and Administrative	85,002		85,002
<b>Total Expenses</b>	<b>510,851</b>		<b>510,851</b>
<b>Change in Net Assets</b>	<b>(82,135)</b>	<b>3,377</b>	<b>(78,758)</b>
<b>Net Assets, June 30, 2000</b>	<b>228,903</b>	<b>78,530</b>	<b>307,433</b>
<b>Net Assets at End of Year</b>	<b>\$263,708</b>	<b>\$81,907</b>	<b>\$345,615</b>