

ARIZONA DEPARTMENT OF RACING



**ANNUAL REPORT
FY-2014**

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ARIZONA DEPARTMENT OF RACING

JANICE K. BREWER
GOVERNOR



WILLIAM J. WALSH
DIRECTOR

August 29, 2014

The Honorable Janice K. Brewer
Governor of the State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Brewer:

It is my pleasure to submit the FY 2014 Arizona Department of Racing (ADOR) Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative responsibilities.

During fiscal year 2014 the Department regulated and supervised live and simulcast horse and greyhound racing and pari-mutuel wagering at two commercial horse tracks, two greyhound tracks, two county fair racing meetings, and 66 teletracking locations throughout Arizona. The total pari-mutuel handle for all racing was \$163.1 million, a decrease of \$2.3 million slightly more than one percent from the prior year. The total pari-mutuel tax receipts amounted to \$215,525, a decrease of almost one percent from FY 2013.

This past spring you signed into law SB 1282 which legalized Advanced Deposit Wagering (ADW), a tool that will help Arizona's racetracks compete in a very difficult market. Over the past several years the racing industry nationwide had been greatly damaged by the state of the economy. This industry which depends almost exclusively on discretionary income is hopeful that ADW will be the boost that is required to return it to the successful years of a decade ago.

The Boxing and Mixed Martial Arts Commission (BMMAC) supervised and regulated 7 boxing events and 21 mixed martial arts events in FY 2014. These 28 events comprised 290 individual bouts. BMMAC events and bouts have positively impacted the community and continue to bring national attention to the state.

With your support, ADOR implemented new medication and veterinarian rules that brought it into compliance with the Model Rules recommended by the Association of Racing Commissioners International. In doing so, the Department of Racing is in a better position to protect the participants in racing, most especially its animal athletes and riders.

The Racing Department is committed to performing all statutory and regulatory duties in a manner that brings respect to the State, agency and the industry. Your continued leadership and support is greatly appreciated.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "W. J. Walsh".

William J. Walsh
Director

MEET THE DIRECTOR: WILLIAM J. WALSH



Governor Janice Brewer appointed William J. Walsh as Director of the Department of Racing in March 2012. As Director, Mr. Walsh is responsible for the regulation of pari-mutuel horse and greyhound racing in Arizona.

Mr. Walsh has more than four decades of professional experience in the racing industry. He began his career working as a pari-mutuel clerk in New York. He taught elementary school for several years, and then served as a Patrol and Placing Judge at Arlington Park in Arlington Heights, Illinois. He worked for the Horsemen's Benevolent & Protective Association (HBPA) in Rockville, Maryland, and in Spokane, Washington, followed by a stint as Executive Director of the Alabama Horsemen's Racing Association in Birmingham, Alabama. Mr. Walsh joined the Department of Racing in 1993, taking on the oversight of simulcasting and off-track wagering in Arizona, as well as rules development. Mr. Walsh has served as the Department's authorized public lobbyist and most recently, Chief Horse Steward/Supervisor of Officials & Wagering.

Mr. Walsh earned his undergraduate and master's degrees from the State University of New York and completed the Race Track Industry Program at the University of Arizona, Tucson. Mr. Walsh is also accredited through the Senior Steward Racing Officials Accreditation Program, Lexington, Kentucky.

ARIZONA RACING COMMISSION

The Arizona Racing Commission was established in 1949 by the Arizona Legislature. The Racing Commission is responsible for issuing racing dates; preparing and adopting rules to govern racing meetings as may be required to protect and promote the safety and welfare of the animals participating in racing meetings; protecting and promoting public health, safety and the proper conduct of racing and pari-mutuel wagering; conducting hearings on applications for racing permits; and conducting hearings and other legal procedures on matters relating to racing licensees and the racing industry.

Arizona Revised Statutes § 5-102 authorizes a five-member Racing Commission, who shall be appointed by the Governor pursuant to A.R.S. § 38-211. Appointment is for a term of five years. The following Commissioners were serving on the Racing Commission during FY 2014.

Erin Owens Chair



Erin Owens. Ms. Owens was raised in a Thoroughbred breeding and racing family in Arizona. She spent many years as an official at many racetracks. Some of her positions included Steward, Director of Racing and Racing Secretary, all of which has extended her knowledge of the horse racing industry. For 10 years, Ms. Owens was a Director at the University of Phoenix where she also completed her Master's degree.

Jay C. McClintock Vice-Chair



Jay C. McClintock. Mr. McClintock has worked as a financial advisor for Moran Financial Services since 2001 helping clients plan for investment and insurance needs to prepare for retirement, estate and complete financial planning. Mr. McClintock was a thoroughbred owner in Arizona, California, and Kentucky for over 15 years.

William "Bill" Feldmeier Racing Commissioner



William "Bill" Feldmeier. Mr. Feldmeier, an Arizona native, received his bachelor's degree from Arizona State University and his master's from Prescott College.

As a Yavapai County resident, he was a County Supervisor for 11 years, served on Governor Hull's staff and was a licensed Arizona contractor. He is the owner of rental properties and has been involved in the public policy process for a number of years. He has also served as Interim Director for State Parks and as a member of the State Transportation Board.

ARIZONA RACING COMMISSION

Rory S. Goreé Racing Commissioner



Rory S. Goreé. Mr. Goreé was honorably discharged from the United States Navy in 1993. After 10 years of service he discovered greyhounds. Since then Mr. Goreé has been involved in several capacities and positions working with the greyhound racing industry and greyhound adoption and has been invited to speak at numerous greyhound adoption events as well as university, veterinarian and racing symposiums across the country and at both the American Greyhound Track Operators Association and the Association of Racing Commissioners conferences. Mr. Goreé served on the Arizona Department of Racing's committee to review and recommend greyhound racing welfare related rules. When not involved with greyhounds Mr. Goreé works as an Information Security Analyst specializing in SAP.

Tom Lawless Racing Commissioner



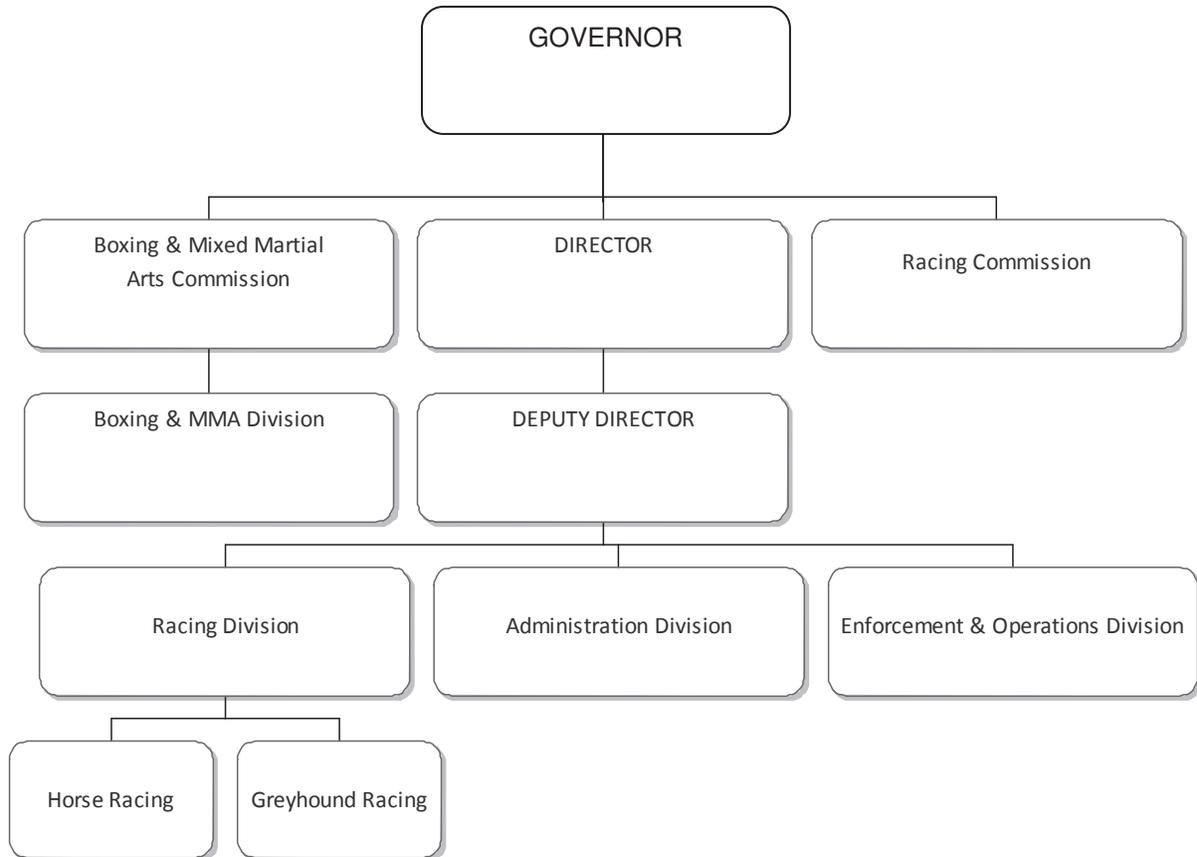
Tom Lawless. Mr. Lawless is a shareholder in the Phoenix law firm of Milligan Lawless PC, specializing in estate planning and corporate law. He graduated magna cum laude from the University of Santa Clara Law School in 1982 and also holds a master's degree in Accounting from the University of Denver as well as a bachelor's degree from Santa Clara University. An enthusiastic fan of thoroughbred racing, Mr. Lawless is also a life member of the Phoenix Thunderbirds.

The following are the terms of the current Commission members:

<u>Name</u>	<u>Member Designation</u>	<u>Expiration Date</u>
Erin Owens	Horse Racing Industry	01/19/2015
Jay C. McClintock	Public	01/18/2016
Rory S. Goreé	Greyhound Racing Industry	01/16/2017
William "Bill" Feldmeier	Public	01/15/2018
Tom Lawless	Public	01/21/2019

Department of Racing

The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing and mixed martial arts events conducted in Arizona to protect participants in these events.



Racing Regulation Summary

The Department of Racing's regulatory responsibilities ensure that all participants and permittees involved in commercial horse racing, greyhound racing, and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations. This is accomplished through the investigation and licensing activities of the Department.

Investigations

The Department investigates all possible violations of racing laws and rules. Investigation numbers listed below reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications. A background investigation is conducted for each license applicant who submits fingerprints as required by Department policy.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of incident investigations	43	205	246
Number of background investigations	1,175	3,963	2202
Total number of investigations conducted	1,218	4,168	2448

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Referred</u>	<u>No Violation</u>
False application	5	5	0
Disorderly conduct/assault	5	2	3
Human drug -testing	5	1	4
Kennel inspection	24	0	0
Whelping inspection	0	0	0
Vehicle inspection	11	0	0
License denial/ineligible	3	3	0
Information only	6	0	6
Total	59	11	13

Licensing

The Department processes and investigates all license applications in a timely manner while ensuring only those eligible receive licenses.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of licenses issued	1,676	3,963	2202
Number of licenses denied	1	0	4
Number of licenses revoked	2	0	5

Racing Regulation

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$2,500, license suspensions up to 6 months, rule off a licensee violating Arizona statutes or rules and refer matters to the Director with recommendations of further action, including license revocation.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total rulings issued	265	249	211
Total Stewards Rulings Appealed	12	0	9
Percentage of Stewards' rulings upheld on appeal to the Director	92%	n/a	89%

Director

The Director may conduct hearings on appeals of Stewards' referrals or may assign a case that has been appealed or referred to the Arizona Office of Administrative Hearings. The Administrative Law Judge provides the Director findings of fact, conclusions of law and a proposed order. The Director may accept or modify any decision proposed by the Judge. The table below summarizes hearings and cases by the Director, the Office of Administrative Hearings, and the Racing Commission.

<u>Summary of Hearings and Orders</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Director's hearings	43	16	18
Administrative Law Judge hearings	0	1	2
Racing Commission hearings	4	5	2
Total number of Director's orders*	43	13	20
Percentage of orders upheld on appeal to the Commission**	100%	100%	100%

*Does not include orders for action taken such as stays, reinstatements, cases dismissed, etc.

** Includes orders that were modified

Drug/Alcohol Testing

The Department of Racing is authorized to require persons licensed to submit to testing when there is reason to believe they may be under the influence of or unlawfully in possession of any prohibited substance regulated by Title 13, Chapter 34, or has consumed alcohol in violation of the rules.

<u>Testing Summary</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Human Drug Tests	11	33	5
Positive Drug Tests	6	5	1
Licensee Refused to Test	1	1	1
Percent Positive	55%	15%	20%
Breath/Alcohol Tests	0	0	0
Positive Breath/Alcohol Tests	0	0	0
Percent Positive	0%	0%	0%

Racing Regulation

Horse & Dog Drug Testing

The Department contracts with independent laboratories for the analysis of horse urine and blood samples and dog urine samples. This analysis is required to enforce the rules of racing that prohibit animals from racing while under the influence of foreign substances.

Testing Summary

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Horse Drug Testing			
Number total equine drug tests	1998	1951	1910
Number positive equine drug tests	72	50	28
Percent positive equine drug tests	3.60%	2.56%	1.47%
Dog Drug Testing			
Number total canine drug tests	2130	2116	2624
Number positive canine drug tests	10	8	2
Percent positive canine drug tests	0.47%	0.38%	0.08%
Totals			
Total drug tests	4128	4067	4534
Number total positive drug tests	82	58	30
Percent total positive drug tests	1.99%	1.43%	0.66%

Teletracking

The Department of Racing has the authority to approve applications for teletracking (off-track betting) permits, license teletracking personnel, and monitor compliance for both operational and technical requirements. Turf Paradise, American Greyhound Racing, Inc. and Tucson Greyhound Park each held teletracking permits approved by the Arizona Racing Commission to operate off-track wagering sites in FY 2014. A total of 64 off-track-betting sites were authorized to support both greyhound and horse racing in Arizona.

The total handle generated by commercial and county fair racing for teletracking was \$125.1 million. This included \$105.4 million for horse racing and \$19.8 million for greyhound racing. The State of Arizona received \$101,268 in revenue from the teletracking handle, all of which was generated from the Turf Paradise handle at off-track sites.

The handle at teletracking facilities decreased 1.1% during FY 2014 when compared to the prior year.

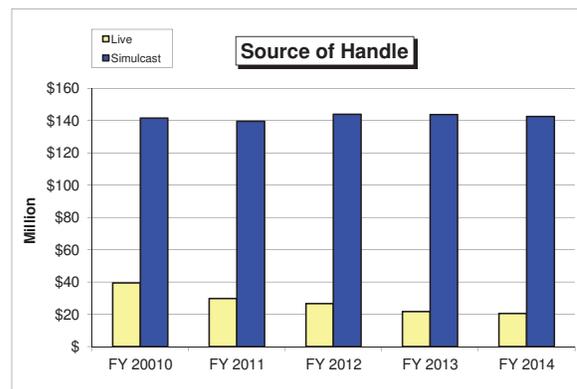
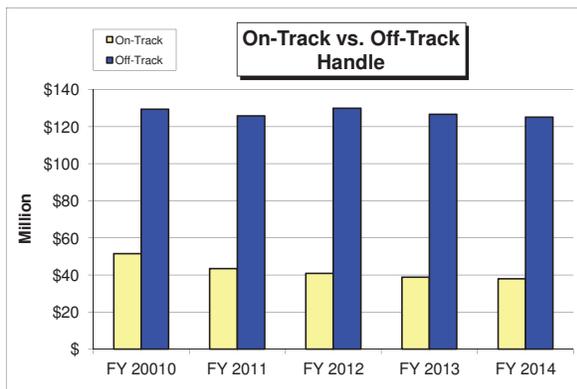
LICENSES BY CATEGORY

CATEGORY	HORSES				GREYHOUNDS			GRAND TOTAL
	COUNTY FAIR	RILLITO PARK	TURF PARADISE	TOTAL	AMERICAN GREYHOUND	TUCSON GREYHOUND	TOTAL	
APPRENTICE JOCKEY			3	3			0	3
ASSISTANT STARTER/VALET		1	2	3			0	3
ASSISTANT TRAINER			6	6		4	4	10
AUTHORIZED AGENT-FULL			2	2			0	2
AUTHORIZED AGENT-PARTIAL			38	38		1	1	39
COMBINATION RBO (RACING & BREEDING)				0			0	0
COOLOUT				0		50	50	50
COUNTY FAIR MGR, TREASURER	1			1			0	1
DUPLICATE LICENSE		11	64	75	4	8	12	87
EXERCISE RIDER			56	56			0	56
GREYHOUND HAULER				0		11	11	11
GROOM		40	225	265			0	265
JOCKEY		2	31	33			0	33
JOCKEY AGENT			6	6			0	6
MUTUEL (INCLUDING OTB)				0	198	67	265	265
OCCUPATIONAL		33	155	188	17	25	42	230
OFFICIAL	1	3	11	15	5	19	24	39
OTB (OWNERS, MANAGERS)				0	92	34	126	126
OUTRIDER		1	2	3			0	3
OWNER	5	40	482	527		77	77	604
OWNER-TRAINER	1	5	35	41		5	5	46
PADDOCK EMPLOYEE				0			0	0
PLATER/FARRIER		2	10	12			0	12
PONY PERSON		9	38	47			0	47
RBO (KENNEL/RACING OR BREEDING)				0		9	9	9
SECURITY EMPLOYEE		11	23	34	5	14	19	53
STABLE		1	58	59			0	59
TEMPORARY CLAIM TO OWNER			13	13			0	13
TRACK (LIVE RACING)	1			1			0	1
TRACK (NO LIVE RACING)				0			0	0
TRACK GM, ASST GM, CFO			1	1	2	1	3	4
TRACK OWNER (10% + OWNER)			1	1			0	1
TRAINER		7	31	38		4	4	42
VENDOR-TOTE COMPANY				0	2		2	2
VENDOR EMPLOYEES		1	18	19	31	15	46	65
VENDOR - ALL OTHERS			6	6			0	6
VETERINARIAN			8	8		1	1	9
LICENSES ISSUED								
LICENSES ISSUED	9	167	1,325	1,501	356	345	701	2,202
FINGERPRINTS TAKEN								
FINGERPRINTS TAKEN	6	122	775	903	307	271	578	1,481
LICENSING FEES								
LICENSING FEES	\$459	\$10,278	\$103,388	\$114,125	\$10,683	\$20,516	\$31,199	145,324
FINGERPRINT FEES								
FINGERPRINT FEES	\$132	\$2,684	\$17,050	\$19,866	\$6,754	\$5,962	\$12,716	32,582
TOTAL FEES								
TOTAL FEES	\$591	\$12,962	\$120,438	\$133,991	\$17,437	\$26,478	\$43,915	177,906

COMMERCIAL AND COUNTY FAIR RACING
Commercial Horse, Greyhound and County Fair Racing

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	685	516	478	425	374
Dark Day-Simulcast only	717	659	629	680	730
Total Race Days	1,402	1,175	1,107	1,105	1,104
Total Live Performances (Matinee & Evening)	685	516	478	425	374
<u>Number of Races</u>					
Live Races	8,353	5,957	5,770	4,996	4,469
Simulcast Races	234,679	190,857	184,589	186,129	187,482
Total Number of Races	243,032	196,814	190,359	191,125	191,951
<u>Attendance</u>					
On-Track	578,212	483,787	461,642	426,430	443,432
Off-Track	692,624	697,574	714,776	698,093	693,322
Total Attendance	1,270,836	1,181,361	1,176,418	1,124,523	1,136,754
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$129,064	\$143,970	\$154,199	\$149,687	\$147,753
Breakdown by location					
On-Track Handle	\$51,550,249	\$43,479,479	\$40,907,185	\$38,841,584	\$37,984,955
Off-Track Handle	\$129,397,125	\$125,685,106	\$129,790,965	\$126,562,871	\$125,134,535
Breakdown by source					
Live Races	\$39,392,293	\$29,734,049	\$26,758,799	\$21,817,939	\$20,584,372
Simulcast Races	141,555,081	139,430,537	143,939,351	143,586,516	142,535,118
Total Pari-Mutuel Handle	\$180,947,374	\$169,164,585	\$170,698,149	\$165,404,455	\$163,119,490
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$138,400,642	\$128,364,878	\$128,888,265	\$124,798,503	\$122,832,588
State Pari-Mutuel Revenues	\$314,021	\$284,807	\$254,801	\$234,628	\$215,525
<u>Track Mutuel Revenues</u>					
Track Commission	\$37,013,892	\$35,132,296	\$35,622,231	\$34,600,729	34,217,106
Capital Improvement Rebate	68,254	32,506	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	13,438	8,203	7,413	5,452	7,594
Hardship Tax Credit	835,919	472,604	507,099	339,038	304,483
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	\$0
Breakage	746,129	697,899	706,906	657,480	\$666,705
Total Track Revenues	\$38,677,632	\$36,343,507	\$36,843,649	\$35,602,699	\$35,195,888
Purses	\$15,997,406	\$13,980,881	\$13,251,803	\$12,696,055	\$11,725,018

Racetrack Trends at a Glance



Commercial Racing

The Department of Racing regulates and supervises all commercial horse and greyhound racing meetings and pari-mutuel wagering conducted on- and off-track in Arizona to enforce laws and regulations and to protect racing participants and the wagering public.

FY 2014 Activity:

- A three-year permit for commercial racing and teletrack wagering was approved for TP Racing, L.L.L.P.
- A one-year permit was approved for Pima County Horsemen's Association pending the County's award of a lease agreement. Two groups have applied to the county for the lease.
- Renewal applications for commercial racing and teletrack wagering were submitted by American Greyhound Racing, Inc., and Tucson Greyhound Park, Inc. Both permittees were given temporary permits. The applications are still pending.
- Prescott Valley Race Course, LLC requested approval to withdraw their applications due to lack of funding. The Commission will consider the request in early FY 2015.

Commercial Racing Permittees, Tracks and Permit Terms

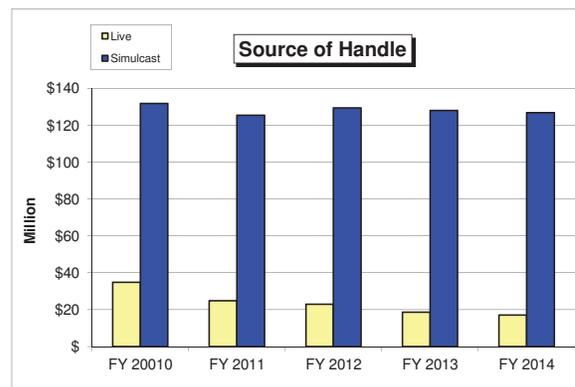
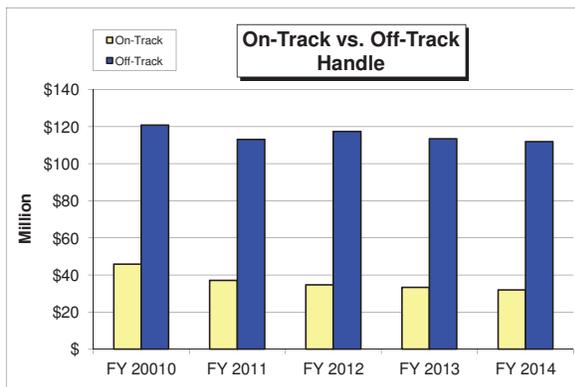
<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
*American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/14 - 12/31/16
*American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/14 - 12/31/16
Pima County Horsemen's Association	Rillito Park	01/01/14 - 12/31/14
Prescott Valley Race Course, LLC	Prescott Valley Race Course	Request to withdraw
*Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/14 - 12/31/16
TP Racing, L.L.L.P.	Turf Paradise Race Course	06/01/12 - 05/31/15

* temporary permit issued, application pending

COMMERCIAL TRACKS
Commercial Horse and Greyhound Racing

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	631	472	448	398	344
Dark Day-Simulcast only	717	657	629	678	730
Total Race Days	1,348	1,129	1,077	1,076	1,074
Total Live Performances (Matinee & Evening)	631	472	448	398	344
<u>Number of Races</u>					
Live Races	7,885	5,569	5,512	4,759	4,226
Simulcast Races	230,939	185,332	179,763	181,282	182,528
Total Number of Races	238,824	190,901	185,275	186,041	186,754
<u>Attendance</u>					
On-Track	448,235	372,327	365,423	347,458	343,789
Off-Track	646,780	631,095	649,698	628,781	623,252
Total Attendance	1,095,015	1,003,422	1,015,121	976,239	967,041
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$123,583	\$132,991	\$141,289	\$136,290	\$133,861
Breakdown by location					
On-Track Handle	\$45,779,534	\$37,092,808	\$34,743,092	\$33,255,930	\$31,946,632
Off-Track Handle	\$120,810,375	\$113,053,837	\$117,425,663	\$113,392,414	\$111,820,247
Breakdown by source					
Live Races	\$34,862,474	\$24,868,205	\$22,919,478	\$18,716,705	\$17,114,223
Simulcast Races	131,727,434	125,278,440	129,249,277	127,931,639	126,652,656
Total Pari-Mutuel Handle	\$166,589,908	\$150,146,645	\$152,168,755	\$146,648,344	\$143,766,879
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$127,231,702	\$113,849,638	\$114,479,892	\$110,854,929	\$108,069,762
State Pari-Mutuel Revenues	\$314,021	\$284,807	\$254,801	\$234,628	\$215,525
<u>Track Mutuel Revenues</u>					
Track Commission	34,129,931	31,226,891	31,871,941	30,808,789	30,239,114
Capital Improvement Rebate	68,254	32,506	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	13,438	8,203	7,413	5,452	7,594
Hardship Tax Credit	835,919	472,604	507,099	339,038	304,483
AGP-Hardship Tax (Transferred to PGP)	\$0	\$0	\$0	\$0	\$0
Breakage	\$677,382	\$602,667	\$614,212	\$577,807	\$565,990
Total Track Revenues	\$35,724,923	\$32,342,871	\$33,000,664	\$31,731,085	\$31,117,181
Purses	\$14,033,433	\$12,063,670	\$11,675,994	\$11,125,099	\$10,139,454

Racetrack Trends at a Glance



Commercial Horse Racing

The Department of Racing is responsible for regulating and supervising all commercial horse racing meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of incident investigations	25	176	170
Number of background investigations	973	3330	1325
Total number of investigations conducted	998	3506	1495

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of licenses issued	1414	3330	1325
Number of licenses denied	1	0	4
Number of licenses revoked	2	0	1

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of rulings issued	164	183	184
Total steward rulings appealed	9	0	8
Percentage of rulings upheld on appeal to the Director	89%	n/a	88%
<u>Rulings by Track</u>			
Rillito Park	19	12	14
Turf Paradise	145	171	170
Yavapai Downs	0	0	0

Commercial Horse Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director, and if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Director's hearings	31	14	9
Number of Administrative Law Judge hearings	0	1	2
Number of Racing Commission hearings	3	5	2
Total number of Director's orders *	31	11	11
Percentage of orders upheld on appeal to the Commission	100%	100%	100%
<u>Orders by Track</u>			
Rillito Park	0	0	0
Turf Paradise	31	16	11
Yavapai Downs	0	n/a	n/a

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.

Breeders Awards

When monies are available, the Department promotes horse breeding in Arizona through the administration and distribution of funds available through the Breeders' Award Program. No monies were appropriated for this fund in FY 2012.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Amount of awards	n/a	\$206,000	\$208,700.
Number of active breeders	79	138	169
Percentage of breeders winning awards	n/a	33%	28%
Number of registered horses	3,681	3,495	3,313

Racehorse Adoption

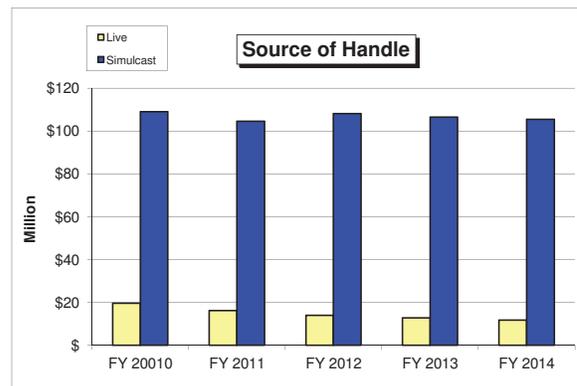
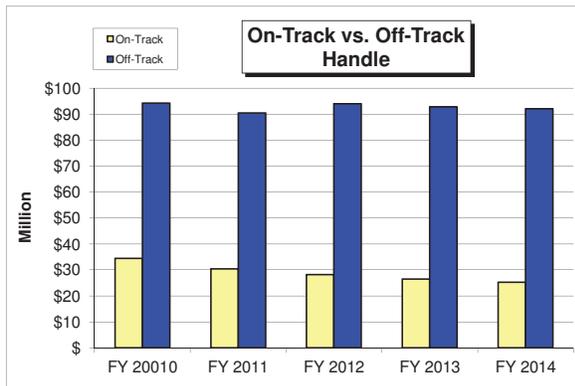
The Department provides grants to non-profit organizations to promote the adoption of retired racehorses in Arizona. The funds for this program are generated from a surcharge against all civil penalties assessed in connection with horseracing in Arizona. The program went into effect in 2005 and the first award was made in 2006.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of grants awarded	2	2	2
Amount of grants awarded	\$1,796	\$2,293	\$1,955

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances (including 3 Charity Days)</u>					
Live Race Days	181	162	142	140	137
Dark Day-Simulcast only	261	242	208	211	212
Total Race Days	442	404	350	351	349
Total Live Performances (Matinee & Evening)	181	162	142	140	137
<u>Number of Races</u>					
Live Races	1,624	1,452	1,268	1,247	1,185
Simulcast Races	57,041	58,139	52,344	52,321	52,500
Total Number of Races	58,665	59,591	53,612	53,568	53,685
<u>Attendance</u>					
On-Track	290,388	272,810	293,403	287,831	276,531
Off-Track	496,143	476,156	494,570	488,245	484,234
Total Attendance	786,531	748,966	787,973	776,076	760,765
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$290,986	\$298,956	\$349,028	\$339,886	\$335,987
Breakdown by location					
On-Track Handle	\$34,441,647	\$30,361,770	\$28,181,407	\$26,531,355	\$25,215,613
Off-Track Handle	\$94,173,951	\$90,416,538	\$93,978,514	\$92,768,573	\$92,043,783
Breakdown by source					
Live Races	\$19,594,567	\$16,275,398	\$14,036,164	\$12,865,955	\$11,819,635
Simulcast Races	109,021,031	104,502,909	108,123,757	106,433,974	105,439,761
Total Pari-Mutuel Handle	\$128,615,598	\$120,778,307	\$122,159,921	\$119,299,928	\$117,259,396
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$98,157,491	\$91,338,754	\$91,407,944	\$89,887,194	\$87,719,084
<u>State Pari-Mutuel Revenues</u>	\$314,021	\$284,807	\$254,801	\$234,628	\$215,525
<u>Track Mutuel Revenues</u>					
Track Commission	26,094,321	24,787,523	25,325,994	24,757,266	24,369,222
Capital Improvement Rebate	68,254	32,506	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	9,623	8,203	7,413	5,452	7,594
Hardship Tax Credit	0	0	18,516	17,246	13,280
Breakage	586,731	535,899	549,871	521,354	511,011
Total Track Revenues	\$26,758,929	\$25,364,130	\$25,901,795	\$25,301,318	\$24,901,107
<u>Purses</u>	\$12,474,952	\$11,254,252	\$10,676,484	\$10,306,289	\$9,359,342

Racetrack Trends at a Glance



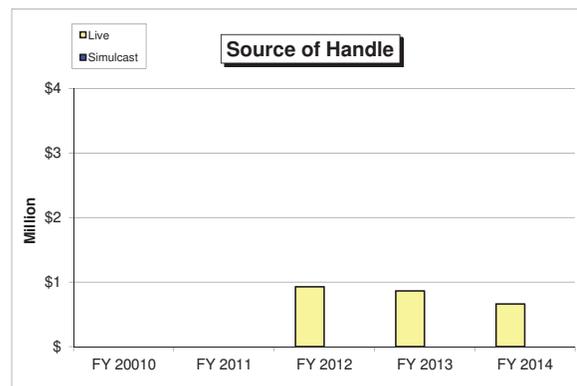
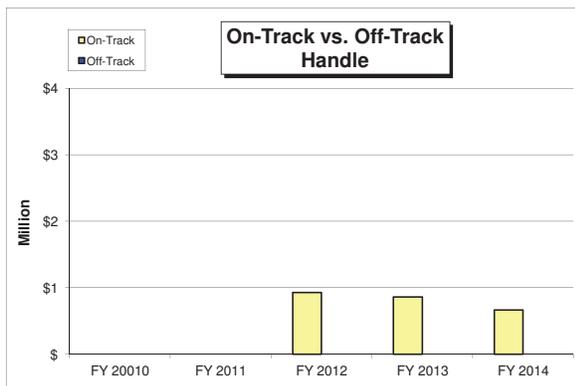
4502 North First Avenue
Tucson, Arizona 85728

RI LLITTO PARK
Pima County Fair Horse Racing Commission

FY 2014 Racing Dates:
February 8, 2014 - March 30, 2014

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances</u>					
Live Race Days	-	-	12	12	10
Dark Day-Simulcast Only	-	-	-	-	-
Total Race Days	-	-	12	12	10
Total Live Performances	-	-	12	12	10
<u>Number of Races</u>					
Live Races	-	-	99	98	73
Simulcast Races	-	-	-	-	-
Total Number of Races	-	-	99	98	73
<u>Attendance</u>					
On-Track	-	-	42,685	45,899	37,124
Off-Track	-	-	-	-	-
Total Attendance	-	-	42,685	45,899	37,124
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$0	\$0	\$77,151	\$71,860	\$66,402
Breakdown by location					
On-Track Handle	\$0	\$0	\$925,817	\$862,314	\$664,023
Off-Track Handle	\$0	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$0	\$0	\$925,817	\$862,314	\$664,023
Simulcast Races	0	0	0	0	0
Total Pari-Mutuel Handle	\$0	\$0	\$925,817	\$862,314	\$664,023
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$0	\$0	\$698,817	\$651,013	\$497,140
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	0	0	200,925	186,959	148,212
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	0	0	18,516	17,246	13,280
Breakage	0	0	7,559	7,096	5,390
Total Track Revenues	\$0	\$0	\$227,000	\$211,301	\$166,883
<u>Purses</u>	\$0	\$0	\$104,242	\$97,027	\$75,370

Racetrack Trends at a Glance



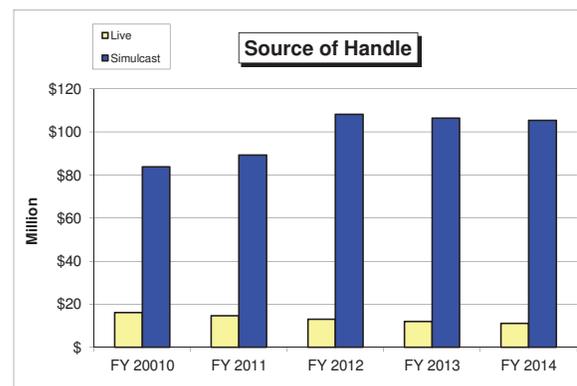
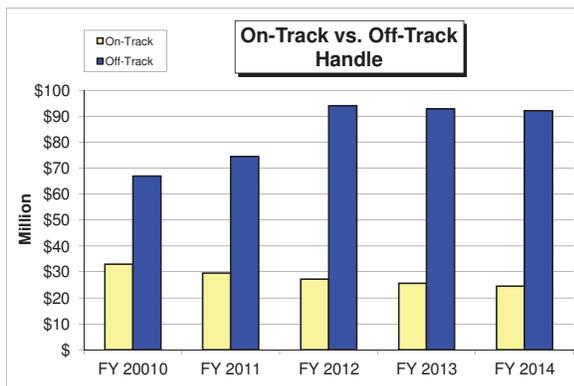
1501 West Bell Road
Phoenix, Arizona 85023

TURF PARADISE
TP Racing, L.L.L.P.

FY 2014 Racing Dates:
July 1, 2013 - June 30, 2014

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances (including 3 Charity Days)</u>					
Live Race Days	129	132	130	128	127
Dark Day-Simulcast only	214	207	208	211	212
Total Race Days	343	339	338	339	339
Total Live Performances (Matinee & Evening)	129	132	130	128	127
<u>Number of Races</u>					
Live Races	1,164	1,187	1,169	1,149	1,112
Simulcast Races	50,334	51,979	52,344	52,321	52,500
Total Number of Races	51,498	53,166	53,513	53,470	53,612
<u>Attendance</u>					
On-Track	258,241	253,595	250,718	241,932	239,407
Off-Track	352,858	392,026	494,570	488,245	484,234
Total Attendance	611,099	645,621	745,288	730,177	723,641
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$291,383	\$306,587	\$358,681	\$349,373	\$343,939
Breakdown by location					
On-Track Handle	\$32,995,111	\$29,500,978	\$27,255,590	\$25,669,041	\$24,551,590
Off-Track Handle	\$66,949,360	\$74,431,872	\$93,978,514	\$92,768,573	\$92,043,783
Breakdown by source					
Live Races	\$16,181,894	\$14,650,115	\$13,110,347	\$12,003,641	\$11,155,612
Simulcast Races	\$83,762,576	\$89,282,734	\$108,123,757	\$106,433,974	\$105,439,761
Total Pari-Mutuel Handle	\$99,944,470	\$103,932,849	\$121,234,104	\$118,437,614	\$116,595,373
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$76,074,976	\$78,526,009	\$90,709,127	\$89,236,181	\$87,221,944
<u>State Pari-Mutuel Revenues</u>	\$314,021	\$284,807	\$254,801	\$234,628	\$215,525
<u>Track Mutuel Revenues</u>					
Track Commission	20,257,041	21,331,382	25,125,069	24,570,307	24,221,010
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	9,623	8,203	7,413	5,452	7,594
Hardship Tax Credit	0	0	0	0	0
Breakage	458,532	462,766	542,313	514,258	505,620
Total Track Revenues	\$20,725,197	\$21,802,351	\$25,674,795	\$25,090,017	\$24,734,225
<u>Purses</u>	\$9,941,897	\$9,874,607	\$10,572,243	\$10,209,261	\$9,283,972

Racetrack Trends at a Glance



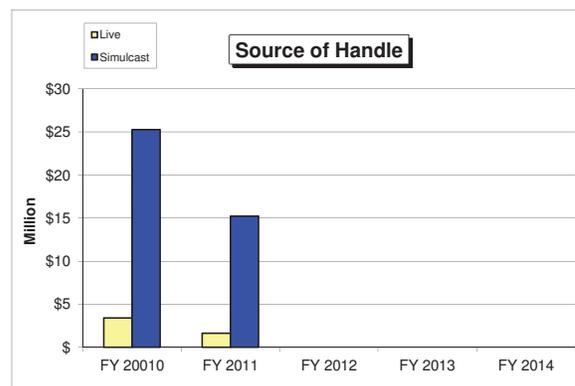
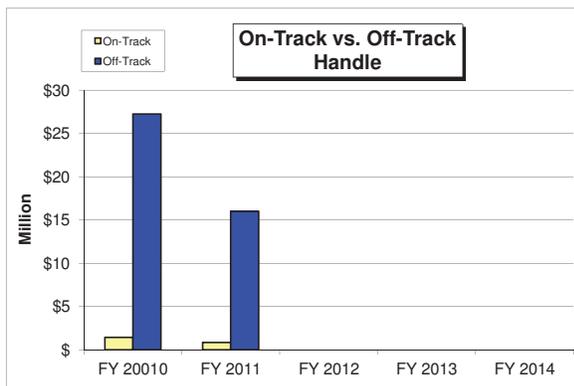
10501 Hwy. 89A
 Prescott Valley, Arizona 86314

YAVAPAI DOWNS
 Yavapai County Fair Association

FY 2014 Racing Dates:
 None

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	52	30	-	-	-
Dark Day-Simulcast only	47	35	-	-	-
Total Race Days	99	65	-	-	-
Total Live Performances (Matinee & Evening)	52	30	-	-	-
<u>Number of Races</u>					
Live Races	460	265	-	-	-
Simulcast Races	6,707	6,160	-	-	-
Total Number of Races	7,167	6,425	-	-	-
<u>Attendance</u>					
On-Track	32,147	19,215	-	-	-
Off-Track	143,285	84,130	-	-	-
Total Attendance	175,432	103,345	-	-	-
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$289,607	\$259,161	\$0	\$0	\$0
Breakdown by location					
On-Track Handle	\$1,446,536	\$860,792	\$0	\$0	\$0
Off-Track Handle	\$27,224,591	\$15,984,666	\$0	\$0	\$0
Breakdown by source					
Live Races	\$3,412,672	\$1,625,284	\$0	\$0	\$0
Simulcast Races	25,258,455	15,220,175	0	0	0
Total Pari-Mutuel Handle	\$28,671,127	\$16,845,458	\$0	\$0	\$0
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$22,082,514	\$12,812,745	\$0	\$0	\$0
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	5,837,279	3,456,141	0	0	0
Capital Improvement Rebate	68,254	32,506	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
Breakage	128,199	73,133	0	0	0
Total Track Revenues	\$6,033,732	\$3,561,780	\$0	\$0	\$0
<u>Purses</u>	\$2,533,056	\$1,379,645	\$0	\$0	\$0

Racetrack Trends at a Glance



County Fair Racing

The Department of Racing is responsible for regulating and supervising all county fair horse racing meetings, providing staff to operate race meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, conducting hearings on investigation referrals, and collecting revenues for the State.

When funding is available, County Fair racing receives funding from the County Fair Racing Fund and the County Fair Racing Betterment Fund. No monies have been appropriated for these funds since FY 2010. Only two fairs conducted live racing in FY 2014.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of incident investigations	2	10	14
Number of background investigations	108	21	176
Total number of investigations conducted	110	31	190

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of licenses issued	108	21	176
Number of licenses denied	0	0	0
Number of licenses revoked	0	0	0

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Stewards' rulings issued	4	3	0
Total Stewards' rulings appealed	2	0	1
Percentage of Stewards' rulings upheld on appeal to the Director	100%	n/a	100%

Rulings by Track

Apache County Fair, St. Johns	0	0	0
Cochise County Fair, Douglas	0	0	0
Coconino County Fair, Flagstaff	0	0	0
Gila County Fair, Globe	0	0	0
Graham County Fair, Safford	0	0	0
Greenlee County Fair, Duncan	0	0	0
Mohave County Fair, Kingman	0	0	0
Pima County Fair, Rillito Park in Tucson	4	2	0
Santa Cruz County Fair, Sonoita	0	1	0

County Fair Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director and, if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

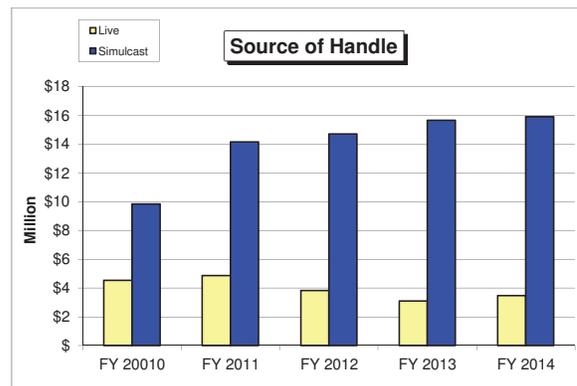
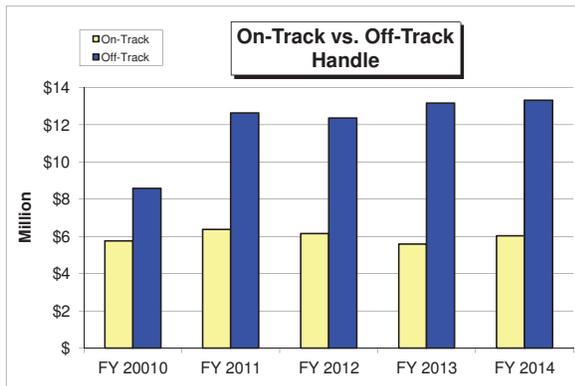
<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Director's hearings	2	0	2
Number of Administrative Law Judge hearings	0	0	0
Number of Racing Commission hearings	0	0	0
Total number of Director's orders*	2	0	2
Percentage of orders upheld on appeal to the Commission	N/A	N/A	N/A
<u>Orders by Track</u>			
Apache County Fair, St. Johns	0	0	0
Cochise County Fair, Douglas	0	0	0
Coconino County Fair, Flagstaff	0	0	0
Gila County Fair, Globe	0	0	0
Graham County Fair, Safford	0	0	0
Greenlee County Fair, Duncan	0	0	0
Mohave County Fair, Kingman	0	0	0
Pima County Fair, Rillito Park in Tucson	0	0	2
Santa Cruz County Fair, Sonoita	0	0	0

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances</u>					
Live Race Days	54	44	30	27	30
Dark Day-Simulcast Only	-	2	-	2	-
Total Race Days	54	46	30	29	30
Total Live Performances	54	44	30	27	30
<u>Number of Races</u>					
Live Races	468	388	258	237	243
Simulcast Races	3,740	5,525	4,826	4,847	4,954
Total Number of Races	4,208	5,913	5,084	5,084	5,197
<u>Attendance</u>					
On-Track	129,977	111,460	96,219	78,972	99,643
Off-Track	45,844	66,479	65,078	69,312	70,070
Total Attendance	175,821	177,939	161,297	148,284	169,713
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$265,879	\$413,433	\$617,646	\$694,671	\$645,087
Breakdown by location					
On-Track Handle	\$5,770,715	\$6,386,671	\$6,164,093	\$5,585,654	\$6,038,323
Off-Track Handle	\$8,586,751	\$12,631,269	\$12,365,302	\$13,170,457	\$13,314,289
Breakdown by source					
Live Races	\$4,529,820	\$4,865,844	\$3,839,321	\$3,101,234	\$3,470,149
Simulcast Races	9,827,646	14,152,097	14,690,073	15,654,878	15,882,463
Total Pari-Mutuel Handle	\$14,357,466	\$19,017,940	\$18,529,394	\$18,756,111	\$19,352,612
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$11,168,940	\$14,515,240	\$14,408,373	\$13,943,574	\$14,762,826
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$2,883,962	\$3,905,405	\$3,750,291	\$3,791,940	\$3,977,992
Breakage	68,748	95,232	92,694	79,673	100,716
Total Track Revenues	\$2,952,709	\$4,000,637	\$3,842,985	\$3,871,613	\$4,078,707
<u>Purses</u>	\$1,963,973	\$1,917,210	\$1,575,809	\$1,570,956	\$1,585,563

Racetrack Trends at a Glance



COUNTY FAIR RACING
Schedule and Statistics
FY 2014

	Race Days	Live Races	Simulcast Races	Total Handle	Simulcast Handle	Attendance	Returned to Public	Track Commission	Breakage to Track	Purses
Fairs at Non-Commercial Tracks										
Santa Cruz County Fair at Sonoita May 3, 4, 2014	2	17	-	\$ 84,515	\$ -	4,700	\$ 64,083	\$ 17,980	\$ 761	\$ 8,990
Subtotal - Fairs at Non-Commercial Tracks	2	17	0	\$84,515	\$0	4,700	\$64,083	\$17,980	\$761	\$8,990
Fairs at Commercial Tracks										
Marcopa County Fair at Phoenix (Turf Paradise) January 3, 4, 11, 26, 2014	4	32	671	\$ 2,180,939	\$ 1,799,009	18,489	\$ 1,691,413	\$ 453,713	\$ 10,400	\$ 192,014
La Paz County Fair at Phoenix (Turf Paradise) January 17, 18, 24, 25, 2014	4	32	729	\$ 2,556,850	\$ 2,078,139	20,313	\$ 1,972,120	\$ 529,295	\$ 12,398	\$ 222,648
Pima County Fair at Tucson (Rillito Park) February 8, 9, 15, 16, 2014	4	30	-	\$ 331,827	\$ -	21,167	\$ 249,246	\$ 73,614	\$ 2,331	\$ 37,972
Pinal County Fair at Phoenix (Turf Paradise) February 1, 7, 8, 15, 2014	4	32	780	\$ 2,880,428	\$ 2,323,018	22,932	\$ 2,150,559	\$ 593,567	\$ 15,000	\$ 255,965
Navajo County Fair at Phoenix (Turf Paradise) March 1, 2, 8, 9, 2014	4	33	784	\$ 2,836,511	\$ 2,369,447	20,226	\$ 2,143,377	\$ 583,467	\$ 13,584	\$ 235,755
Yuma County Fair at Phoenix (Turf Paradise) March 15, 16, 22, 23, 2014	4	32	830	\$ 2,626,069	\$ 2,028,827	23,657	\$ 1,984,869	\$ 538,723	\$ 13,103	\$ 232,066
Coconino County Fair at Phoenix (Turf Paradise) April 19, 26, May 2, 3, 2014	4	35	1,160	\$ 5,855,474	\$ 5,284,024	38,229	\$ 4,507,159	\$ 1,187,631	\$ 33,139	\$ 400,154
Subtotal - Fairs at Commercial Tracks	28	226	4,954	\$19,268,097	\$15,882,463	165,013	\$14,698,743	\$3,960,011	\$99,955	\$1,576,573
Total - All County Fair Racing	30	243	4,954	\$19,352,612	\$15,882,463	169,713	\$14,762,826	\$3,977,992	\$100,716	\$1,585,563

Commercial Greyhound Racing

The Department of Racing is responsible for regulating and supervising all commercial greyhound racing meetings, conducting investigations, issuing licenses, conducting greyhound drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of incident investigations	16	19	62
Number of background investigations	94	612	701
Total number of investigations conducted	110	631	763

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of licenses issued	154	612	701
Number of licenses denied	0	0	0
Number of licenses revoked	0	0	4

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Stewards' rulings issued	97	63	27
Total Stewards' rulings appealed	1	0	0
Percentage of Stewards' rulings upheld on appeal to the Director	100%	n/a	n/a
<u>Rulings by Track</u>			
*Phoenix Greyhound Park	n/a	n/a	n/a
Tucson Greyhound Park	97	63	27

* PGP last day of live racing was December 19, 2009

Commercial Greyhound Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director and, if not satisfied with the Director's ruling, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Director's hearings	10	2	7
Number of Administrative Law Judge hearings	0	0	0
Number of Racing Commission hearings	1	0	0
Total number of Director's orders *	10	2	7
Percentage of orders upheld on appeal to the Commission	100%	N/A	N/A
<u>Orders by Track</u>			
Apache Greyhound Park	0	0	0
**Phoenix Greyhound Park	N/A	N/A	N/A
Tucson Greyhound Park	10	2	7

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.
 **PGP last day of live racing was December 19, 2009

Inspections

The Department inspects greyhound farms, kennels, vehicles that haul greyhounds and other operations after the facilities have satisfied requirements.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of facility licenses issued	2	2	0
Number of inspections conducted at facilities	4	24	24
Percentage of inspections resulting in violations and disciplinary action	0%	0%	0%
Number of whelping inspections	8	0	0
Number of vehicle inspections	1	0	11

Breeders' Awards

When monies are available, the Department promotes greyhound breeding in Arizona through the administration and distribution of funds available through the Breeders' Awards Program. No monies were appropriated for this fund in FY 2012.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Amount of awards	n/a	\$44,000	\$41,300
Number of active breeders	4	3	3
Percentage of breeders winning awards	n/a	67%	60%
Number of registered greyhounds	2,496	640	644

Greyhound Adoption

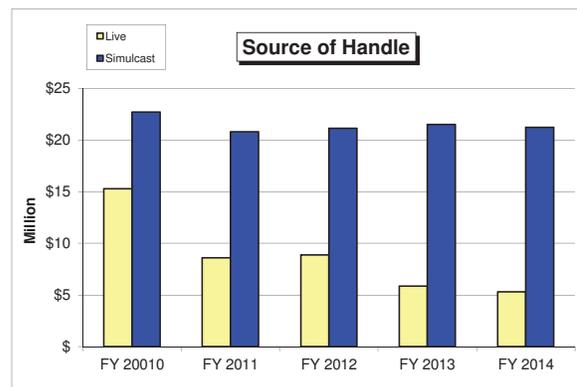
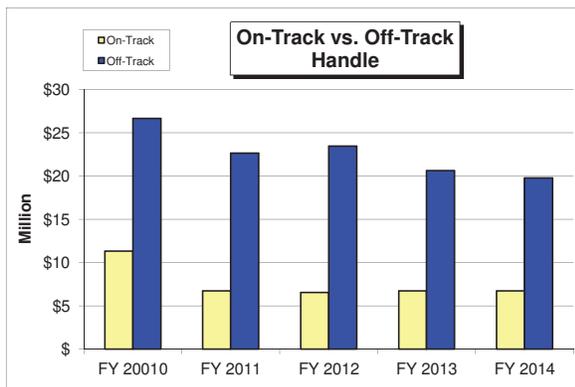
The Department provides grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. This account receives 100% of all fees collected from licensing greyhound racing kennels, breeding farms and other operations where greyhounds are raised for racing purposes. In FY 2012 the account received \$399. These monies carried forward to FY 2013 for a larger grant.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of grants awarded	0	2	1
Amount of grants awarded	0	\$859	\$1,350

COMMERCIAL GREYHOUND TRACKS
 Apache Greyhound, Phoenix Greyhound, Tucson Greyhound

RACING STATISTICS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<u>Race Days/Performances</u>					
Live Race Days	450	310	306	258	207
Dark Day-Simulcast only	456	415	421	467	518
Total Race Days	906	725	727	725	725
Total Live Performances (Matinee & Evening)	450	310	306	258	207
<u>Number of Races</u>					
Live Races	6,261	4,117	4,244	3,512	3,041
Simulcast Races	173,898	127,193	127,419	128,961	130,028
Total Number of Races	180,159	131,310	131,663	132,473	133,069
<u>Attendance</u>					
On-Track	157,847	99,517	72,020	59,627	67,258
Off-Track	150,637	154,939	155,128	140,536	139,018
Total Attendance	308,484	254,456	227,148	200,163	206,276
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$41,914	\$40,508	\$41,278	\$37,722	\$36,562
Breakdown by location					
On-Track Handle	\$11,337,887	\$6,731,038	\$6,561,685	\$6,724,575	\$6,731,019
Off-Track Handle	\$26,636,424	\$22,637,299	\$23,447,149	\$20,623,841	\$19,776,463
Breakdown by source					
Live Races	\$15,267,907	\$8,592,807	\$8,883,314	\$5,850,750	\$5,294,588
Simulcast Races	22,706,403	20,775,531	21,125,521	21,497,665	21,212,894
Total Pari-Mutuel Handle	\$37,974,311	\$29,368,337	\$30,008,835	\$27,348,415	\$26,507,482
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$29,074,212	\$22,510,885	\$23,071,947	\$20,967,735	\$20,350,678
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	8,035,610	6,439,368	6,545,947	6,051,523	5,869,892
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	3,815	0	0	0	0
Hardship Tax Credit	835,919	472,604	488,582	321,791	291,202
AGP-Hardship Tax (Transferred to PGP)	\$0	\$0	\$0	\$0	\$0
Breakage	\$90,650	\$66,769	\$64,341	\$56,453	\$54,979
Total Track Revenues	\$8,965,995	\$6,978,740	\$7,098,870	\$6,429,767	\$6,216,074
Purses	\$1,558,481	\$809,418	\$999,509	\$818,810	\$780,113

Racetrack Trends at a Glance



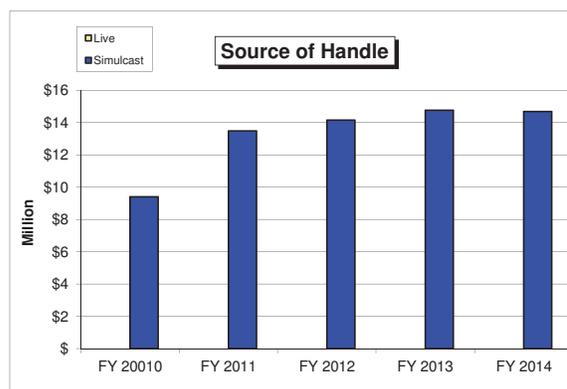
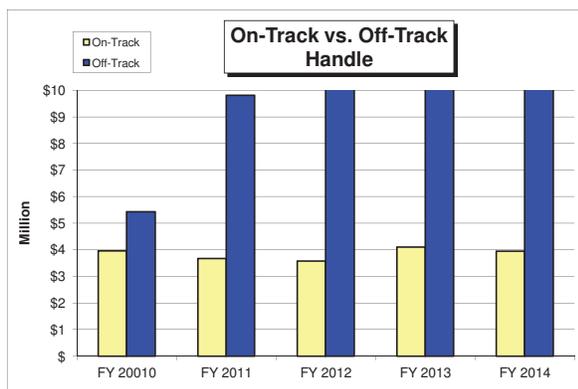
2551 West Apache Trail
 Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
 American Greyhound Racing, Inc.

FY 2014 Racing Dates:
 July 1, 2013 - June 30, 2014

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances</u>					
Live Race Days	-	-	-	-	-
Dark Day-Simulcast only	362	362	363	362	362
Total Race Days	362	362	363	362	362
Total Live Performances (Matinee & Evening)	-	-	-	-	-
<u>Number of Races</u>					
Live Races	-	-	-	-	-
Simulcast Races	72,965	63,197	65,975	66,696	68,712
Total Number of Races	72,965	63,197	65,975	66,696	68,712
<u>Attendance</u>					
On-Track	78,698	71,772	41,147	23,995	22,746
Off-Track	41,406	79,709	72,155	58,845	55,878
Total Attendance	120,104	151,481	113,302	82,840	78,624
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$25,949	\$37,247	\$38,963	\$40,783	\$40,551
Breakdown by location					
On-Track Handle	\$3,963,410	\$3,670,711	\$3,574,994	\$4,105,563	\$3,943,379
Off-Track Handle	\$5,430,189	\$9,812,658	\$10,568,497	\$10,657,984	\$10,736,137
Breakdown by source					
Live Races	\$0	\$0	\$0	\$0	\$0
Simulcast Races	9,393,598	13,483,368	14,143,491	14,763,547	14,679,516
Total Pari-Mutuel Handle	\$9,393,598	\$13,483,368	\$14,143,491	\$14,763,547	\$14,679,516
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$7,002,240	\$10,148,935	\$10,686,939	\$11,252,847	\$11,063,497
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	2,216,286	3,173,539	3,295,119	3,408,467	3,379,557
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
AGP-Hardship Tax (Transferred to PGP)	\$0	\$0	\$0	\$0	\$0
Breakage	\$21,773	\$31,895	\$31,016	\$30,525	\$31,685
Total Track Revenues	\$2,238,059	\$3,205,434	\$3,326,135	\$3,438,993	\$3,411,242
Purses	\$78,122	\$0	\$0	\$0	\$0

Racetrack Trends at a Glance



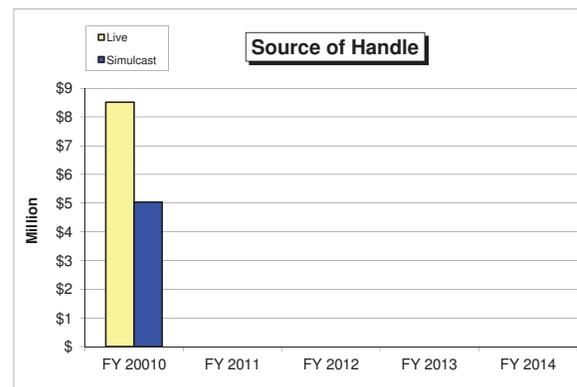
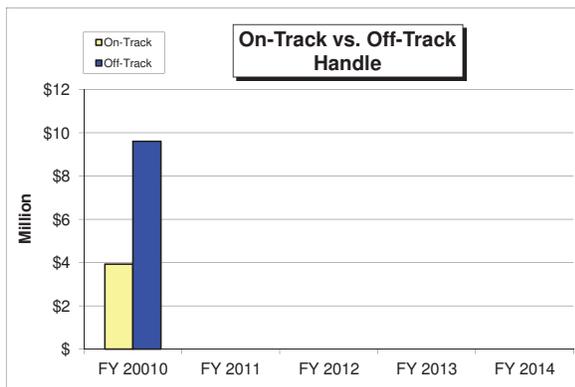
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2014 Racing Dates:
None

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances</u>					
Live Race Days	168	-	-	-	-
Dark Day-Simulcast only	13	-	-	-	-
Total Race Days	181	-	-	-	-
Total Live Performances (Matinee & Evening)	168	-	-	-	-
<u>Number of Races</u>					
Live Races	2,399	-	-	-	-
Simulcast Races	31,413	-	-	-	-
Total Number of Races	33,812	-	-	-	-
<u>Attendance</u>					
On-Track	43,059	-	-	-	-
Off-Track	43,962	-	-	-	-
Total Attendance	87,021	-	-	-	-
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$74,824	\$0	\$0	\$0	\$0
Breakdown by location					
On-Track Handle	\$3,935,117	\$0	\$0	\$0	\$0
Off-Track Handle	\$9,608,030	\$0	\$0	\$0	\$0
Breakdown by source					
Live Races	\$8,507,773	\$0	\$0	\$0	\$0
Simulcast Races	5,035,374	0	0	0	0
Total Pari-Mutuel Handle	\$13,543,147	\$0	\$0	\$0	\$0
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$10,241,002				
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	2,663,706	0	0	0	0
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	3,815	0	0	0	0
Hardship Tax Credit	464,112	0	0	0	0
AGP-Hardship Tax (Transferred to PGP)	\$0	\$0	\$0	\$0	\$0
Breakage	\$36,144	\$0	\$0	\$0	\$0
Total Track Revenues	\$3,167,778	\$0	\$0	\$0	\$0
Purses	\$744,968	\$0	\$0	\$0	\$0

Racetrack Trends at a Glance



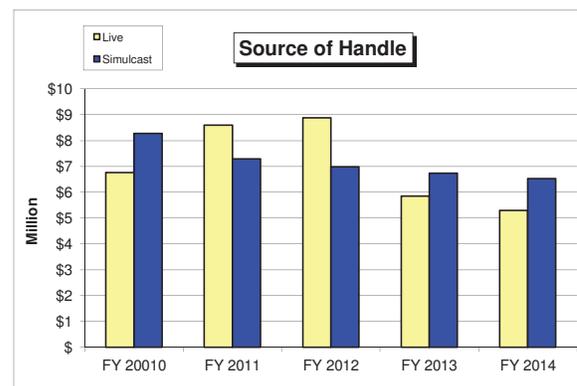
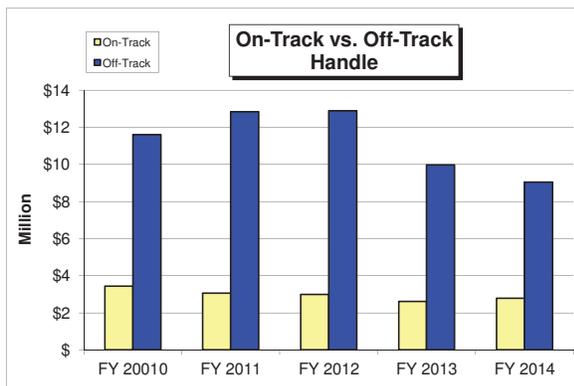
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2014 Racing Dates:
July 1, 2013 - June 30, 2014

<u>RACING STATISTICS</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Race Days/Performances</u>					
Live Race Days	282	310	306	258	207
Dark Day-Simulcast only	81	53	58	105	156
Total Race Days	363	363	364	363	363
Total Live Performances (Matinee & Evening)	282	310	306	258	207
<u>Number of Races</u>					
Live Races	3,862	4,117	4,244	3,512	3,041
Simulcast Races	69,520	63,996	61,444	62,265	61,316
Total Number of Races	73,382	68,113	65,688	65,777	64,357
<u>Attendance</u>					
On-Track	36,090	27,745	30,873	35,632	44,512
Off-Track	65,269	75,230	82,973	81,691	83,140
Total Attendance	101,359	102,975	113,846	117,323	127,652
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$41,426	\$43,760	\$43,586	\$34,669	\$32,584
Breakdown by location					
On-Track Handle	\$3,439,361	\$3,060,328	\$2,986,691	\$2,619,012	\$2,787,641
Off-Track Handle	\$11,598,205	\$12,824,642	\$12,878,652	\$9,965,856	\$9,040,326
Breakdown by source					
Live Races	\$6,760,135	\$8,592,807	\$8,883,314	\$5,850,750	\$5,294,588
Simulcast Races	8,277,431	7,292,163	6,982,030	6,734,118	6,533,379
Total Pari-Mutuel Handle	\$15,037,565	\$15,884,969	\$15,865,343	\$12,584,868	\$11,827,967
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$11,830,969	\$12,361,949	\$12,385,008	\$9,714,888	\$9,287,181
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	3,155,618	3,265,829	3,250,828	2,643,056	2,490,335
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	371,807	472,604	488,582	321,791	291,202
Breakage	32,734	34,873	33,325	25,928	23,294
Total Track Revenues	\$3,560,158	\$3,773,306	\$3,772,735	\$2,990,775	\$2,804,832
Purses	\$735,391	\$809,418	\$999,509	\$818,810	\$780,113

Racetrack Trends at a Glance



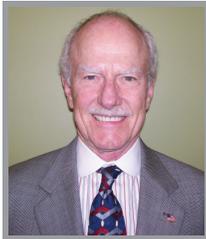
Arizona Boxing & Mixed Martial Arts Commission

ARIZONA BOXING and MMA COMMISSION

COMMISSIONERS



MICHAEL PRESTON GREEN – Mr. Green is a long time member and Chairman of the Commission. He was appointed to three-year terms of service by Governor Symington in 1995 and then by Governor Hull. He served as Chairman of the Commission for three of those six years. Following a hiatus from the Commission, he was appointed by Governor Brewer to the Commission in 2009 and served as Chairman until January 2012. In January 2012 he was re-appointed to the Commission by Governor Brewer and his current term will expire on January 19, 2015.



JOE PENNINGTON – Mr. Pennington is also a veteran of Commission service. He first served on the Commission in 2001 following his appointment by Governor Hull. He was Chairman of the Commission from 2002 – 2004. He returned to the Commission in January 2010 by appointment of Governor Brewer. In early 2013 he was re-appointed by Governor Brewer to a second term which will expire on January 18, 2016.



SCOTT B. FLETCHER – Mr. Fletcher was appointed to the Arizona Boxing and MMA Commission by Governor Brewer in February 2011. He was Commission Chairman from January 2012 to January 2014. He was reappointed in 2014 by Governor Brewer to a second term that will end January 16, 2017.

EXECUTIVE DIRECTOR

MATTHEW VALENZUELA – Mr. Valenzuela was appointed as the Arizona Boxing and MMA Commission Executive Director on January 18, 2014.

Boxing and Mixed Martial Arts Regulation

The Boxing and MMA Commission regulates and supervises boxing and mixed martial arts events conducted in Arizona to protect the participants in these events and to ensure compliance with the applicable laws and regulations.

In 1992, the Arizona Department of Racing assumed responsibility for the financial administration of the Arizona State Boxing Commission. (Note: In July 2010 the name was changed to the Arizona State Boxing and MMA Commission). In this capacity, the Department collects and deposits State receipts associated with the sports. The Department collects a fee of four percent of the gross receipts after deduction of any federal, state, and local taxes generated from regulated events held on non-tribal land.

Additionally, the Boxing and MMA Commission has entered into intergovernmental agreements (IGA) with certain Tribal organizations to supervise events conducted on Tribal land. The Arizona State Boxing and MMA Commission received an average of \$2,000 per event subject to these agreements. During FY 2014, the Boxing and MMA Commission regulated 12 of these events and collected \$24,000 for their regulation. The revenues collected for taxes were deposited into the General Fund while revenues from IGA fees went into the Boxing and MMA fund.

Sanctioned Events

The Boxing and MMA Commission ensures that all events under Commission jurisdiction held in the State are sanctioned by the Arizona State Boxing and MMA Commission and that all participants are duly licensed.			
<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	32	25	29
Number of bouts	276	202	290

Licensing

The Boxing and MMA Commission issues licenses to contestants, officials, cornermen, promoters, managers and trainers who are qualified and eligible. Licenses are denied for those who do not meet applicable requirements or are statutorily prohibited from participating.			
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Performance Measures</u>			
Number of licenses issued	753	875	995
Percent of licenses issued for all applications	98%	98%	98%
<u>Revenue Summary</u>			
Taxes	\$14,702	\$11,400	\$11,400
License Fees	21,835	21,600	28,500
Fines	100	550	1,350
Unarmed Combat Fees	20,000	18,000	24,000
Other (Tribal Agreements)	28,000	23,000	24,000
Total Revenue Collected	\$84,637	\$74,550	\$89,250

Investigations

The Boxing and MMA Commission investigates all allegations of statutory and rule violations that may harm the athlete or the public.			
<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of investigations conducted	1	1	1
Percent of investigations resulting in disciplinary action *	n/a	n/a	n/a

* Does not include investigations that did not rise to Commission level.

Financial Information

Department of Racing Budget

The Department of Racing is no longer using General Fund monies for its day-to-day operations. Beginning in FY 2013, employees' salaries and benefits were paid with monies in the Racing Regulation Fund. Revenues in this fund come primarily from the regulatory wagering assessment (RWA). All other operational expenses, including drug testing, are also paid with monies in the Regulation Fund. We expect to receive enough revenue in the Regulation Fund to cover the \$2.9 million appropriation from the fund.

In FY 2014, the RWA handle was \$336.9 million, up from \$331.6 million in FY 2013 (1.6%). Our revenues improved toward the end of the fiscal year. Between July and December, the RWA handle was down 4.1%. During the last six months of the fiscal year, the RWA handle was up 6.0%.

The Department has also received two General Fund appropriations for specific purposes. In the past, we've transferred \$1.8 million for county fairs livestock and agricultural promotion to a fund administered by the Governor's Office. We did that again in FY 2014. The Department also has a \$250,000 General Fund appropriation intended solely for Arizona breeders' awards. Those monies were distributed quarterly throughout FY 2014.

In the table below, we've included expenditures for the last three fiscal years and the Department's projected expenditures for FY 2015 appropriations.

OPERATING BUDGET

	<u>Actual Exp FY 2012</u>	<u>Actual Exp FY 2013</u>	<u>Actual Exp FY 2014</u>	<u>Appropriation FY 2015</u>
Full Time Equivalent Positions (FTE)	40.5	40.5	40.5	40.5
Personal Services	1,022,800	1,280,100	1,489,700	1,589,300
Employee Related Expenses	394,600	462,800	604,000	636,700
Professional & Outside Services	232,500	295,600	420,800	358,800
Travel - In State	43,200	48,000	54,600	78,700
Travel - Out of State	4,300	10,100	15,200	7,500
Other Operating Expenditures	217,100	308,400	216,400	229,700
Equipment	6,300	160,400	12,000	0
Operating Budget Subtotal	\$1,920,800	\$2,565,400	\$2,812,700	\$2,900,700

SPECIAL LINE ITEMS

Arizona Breeders' Award	-	250,000	250,000	250,000
County Fairs Livestock and Agricultural Promotion	1,779,500	1,779,500	1,779,500	1,779,500
Special Line Items Subtotal	1,779,500	2,029,500	2,029,500	2,029,500

AGENCY TOTAL

\$3,700,300	\$4,594,900	\$4,842,200	\$4,930,200
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FUND SOURCES

Appropriated Funds

General Fund	2,814,800	2,029,500	2,029,500	2,029,500
Racing Regulation Fund	885,500	2,565,400	2,812,700	2,900,700
AGENCY TOTAL	\$3,700,300	\$4,594,900	\$4,842,200	\$4,930,200

Hardship Tax Credit

The Department of Racing determines the amount, if any, of a Hardship Tax Credit available to the commercial horse and greyhound permittees.

Determination of the FY 2015 Hardship Tax Credit Based on the FY 2014 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY2014 AMOUNT WAGERED	FY2014 % DECREASE	FY2014 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY2015 HARDSHIP TAX CREDIT	CARRYOVER FROM FY2014 HARDSHIP TAX CREDIT	FY2015 TAX CREDIT WITH FY2014 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$ 798,671	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 7,320	\$ 7,320
Rillito Park	FY 1990	\$ 3,887,981	\$ 664,023	-82.92%	\$ 13,280	\$ 11,012	\$ 33,036	\$ 253,369	\$ 286,405
Turf Paradise	FY 1994	\$ 101,467,993	\$ 116,595,373	14.91%	\$ 223,112	\$ -	\$ -	\$ 14,564	\$ 14,564
Yavapai Downs	FY 1994	\$ 17,490,826	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 3,598	\$ 3,598
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$ 12,262,396	\$ 14,679,516	19.71%	\$ -	\$ -	\$ -	\$ 360,850	\$ 360,850
Phoenix Greyhound Park	FY 1990	\$ 49,391,582	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 7,712,376	\$ 7,712,376
	FY 1994	\$ 46,293,967							
Tucson Greyhound Park	FY 1990	\$ 38,110,346	\$ 11,827,967	-68.96%	\$ 291,202	\$ 200,813	\$ 602,439	\$ 3,931,736	\$ 4,534,176

Department of Racing Pari-Mutuel Tax Revenue - FY 2014

TRACK	ALLOWABLE HARDSHIP CREDITS FY2014	FY2014 HANDLE	FY2014 PARI-MUTUEL TAX DUE	FY2014 CAPITAL IMPROVEMENT WITHHOLDINGS	FY2014 HARDSHIP TAX CREDIT	FY2014 COUNTY FAIR CREDITS	FY2014 CHARITY DAYS	FY2014 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$ 266,649	\$ 664,023	\$ 13,280	\$ -	\$ 13,280	\$ -	\$ -	\$ -
Turf Paradise	14,564	116,595,373	223,112	-	-	-	7,594	215,518
Yavapai Downs	3,598	-	-	-	-	-	-	-
Subtotal Horse Tracks	\$ 284,811	\$ 117,259,396	\$ 236,393	\$ -	\$ 13,280	\$ -	\$ 7,594	\$ 215,518
GREYHOUND TRACKS:								
Apache Greyhound Park	\$ 360,850	\$ 14,679,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Phoenix Greyhound Park	7,712,376	-	-	-	-	-	-	-
Tucson Greyhound Park	4,222,939	11,827,967	291,202	-	291,202	-	-	-
Subtotal Greyhound Tracks	\$ 12,296,165	\$ 26,507,482	\$ 291,202	\$ -	\$ 291,202	\$ -	\$ -	\$ -
GRAND TOTAL	\$ 12,580,976	\$ 143,766,879	\$ 527,595	\$ -	\$ 304,483	\$ -	\$ 7,594	\$ 215,518

Track Capital Improvements

Capital Improvement tax breaks were first introduced into law in 1978 to encourage the improvement of racing facilities for the benefit of the public, breeders and owners, and to increase revenue to the State from the increase in pari-mutuel wagering resulting from the improvements. All Capital Improvement projects required approval from the Arizona Racing Commission. The percentages paid the State by the permittee was reduced by 1% of the total amount wagered in counties with a population over 500,000 and 2% in all other counties.

New Capital Improvement projects can no longer be submitted. This provision expired on June 30, 1992 for counties with populations of 500,000 or more and on June 30, 1999 for counties with populations of less than 500,000 according to the previous United States decennial census. The capital improvement dollars for projects approved before the expiration date may continue to be deducted from the pari-mutuel tax due until exhausted. The following table show dollars deducted by all racetracks during FY 2014. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2014	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$0	\$866,507	\$51,330,129
Other Permittees		\$0	\$0	\$0	\$0