

Division of Racing Events

Report of the Fifty-Fourth Pari-mutuel Wagering Season 2002
January 1, 2002 - December 31, 2002



STATE OF COLORADO



DIVISION OF RACING EVENTS

Department of Revenue

1881 Pierce Street, Suite 108
Lakewood, Colorado 80214-1494
(303) 205-2990
FAX (303) 205-2950

Bill Owens
Governor

M. Michael Cooke
Executive Director

David Reitz
Division Director

Honorable Bill Owens
Governor of the State of Colorado

Honorable Members of the 68th General Assembly
State of Colorado

Dear Governor Owens and Honorable Members of the House and Senate:

It is with distinct pleasure that we provide you with the following Report of the 54th pari-mutuel wagering season, pursuant to Section 12-60-302(2), C.R.S. 1985-replacement volume 5. Included within this report are detailed figures and statements covering the 2002 racing calendar year.

We trust that the information proves to be informative and indicative of the benefits that properly regulated pari-mutuel wagering provides to the State of Colorado. The 727 days of racing during 2002, resulted in \$219,180,341 wagered in total with \$5,056,906.01 in pari-mutuel taxes being deposited in the General Fund of the State of Colorado.

The Department of Revenue is required to report any information that may be related to taxes in aggregate form only. Therefore, we have grouped our data into "greyhound" and "horse" totals. Please note that this report does not intend to reflect profits or losses from any racetrack.

The Division expresses appreciation for the cooperation and service rendered by the Governor, the State Legislature, the Executive Director of the Department of Revenue and other public officials, as well as the various track operators, the law enforcement agencies of Colorado, the press and the staff of the Division. A special note of thanks to Division Auditor Carmen Spond who coordinated the production of this report.

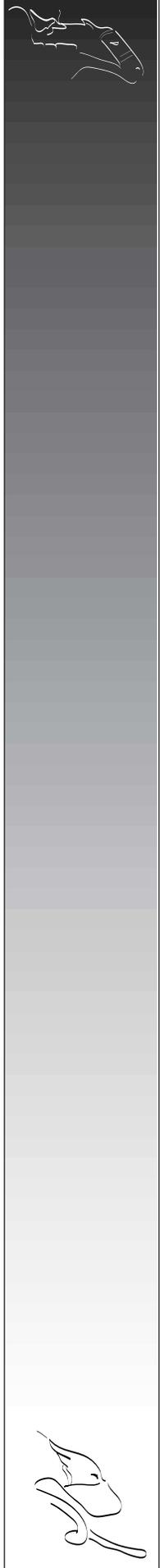
Respectfully,

FOR THE DIVISION OF RACING EVENTS

A handwritten signature in black ink that reads "David C. Reitz". The signature is written in a cursive style with a large, stylized "D" and "R".

David C. Reitz
DIVISION DIRECTOR

2002 Annual Report



M. MICHAEL COOKE

Executive Director
Department of Revenue

DR. GENE NAUGLE

Chair
Colorado Racing Commission

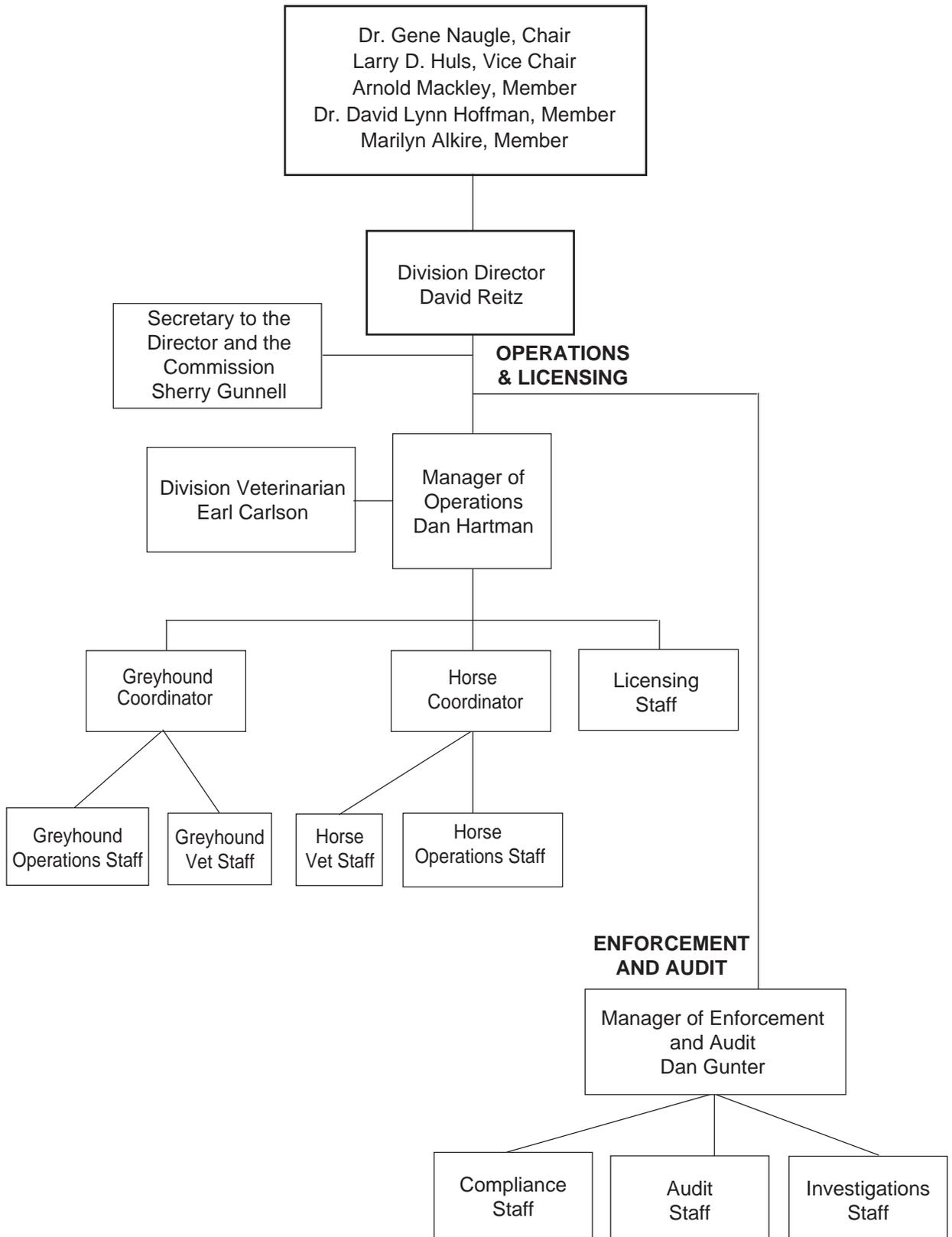
DAVID REITZ

Division Director
Division of Racing Events

Table of Contents

Racing History/Mission Statement	1
2002 Events	2
Members of the Colorado Racing Commission	3
Licensed Race Tracks	4
Licensed OTB's	5
Cumulative Data	6
Performance Measures	7
Comparative Data	8-9
Approved 2003 Race Dates	10
Horse Owners and Breeders Awards and Supplemental Purse Fund	11
Division Receipts and Disbursements	12
Section Report • Investigations	13
Section Report • Racing Operations, Licensing & Animal Welfare	14
Section Report • Financial Services	15

COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



RACING HISTORY

The Division of Racing Events and the Colorado Racing Commission were established in 1949 to supervise pari-mutuel wagering in Colorado. Pari-mutuel means "betting among ourselves." When placing a wager at the track, you are not betting against the "house" as you would be at a casino. Pari-mutuel wagering is a form of betting in which the loser's wagers (less a percentage for the Associations and taxes) are distributed among the winners. The Division is a regulatory, enforcement and revenue-generating agency of State Government. The Colorado Legislature and the Racing Commission set a public policy in the area of racing regulation which is then administered by the Division. The major functions of the Division and the Racing Commission are to promote racing and the recreational, entertainment and commercial benefits derived therefrom, to establish high standards of sport and fairplay, to promote the health and safety of the animals involved in racing and to foster honesty and fair dealing in the industry. The Commission allocates race dates to various racing associations, adopts rules and supervises the conduct of race meets, racing officials and licensees. A staff of administrative, security and veterinary professionals, in conjunction with Division racing officials, supervised the daily activities at the six tracks conducting pari-mutuel racing in Colorado during 2002 (five greyhound tracks and one horse track).

During 2002, the Division changed membership from the Association of Racing Commissioners International, Incorporated (ARCI), formerly known as the National Association of State Racing Commissioners (NASRC), to the North American Pari-Mutuel Regulators Association (NAPRA). The Commissioners and the Division Director are active participants on various national and regional committees. The NAPRA data base allows the Division to monitor the backgrounds of licensees and to exchange important regulatory and industry information with other jurisdictions.

In 2002, fourteen Commission meetings were held. The Commission conducted a 2003 race date hearing, renewal application hearings for north and south circuit greyhound race meets and renewal application hearings for one major horse race meet, conducted numerous disciplinary, administrative, and appeal hearings, held rule-making hearings related to the adoption of various greyhound, horse, pari-mutuel and racing rules and continued its official regulatory, supervisory and enforcement control of pari-mutuel wagering.

MISSION STATEMENT

*TO PROMOTE AND FOSTER THE PUBLIC CONFIDENCE IN THE
PARI-MUTUEL INDUSTRY, PROTECT THE WELFARE OF THE
PARTICIPANTS THROUGH FAIR, CONSISTENT, PROACTIVE
ENFORCEMENT OF APPROPRIATE POLICIES, STATUTES AND
COLORADO RACING COMMISSION RULES*

Visit us at our website at www.state.co.us/racing_dir/coracing.html



2002 EVENTS

COMMISSION ACTIVITIES:

1. After serving two full four-year terms, W. Gale Davey concluded his term of service as a Commission member. Gale served ably and conscientiously as Commission Chair for much of his second term. We extend our sincere thanks to Mr. Davey for his dedicated service to the citizens of Colorado.
2. In July, Gene Naugle, DVM, was appointed Chairman of the Commission. Commissioner Larry Huls was appointed to serve as Vice-Chairman. They will hold these positions for one year.
3. Dr. David Lynn Hoffman, a Professor of Business Management at the University of Northern Colorado in Greeley, was appointed to serve a four-year term expiring on July 1, 2005. Dr. Hoffman's appointment was confirmed by the Senate during the 2002 legislative session (February 25, 2002).
4. Marilyn Alkire, who is self-employed in the breeding, training and showing of world class Quarterhorses, was appointed to serve a four-year term expiring on July 1, 2006.

ENACTED LEGISLATION:

House Bill 1087: Measure to permit racing associations to procure services of a veterinarian on an emergency basis at its expense and recoup the cost of this service from taxes submitted.

House Bill 1089: Measure to permit the location of a Class "A" horsetrack simulcast facility within a five-mile radius of the fair circuit racecourse; also, would include a "re-opener" provision to encourage the revival of fair circuit horse racing.

Measure relating to retention of ability to fingerprint license applicants: Measure sponsored by Department of Public Safety as an initiative designed to preserve ability of state agencies with statutory authority to continue to perform fingerprinting of license applicants.

Appointment of New Manager for Arapahoe Park: Jim Gartland, who has served as General Manager of Arapahoe Park and Pueblo Greyhound Park for many years, resigned from these posts in February, 2002 to accept the position of General Manager of The Woodlands in Kansas. Mr. Bruce Seymore accepted the position as General Manager of Arapahoe Park and Mr. Steve Rose accepted the position of General Manager of the southern circuit greyhound racing facilities. Mr. Rose continued to serve as General Manager of Mile High Greyhound Racing/Interstate Kennel Club in the metropolitan Denver area.

Closure of Pueblo Greyhound Park: May 31, 2002 marked the final day of live greyhound racing in 2002 at Pueblo Greyhound Park. Wembley USA has recently expressed its intention to conduct live racing in the "Southern Greyhound Circuit" in 2003, in both Colorado Springs and Pueblo.

Appointment of new general manager at Colverleaf Kennel Club: Mr. John Manning, who had been serving as Mutuel and Off-Track Wagering Facility Manager, was appointed to the position of General Manager succeeding Mr. Joe Pardi.



CURRENT MEMBERS OF THE COLORADO RACING COMMISSION

On June 9, 1999, **Dr. Gene Naugle**, a Veterinarian from Penrose, was appointed to the Colorado Racing Commission. He was appointed Vice-Chair, effective 07/01/00. Dr. Naugle has been a Veterinarian in private practice in Colorado Springs since 1967. He is a member of numerous professional organizations, including the American Association of Equine Practitioners and the American and Colorado Springs Area Veterinary Medical Association. He is also a charter member of the Colorado Mule Riders and an honorary lifetime member of the North American Trail Riders Conference. His assorted professional activities include the presidency of the Colorado Springs Area Veterinary Association and the program chairmanship of the State Meeting of the Colorado Veterinary Association.

Larry D. Huls joined the Racing Commission on March 21, 2001. Mr. Huls served in various capacities in State government for approximately twenty-five years. He retired in 1999 as Director of the Division of Racing Events.

Effective November 5, 1999, **Mr. Arnold Mackley** was appointed to the Racing Commission. He is from Rifle and will serve as our representative from the Western Slope. Mr. Mackley brings over thirty years of experience as an Accountant, Controller, Administrative Assistant, Vice-President of Finance and Director of Finance of several large U.S. companies, with offices through the Western U.S. and Israel as well as almost ten years of service in prominent government office. He was appointed to the Planning and Zoning Commission of Garfield County, Colorado, where he served for fourteen years before his election and eight years tenure as County Commissioner of Garfield County. Mr. Mackley is currently a consultant for Ameralia, Inc., a chemical company which is in the process of permitting and constructing a mine capable of producing 50,000 tons of product a year.

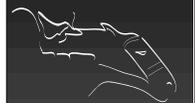
Effective October 02, 2001, **Dr. David Lynn Hoffman** was appointed to the Racing Commission. Dr. Hoffman is a Professor of Management at the University of Northern Colorado and serves as the President of the Board for Platte River Industries. He is the former President of the Westminster 7:10 Rotary and a former member of the Vocational Service Committee, Foundation Request Committee, and the Foundation Board of Directors. He is also a former member and President of the Small Business Institute Directors' Association.

Marilyn Alkire joined the Racing commission in June of 2002. She represents the racing industry, to succeed W. Gale Davey as a member of the Commission. Ms. Alkire's full four-year term as a Commissioner continues from July 1, 2002 through June 30, 2006. Ms. Alkire received her Juris Doctorate from the University of Denver, College of Law in 1977. For several years, she was a partner in the firm of Holme, Roberts and Owen, her specialization being natural resources and environmental law. She served as the President of the Rocky Mountain Quarter Horse Association. She has been continues to be very active and involved in community service. Ms. Alkire is self-employed in the breeding, showing and training of world-class quarter horses, a business that affords her the opportunity to apply her lifelong knowledge and love of horses and the horse industry.

TRIBUTES

It was with great sadness that the Colorado Racing Commission and Division of Racing Events lost a bright and delightful friend and co-worker. Ms. Natalie Kim Dillow, who was a Division staff member for over a year, died in a motorcycle accident that occurred over the Memorial Day weekend. Ms. Dillow was twenty-three years of age at the time of her death.

We were also saddened by the death of Mr. Fred Griffin, who served in numerous positions at Colorado racetracks during his forty-four year career in the industry. For many years, Mr. Griffin was the Director of Racing at Cloverleaf Kennel Club in Loveland.





LICENSED RACETRACKS

GREYHOUND TRACKS

MILE HIGH GREYHOUND RACING

Steve Rose, General Manager
6200 Dahlia Street
Commerce City CO 80022
(303) 288-1591

PUEBLO GREYHOUND PARK

Steve Rose, General Manager
3215 Lake Avenue
P. O. Box 2220
Pueblo CO 81005
(719) 566-0370

INTERSTATE RACING ASSOCIATION, Inc.

Steve Rose, General Manager
6200 Dahlia Street
Commerce City CO 80022
(303) 288-1591

CLOVERLEAF KENNEL CLUB

John Manning, General Manager
P. O. Box 88
Loveland CO 80539
(970) 667-6211

POST TIME GREYHOUND RACING

Steve Rose, General Manager
3701 North Nevada Avenue
Colorado Springs, CO 80907
(719) 632-1391

HORSE TRACKS

ARAPAHOE PARK

Bruce Seymore, General Manager
26000 East Quincy
P. O. Box 460370
Aurora CO 80016
(303) 690-2400



LICENSED OTB'S

HAVANA PARK

10750 East Iliff Avenue

Aurora CO 80014

(303) 751-5918

Licensee: Mile High Greyhound Park

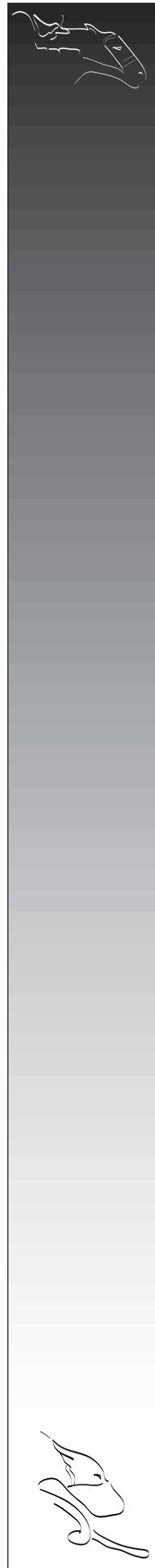
RED AND JERRY'S

1840 West Oxford Avenue

Sheridan CO

(303) 783-0655

Licensee: Post Time Greyhound Racing





CUMULATIVE DATA

Year	Live Days		Pari-Mutuel Handle	Percent (compared to previous year)		Total Breakage	State Commission	Total Divisional Receipts	
1997	860	d	251,868,450	-2.49	a	658,845.25	b&c	7,194,118.22	7,251,801.88
1998	f 667	d	235,104,817	-6.66	e	629,328.78	g	6,670,665.32	6,726,190.36
1999	f 652	d	244,568,401	+4.03	e	668,240.51	g	6,542,580.07	6,592,394.72
2000	f 659	d	241,368,462	-1.31	e	651,538.88	g	6,419,232.79	6,485,218.97
2001	f 859	d	233,123,732	-3.42	e	629,880.95	g	5,895,224.91	5,950,042.16
2002	f 727	d	219,180,341	-6.63	e	603,575.02	g	5,056,906.01	5,115,833.71

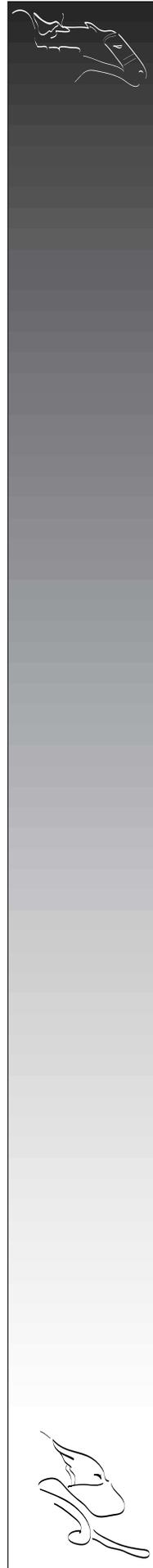
Footnotes

- a Breakage retained by racing association in accordance with Colorado Supreme Court decision after June 21, 1954. Half of breakage from live horse meets to horse purses. (SB91-99 Effective June 6, 1991.)
- b State and track greyhound commissions changed to 17.5%; and 0.75% for State horse commissions. (SB91-99 effective June 6, 1991.)
- c State and track greyhound commissions restored to 17.5% effective July 01, 1994. (HB93-1268.)
- d Includes handle wagered from out-of-state sources on in-state races.
- e Effective 07/01/98, the association share increased from 13% to 15%.
- f In previous years, both live and simulcast days were included in this calculation. However, starting in 1998 only live days are included.
- g State commission changed to 19.5% affective July 1, 1998.



2002 PERFORMANCE MEASUREMENTS

	Sum or Average Percentage
Number of Greyhound Race Days	424
Number of Greyhound Performances	553
Number of Horse Race Days	41
Number of Business/Occupational Licenses Issued	1,571
Total Licensee Population	16,737
Number of Denied/Issued Conditionally	92
Number of Rulings Issued Resulting in Fines/Suspensions	117
Number of Commission Disciplinary Hearings	15
Number of Greyhound Drug Tests	6,941
Percent of Greyhound Drug Tests in Compliance	99.90%
Number of Horse Drug Tests	1,272
Percent of Horse Drug Tests in Compliance	49.44%
Number of Greyhound Injuries Reported	219
Number of Horse Injuries Reported	84
Number of Audits Conducted	182
Number of Tote Tests Conducted	85
Percent of Race Meet Audits completed Within Ninety (90) Days	100.00%
Total Handle Wagered	\$219,180,341
Number of Kennel/Stable Inspections Conducted	176
Number of Simulcast Facility Inspection Conducted	3
Number of Simulcast Routine Checks Conducted	179
Number of Investigations Completed	420
Percent of Investigations Resulting in Criminal/Administrative Charges	60.00%
Percent of Investigations Completed Within 60 Days	88.00%
Number of Website "Hits"	100,335





2002 RACING SEASON - COMPARATIVE DATA

	# of Race Days	# of Races	Pari- Mutuel Handle*	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
HORSE							
LIVE	41	496	\$6,901,712	\$33,307.57	NA	\$1,407,982.97	\$51,847.66
SIMULCAST	249	21,141	\$79,594,183	\$598,145.77	NA	\$14,402,555.02	\$988,667.69
TOTALS	290	21,637	\$86,495,895	\$631,453.34	NA	\$15,810,537.99	\$1,040,515.35
GREYHOUND							
TOTALS	437	8,163	\$132,684,446	\$4,425,452.67	\$577,451.16	\$21,693,596.34	NA
GRAND TOTAL	727	29,800	\$219,180,341	\$5,056,906.01	\$577,451.16	\$37,504,134.33	\$1,040,515.35

* Includes off-track-betting (OTB) and out-of-state figures.

NOTES Do not compare the horse numbers to previous years, as the calculation method has changed to show the difference between live and simulcast days.



	CSU Fund	Breakage	Distributed to Public	Average Daily Handle
HORSE				
LIVE	\$7,410.67	\$36,692.43	\$5,013,630.70	\$168,344
SIMULCAST	\$147,462.75	\$354,256.94	\$61,800,947.13	\$319,655
TOTALS	\$154,873.42	\$390,949.37	\$66,814,577.83	\$298,262
GREYHOUND				
TOTALS	NA	\$212,625.65	\$105,769,828.05	\$303,626
GRANDTOTAL	\$154,873.42	\$603,575.02	\$172,584,405.88	\$301,486





2003 APPROVED RACE DATES

SOUTHERN CIRCUIT GREYHOUND RACING IN 2003 IS UNCERTAIN AT THE TIME OF THE WRITING OF THIS REPORT.

NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB
(Commerce City)

JANUARY 1 – FEBRUARY 1, 2003
(Wednesday) (Saturday)
(Envelope of 32 days)

CLOVERLEAF KENNEL CLUB
(Loveland)

FEBRUARY 4 – JUNE 3, 2003
(Tuesday) (Tuesday)
(Envelope of 120 days)

MILE HIGH GREYHOUND PARK
(Commerce City)

JUNE 6 – OCTOBER 3, 2003
(Friday) (Friday)
(Envelope of 120 days)

INTERSTATE KENNEL CLUB
(Commerce City)

OCTOBER 4 – DECEMBER 24, 2003*
(Saturday) (Wednesday)
(Envelope of 82 days)

DECEMBER 26–DECEMBER 31, 2003
(Friday) (Wednesday)
(Envelope of 6 days)

* - No racing on December 25 due to Christmas holiday

HORSE

ARAPAHOE PARK
(Unincorporated Arapahoe County)

JUNE 7 – AUGUST 25, 2003 (48 days)**
(Saturday) (Monday)

SOUTHWESTERN EQUINE ASSN
(Trinidad)

SEPTEMBER 6–7, 2003 (2 days)
(Saturday) (Sunday)

** - Tentative dates; number of race days to be determined



HORSE BREEDERS AND OWNERS AWARDS AND SUPPLEMENTAL PURSE FUND

12-60-704, C.R.S. as amended, June 6, 1993 provides for the Horse Breeders and Owners Awards and Supplemental Purse Fund program. The Fund consists of 0.5% of the mutuel handle on win, place and show wagers and 1.5% of the mutuel handle on all other wagers from all horse meets including simulcast programs, plus uncashed ticket money from previous years.

The following accounting of the Owners'/Breeders' Awards and Supplemental Purse Fund money to be distributed to the various breed organizations is summarized for the calendar year 2002 as follows:

Earned from wagering in 2002	\$ 1,040,514.97
Earned from 2001 uncashed tickets	367,337.95
Interest in 2002	7,739.80
Less Bank Fees	(3,500.00)
<hr/>	
TOTAL OWNERS'/BREEDERS' FUND	\$ 1,412,092.72

Following is the approved Owners' and Breeders' Awards and Supplemental Purse Funds distribution amounts for calendar year 2002 submitted for your approval at the February 2003 Commission meeting:

Thoroughbreds	\$ 966,608.92
Quarterhorse	253,400.65
Arabian	22,254.59
Paint	4,500.09
Appaloosa	2,280.34
Harness	48.13
<hr/>	
TOTAL	\$ 1,249,092.72

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 2002 took place in 2003. However, during 2002, the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$163,000.00. The distribution amounts above reflect these advances.

Current escrow totals are:

Harness	\$16,343.23
Appaloosa	13,601.85
<hr/>	
TOTAL	\$29,945.08





DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

Horse	\$	631,453.34
Greyhound		<u>4,425,452.67</u>
Total Commission	\$	5,056,906.01

Occupational Licenses:

	# Issued	\$	Received
Horse	807	\$	20,680.00
Greyhound	691		15,612.50
Central	<u>220</u>		<u>6,247.50</u>
Total Licenses	1,718	\$	42,540.00

Lease Registration Fees Collected	\$	30.00
Fines and Penalties Collected		16,235.20
Investigation Fees Collected		0
Printing Fees Collected		<u>122.50</u>
TOTAL RECEIPTS	\$	5,115,833.71

DISBURSEMENTS:

Personal Services	\$	1,738,804
Operating Expenses		113,845
Laboratory Services		192,981
Legal Services		<u>30,080</u>
TOTAL DISBURSEMENTS	\$	2,075,710

NOTE: We have modified this report. Therefore, the reporting categories (and net balance) should not be compared to previous years.



SECTION REPORT • INVESTIGATIONS SECTION

During 2002, the Investigations Section completed 420 investigations. Of these cases 37 were filed into criminal court and resulted in 40 arrests. The Section completed 223 administrative investigations, of which 60% resulted in an administrative action being taken.

The Section completed 176 kennel, stable and OTB inspections with major emphasis placed on animal welfare. 90% of the kennels and stables were in compliance with current rules and regulations. The remaining 10% that were not in compliance came into compliance on the second inspection.

The Division submitted a new rule to the Colorado Racing Commission to assist in the policy concerning video surveillance at all Racing Associations, Off Track Betting facilities, and mutuel departments. This tool has been invaluable in assisting the Investigations Section in cases involving menacing, theft and illegal gambling activity. This tool also keeps a monitor on all pari-mutuel activity for the associations security departments and use for their internal affairs.

Examples of the criminal activity the video surveillance equipment helped to solve were seven criminal investigations for theft of mutuel tickets at the racetracks, returning over \$5200.00 to the rightful owners. \$1500.00 of this was for fraudulent checks written to the racetrack. A mutuel employee stole \$1700.00 while on duty. The Investigations Section has been instrumental in assisting police agencies apprehend wanted persons suspected of crimes in their jurisdictions. Either the suspects have been identified as patronizing the racetracks and OTB's or they have attempted to gain a license in the racing industry.

The Enforcement Section revised the OTB and simulcast field contact and inspection policy and procedure. The procedure has been revised to include a three level process with each level providing an increasing degree of the inspection procedure by the Division. Level I being a routine field contact by any Division representative, Level II being a routine compliance inspection by an investigator and/or compliance officer, and Level III including a money room audit by the Audit Section. This change resulted in 221 visits and inspections at OTB facilities.

The Investigations Section continued to assist the Division's Veterinary Section in the enforcement of the Colorado Racing Commission's policy on the admittance of racing animals into licensed kennel and stable areas. The Investigations Section insured that association's staff enforced state and federal laws concerning vaccinations and health certificates for racing animals transported into the State of Colorado. This has become very important in this day of infectious animal diseases that are traveling around the world.





SECTION REPORT – RACING OPERATIONS, LICENSING AND ANIMAL WELFARE SECTION

In 2002, the Racing Operations Section, which includes the licensing and animal welfare staffs, experienced a significant reduction of racing in the Southern Greyhound Circuit. The Colorado Springs and Pueblo greyhound racetracks reduced their racing seasons by fifty percent from the previous year. There was no longer a year-round racing season, but one of six-month duration in this sector of the state. Despite this change, Section staff members continued to license racing participants, oversee operations at racetrack sites and enhance the animal safety and welfare program throughout the state.

The Section staff commenced its annual review of the rule book with the intention of adopting new and amended rules early in 2003. The rule review workshops were held at which industry members and Section staff representatives discussed rule proposals.

This year, the Section also enhanced its animal inspection procedures by inspecting all greyhounds prior to weigh-in. Division employees were also involved in animal testing in order to ensure the maintenance of the chain of command.

All staff members are charged with responsibility for protecting the health and safety of greyhounds and horses racing in Colorado. In order to do this, several approaches are used, consisting of multiple inspections of animals, a preventative health maintenance program, research, a drug testing program and an injury tracking system. This year, special attention has been given to implementing preventive measures to avert future crises with the West Nile Virus and other diseases that can affect racing animals on an epidemic scale. In addition, staff members maintain individual health records on all animals, indicating vaccination status, medications used and all other information.

Veterinarians and other staff members observe all animals several times prior to racing and examine any animal that performs poorly, appears to be injured or is injured. Emergency care is also provided at each track with more intensive care available from area clinics when necessary.

To monitor drug administration to greyhounds and horses, the Division maintains a comprehensive drug testing program that is overseen by those responsible for animal welfare concerns and issues. For greyhounds, this program involves the pre-race and/or post-race selection of samples that is based on the percentages between total starts and total samples collected. The samples collected from horses are taken post-race from all winners with additional samples obtained from other selected horses, as needed.

An important aspect continues to be the injury tracking system. This insures that racing animal injuries are closely monitored to determine how and why they occur. An extensive updated report on the injury tracking system, including information for the past eight years and involving additional statistical evaluations, was provided to the Commission in early 2002.



SECTION REPORT • FINANCIAL SERVICES SECTION

In order to determine compliance with statutory requirements, Financial Services staff conduct audits and calculate pari-mutuel taxes due and paid, minimum purse amounts, payments to and proposed distribution amounts from the Horse Breeders' and Owners' Awards and Supplemental Purse fund, payments to the School of Veterinary medicine at Colorado State University, uncashed ticket monies reverting to the Breeders' and Owners' Fund and Racing Associations, pre-meet tests, price tests, and revenue audits. Staff review the pari-mutuel rule sections and develop policies and procedures as needed. They also investigate incidents within the mutuel departments to determine if taxation, payouts, and/or totalisator aspects have been affected and review all financial statements used in the decision of licensure of Associations. Financial Services staff also keep statistical information regarding all wagering in Colorado.

Effective 07/31/98, all totalisator companies, in order to be licensed within the State, are required to fully comply with Colorado's Totalisator Standards. Colorado is the first state in the nation to develop and implement a set of standards of this type. A copy of these standards can be reviewed on the Division's homepage, under the Financial Services Section. The Financial Services Section performed testwork pursuant to the Colorado Totalisator Standards. This audit uncovered information that led to an administrative action.

During 2002, 182 compliance audits were completed. In the same period, staff conducted or oversaw 85 tests of the totalisator system and totalisator communications, of which 13% of the tests required further follow-up. Some of this testwork performed was due to the changeover in tote companies at Red and Jerry's and Post Time.

The Financial Services Section also reviewed mutuel department and totalisator incidents during 2002. These incidents varied from simple report of loss of video or data communications to software and hardware failures to violations of rules.

The Section worked with totalisator companies to determine their ability to trace vouchers and completed an information memo with regard to the illegal Pick Six Wager placed at the Breeder's Cup.

Financial Services Section staff gave presentations on Colorado Tote Standards and White Collar Crime at the ORI Conference held in Denver and attended training from the National White Collar Crime Center on internet fraud. They also conducted training to the incoming Horsemen's Bookkeeper, in conjunction with one of the Colorado Associations.

