

# STATE OF COLORADO

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## DIVISION OF RACING EVENTS

Department of Revenue

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

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Bill Owens  
Governor

Fred Fisher  
Executive Director

Larry Huls  
Division Director

Honorable Bill Owens  
Governor of the State of Colorado

Honorable Members of the 64th 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 50th 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 1998 racing calendar year.

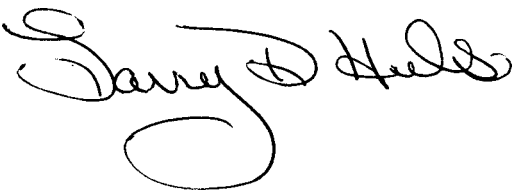
We trust that the information proves to be informative and indicative of the benefits that properly regulated pari-mutuel wagering provides to the State of Colorado. The 667 days of racing during 1998, resulted in \$235,104,817 wagered in total with \$6,670,665.32 being deposited in the General Fund of the State of Colorado.

Per Senate Bill 92-99, 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 Division employees.

Respectfully,

FOR THE DIVISION OF RACING EVENTS



LARRY D. HULS  
DIVISION DIRECTOR



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# 1998 Annual Report

**RENNY FAGAN**

Executive Director  
Department of Revenue

**IRVING S. HOOK**

Chair  
Colorado Racing Commission

**LARRY D. HULS**

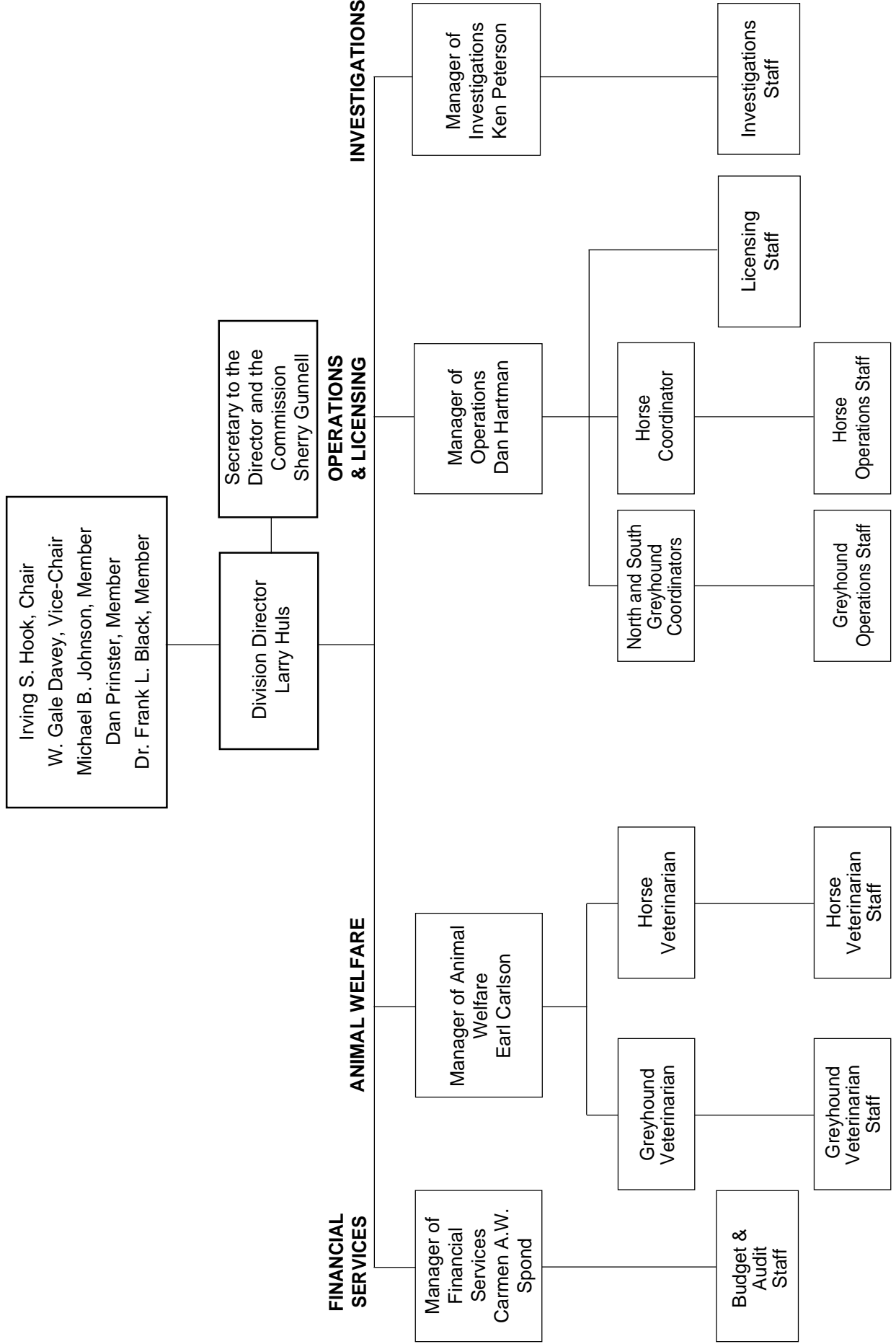
Division Director  
Division of Racing Events

**Table of Contents**

Racing History/Mission Statement .....	1
1998 Events .....	2
Continuing Projects .....	3
Members of the Colorado Racing Commission .....	4
Licensed Race Tracks .....	5
Licensed OTB's .....	6
Comparative Data .....	7-8
Cumulative Data .....	9
Approved 1999 Race Dates .....	10
Horse Owners and Breeders Awards and Supplemental Purse Fund .....	11
Division Receipts and Disbursements .....	12
Section Report • Investigations .....	13
Section Report • Animal Welfare .....	14
Section Report • Racing Operations & Licensing .....	15
Section Report • Financial Services .....	16



# COLORADO RACING COMMISSION AND DIVISION OF RACING EVENTS



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## 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 major functions of the Division 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 Division 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 1998 (five greyhound tracks and one major horse track).

The Division is a member of the Association of Racing Commissioners International, Incorporated (ARCI), formerly known as the National Association of State Racing Commissioners (NASRC). The Commissioners and the Division Director are active participants on various national and regional committees. The National Association of State Racing Information Services (NASRIS) allows the Division to monitor the backgrounds of licensees and to exchange important regulatory and industry information with other jurisdictions.

In 1998, thirteen Commission meetings were held. The Commission conducted a 1999 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***

*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/gov\\_dir/revenue\\_dir/racing\\_dir/coracing.html](http://www.state.co.us/gov_dir/revenue_dir/racing_dir/coracing.html)



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## **1998 EVENTS**

### **COMMISSION ACTIVITIES:**

Commissioner Michael Johnson's re-appointment to a four-year term expiring July 1, 2001 was confirmed by the Senate during the 1998 legislative session.

Commissioner W. Gale Davey, who was re-appointed to serve on the Commission for a second four-year term ending July 1, 2002, must appear before the Senate for a confirmation hearing in 1999.

At the July Commission meeting, Irving Hook was re-elected to serve as Commission Chair and W. Gale Davey was elected to serve as Vice-Chair through June, 1999.

### **ADOPTION OF COMPLETE REVISION OF COLORADO RACING COMMISSION RULES**

The Commission adopted the complete revision of Colorado Racing Commission Rules.

This represented the culmination of over two years of work on the Commission's rules and is the final phase of the rule modification process, the first being the adoption of the reformatted, combined rule book without rule amendments or additions.

### **RANDOM DRUG TESTING**

The Commission approved a plan for conducting random drug and alcohol testing on humans in early 1998. At the Summer live race meet at Arapahoe Park, the Commission commenced the human testing program. It was the general consensus of opinion from industry participants, racing association managers, Division staff and members of the Commission that the introduction of human alcohol and drug testing had gone well. Random human testing will be introduced at greyhound race meets by May, 1999.

### **GILPIN HOTEL & CASINO CEASED TO BE OFF-TRACK WAGERING FACILITY FOR CLOVERLEAF KENNEL CLUB:**

September 30, 1998 was the final day that the Gilpin Hotel and Casino in Black Hawk, Colorado, served as the off-track wagering facility for Cloverleaf Kennel Club. Cloverleaf management has yet to designate another off-track wagering site to commence simulcasting of its races.

### **PRESENTATION OF SUNSET REPORT:**

After having undergone a "Sunset" analysis during 1998, the Division was given a preliminary report in September. The Division was afforded the opportunity to respond to the findings of the evaluator prior to finalization of the report. The final report was completed in October and will be presented to the full Legislature during the 1999 legislative session.

### **APPOINTMENT OF NEW EXECUTIVE DIRECTOR OF DEPARTMENT OF REVENUE**

On December 31, 1998, newly elected Governor Bill Owens announced the appointment of Mr. Fred Fisher, former Mayor of Greenwood Village and professor of business at Colorado Mountain College in Glenwood Springs, to replace Mr. Renny Fagan as Executive Director of the Department of Revenue. Mr. Fisher will assume his new position on January 12, 1999 upon the inauguration of Governor Owens.

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## CONTINUING PROJECTS:

- The Division is in the process of preparing rule proposals, both new and amended, for Commission review and anticipated adoption in Spring, 1998. The Commission will conduct Rule-Making Hearings at which time the public, industry and Division staff will have an opportunity to present views and opinions regarding the proposed rules.
- The Division implemented a case management tracking system in December 1998. This system has significantly enhanced the Division's investigative operations.
- The Division has implemented full licensing operations at its active field office sites and designated Division licensing personnel are available during live race meets to assist applicants for licensure and licensees with their needs.
- The Division Managers and Coordinators have conducted numerous meetings to determine what duties and job assignments should be handled by or delegated to the Coordinators. The racing coordinators (two greyhound field coordinators, one in the northern portion of Colorado, one in the southern part of the state and one horse racing coordinator) are the primary liaisons between the main office staff and racetrack management. Their roles are vital and critical to ensuring good communications and strong relations between the Commission, Division and the racing association(s). Therefore, a re-evaluation of their duties and responsibilities was imperative to assure compliance with the Department of Revenue's customer service goals.



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## MEMBERS OF THE COLORADO RACING COMMISSION

**Irving S. Hook** is the Chair of the Commission. Mr. Hook was recently re-appointed by Governor Romer to continue to serve on the Commission through July 1, 2000. He is a Denver Attorney and Certified Public Accountant, who also serves as Vice-Chair of the Denver Pension Plan. Mr. Hook's priorities as a member of the Commission have been to ensure fairness for participants in the racing industry, full disclosure to the public and the protection of the safety and welfare of racing animals. As his most notable achievement while serving on the Commission, Mr. Hook cites the revamping of the Commission's rules and regulations.

**Dan Prinster** is our most recent appointee to the Racing Commission. Mr. Prinster was appointed to the commission on June 30, 1997 and one day later, participated in his first Commission meeting. He is a Former State Representative, who is now the Administrator at St. Mary's Hospital in Grand Junction, Colorado. Mr. Prinster has shown a remarkable ability to comprehend the complex issues affecting the Colorado racing industry and is, and will continue to be, a great asset to the Commission.

**Michael B. Johnson**, a Commission member since 1993, is a Certified Public Accountant in Denver. Mr. Johnson's professional experience is quite varied, ranging from being Senior Accountant with Ernst and Ernst in Boston, to comptroller for Ceres International, to his current role as Chief Executive Officer of Michael B. Johnson and Company, P.C. Michael B. Johnson and Company, P.C. has fulfilled requirements and auditing functions for, among others, the Denver International Airport, Coors' Field Construction, the Piton Foundation and various programs within the Colorado Department of Health and Human Services. Mr. Johnson believes that while serving on the Commission, his primary function is to relate a business aspect to the decision-making process. He emphasizes that the Colorado Racing Commission must be pro-active in responding to problems occurring in the pari-mutuel realm, be strong on animal welfare, and demanding on industry integrity.

**W. Gale Davey**, a member of the commission since 1995, believes that the Commission's positive impact on pari-mutuel wagering in Colorado, is through maintaining total control over animal welfare, fair play and industry integrity, thus ensuring honesty, safety and protection for the public and the racing participants. He acknowledges a lifelong interest in horses and racing and has been a horse breeder, rider, owner, and trainer. Mr. Davey spent twenty-five years with the Fort Morgan Police Department, nineteen of which were a Chief of Police. Additionally, he served as Sheriff of Morgan County for eight years. As current civic affiliations, Mr. Davey is an appointed member of the Morgan County Community Corrections Board and is Co-President of the Brush, Colorado Rodeo Association. Mr. Davey has been recognized by his peers as a leader in law enforcement, serving as President of the Colorado Association of Chiefs of Police.

**Frank L. Black**, D.V.M., a member of the Commission since 1995, has served as a Veterinarian for the United States Air Force, which included time spent on a project relating to the health and welfare of research animals. He has also been an Instructor and Assistant Professor at Colorado State University, served for eight years on the Colorado State Board of Veterinary Medicine and is currently in veterinary practice at a clinic in Colorado Springs. In recognition of Dr. Black's exemplary career in veterinary medicine, he was honored as "Veterinarian of the Year" in 1991 by the Colorado Veterinary Medical Association. Dr. Black believes that competition from other forms of gambling has diminished the interest in the racing of greyhounds and horses for gaming purposes. However, he is confident that the racing of animals will continue to appeal to both public enthusiasts and racing industry participants as a spectator sport.



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## LICENSED RACETRACKS

### GREYHOUND TRACKS

#### ROCKY MOUNTAIN GREYHOUND PARK

Karen Crouse, General Manager  
P. O. Box 7229  
Colorado Springs CO 80933  
(719) 632-1391

#### PUEBLO GREYHOUND PARK

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

#### MILE HIGH GREYHOUND PARK

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

#### CLOVERLEAF KENNEL CLUB

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

#### INTERSTATE KENNEL CLUB

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

### HORSE TRACKS

#### ARAPAHOE PARK

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

#### SOUTHWESTERN EQUINE ASSOCIATION

P. O. Box 101  
Trinidad CO 81082  
(719) 846-2931



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## LICENSED OTB'S

### HAVANA PARK

10750 East Iliff Avenue  
Aurora CO 80014  
(303) 751-5918  
Licensee: Mile High Greyhound Park

### GILPIN HOTEL AND CASINO

111 Main Street  
Black Hawk CO 80422  
Licensee: Cloverleaf Kennel Club

### RED AND JERRY'S

1840 West Oxford Avenue  
Sheridan CO  
(303) 783-0655  
Licensee: Rocky Mountain Greyhound Park

### POST TIME

3210 I-70 Business Loop  
Clifton CO 81520  
(970) 434-1124  
Licensee: Pueblo Greyhound Park

## CUMULATIVE DATA

Year	Days		Pari-Mutuel Handle	[inc. or (dec.)] (compared to previous year)		Total Breakage	State Commission	Total Divisional Receipts
1994	1,099	d	229,321,240	+9.08	a	544,490.81	b&c 8,084,976.98	8,214,502.28
1995	988	d	257,109,333	+12.12	a	715,385.73	b&c 8,106,279.15	8,236,373.52
1996	843	d	258,295,605	+0.46	a	648,879.80	b&c 7,691,430.88	7,780,948.63
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	6,670,665.32	6,726,190.36

### 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 races were included in this calculation. However, starting in 1998 only live races are included.

**NOTE** The primary reasons for the substantial growth in pari-mutuel handle between 1995 and 1996 are 1) and increase in the number of out-of-state races accepted in Colorado; and 2) and increase in the number of out-of-state simulcast facilities wagering on races in Colorado. However the State does not collect pari-mutuel commission on wagers made outside of Colorado. Consequently, the percentage increase seen in the pari-mutuel handle is not duplicated in the State commission increase for this same period.



## 1998 RACING SEASON - COMPARATIVE DATA5

	# of Live Race Days	# of Races	Pari- Mutuel Handle*	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
HORSE TOTALS **	38	11,322	\$62,368,635	\$472,716.02	NA	\$11,090,169.60	\$754,130.32
GREYHOUND TOTALS	629	11,072	\$172,736,182	\$6,197,949.30	\$255,943.20	\$25,953,958.39	NA
GRAND TOTAL	667	22,394	\$235,104,817	\$6,670,665.32	\$255,943.20	\$37,044,127.99	\$754,130.32

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

\*\* Includes simulcast days.

☆ In previous years, both live and simulcast races were included in this calculation. However, starting in 1998, only live races are included.

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CSU Fund	Breakage	Distributed to Public	Average Daily Handle	[inc. or (dec.)] Average Daily Handle (compared to previous year)
\$110,572.01	\$340,817.43	\$49,064,793.60	\$1,641,279.87☆	670.0%☆
NA	\$288,511.35	\$138,538,609.35	\$274,620.32	(16.1%)
\$110,572.01	\$629,328.78	\$187,603,402.95	\$1,915,900.19	



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## 1999 APPROVED RACE DATES

### GREYHOUND

#### SOUTHERN CIRCUIT:

PUEBLO KENNEL ASSOCIATION (Pueblo)	JANUARY 1–APRIL 4, 1999 (Thursday) (Sunday) (Envelope of 94 days)
ROCKY MOUNTAIN GREYHOUND PARK (Colorado Springs)	APRIL 7–OCTOBER 4, 1999 (Wednesday) (Sunday) (Envelope of 180 days)
PUEBLO KENNEL ASSOCIATION (Pueblo)	OCTOBER 6–DECEMBER 24, 1999 (Wednesday) (Thursday) (Envelope of 80 days)
	DECEMBER 26–DECEMBER 31, 1999* (Sunday) (Friday) (Envelope of 6 days)

#### NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB (Commerce City)	JANUARY 1–FEBRUARY 6, 1999 (Friday) (Saturday) (Envelope of 37 days)
CLOVERLEAF KENNEL CLUB (Loveland)	FEBRUARY 9–JUNE 8, 1999 (Tuesday) (Tuesday) (Envelope of 120 days)
MILE HIGH GREYHOUND PARK (Commerce City)	JUNE 11 — OCTOBER 8, 1999 (Friday) (Friday) (Envelope of 120 days)
INTERSTATE KENNEL CLUB (Commerce City)	OCTOBER 9–DECEMBER 24, 1999 (Saturday) (Friday) (Envelope of 77 days)
	DECEMBER 26–DECEMBER 31, 1999* (Sunday) (Friday) (Envelope of 6 days)

### HORSE

#### SOUTHERN CIRCUIT:

ARAPAHO PARK (Unincorporated Arapaho County)	MAY 29 - AUGUST 29, 1999** (41 DAYS)
SOUTHWESTERN EQUINE ASSOCIATION (Trinidad)	May 15, 16, 22, 23, 24 1999**

\* - No racing on December 25th due to Holiday

\*\* - Tentative

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## 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 1/2 of 1% of the mutuel handle on win, place and show wagers and 1 1/2% of the mutuel handle on all other wagers from all horse meets including simulcast programs, plus uncashed ticket money from previous years.

For calendar year 1998, accumulated funds came from the following sources:

Funds earned from live race meets	\$ 121,803.09
Funds earned from simulcast race meets	544,131.43
Uncashed tickets from prior year's meets	216,976.75
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<b>TOTAL</b>	<b>\$ 882,911.27</b>

Following is the approved Owners and Breeders Awards and Supplemental Purse Funds distribution amounts for calendar year 1998:

Quarterhorse	\$ 142,075.48
Thoroughbreds	712,684.50
Appaloosa	840.18
Arabian	24,586.92
Paint	2,724.19
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<b>TOTAL</b>	<b>\$ 882,911.27</b>

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 1998 took place in 1999. However, during 1998 the Colorado Racing Commission approved an advance of funds to the Colorado Thoroughbred Breeders Association of \$100,000.00. The distribution amounts above reflect these advances.

Amounts not distributed and held in escrow as of January 30, 1999:

Colorado Harness Horsemen's Association	\$ 15,972.49
Colorado Appaloosa Racing Association	4,654.81



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## DIVISION RECEIPTS AND DISBURSEMENTS:

### RECEIPTS:

#### Commission on Pari-Mutuel Handle:

Horse	\$	472,716.02
Greyhound		<u>6,197,949.30</u>
<b>Total Commission</b>	<b>\$</b>	<b>6,670,665.32</b>

#### Occupational Licenses:

	<b># Issued</b>	<b>\$</b>	<b>Received</b>
Horse	1,436	\$	17,356.00
Greyhound	1,152		15,847.00
Central	<u>110</u>		<u>2035.00</u>
<b>Total Licenses</b>	<b>2,698</b>	<b>\$</b>	<b>35,238.00</b>

Lease Registration Fees Collected	\$	160.00
Fines and Penalties Collected		19,727.00
Investigation Fees Collected		162.44
Printing Fees Collected		<u>237.60</u>
<b>TOTAL RECEIPTS</b>	<b>\$</b>	<b>6,726,190.36</b>

### DISBURSEMENTS:

Personal Services	\$	1,765,278.39
Operating Expenses		298,407.03
Laboratory Services		288,180.00
Legal Services		<u>39,645.27</u>
<b>TOTAL DISBURSEMENTS</b>	<b>\$</b>	<b>2,391,510.69</b>



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



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## SECTION REPORT • INVESTIGATIONS SECTION

Two projects in 1998 brought challenge and improvement to the Investigations section at the Division of Racing Events. One project facilitated the tracking of its investigations and enforcement caseload, and another project expanded its responsibilities while, at the same time, bringing the Colorado racing regulatory program into closer sync with similar programs in other states.

Prior to 1998, Colorado trailed the nation in the testing of human participants in animal racing for the use of illegal drugs and the excessive use of alcohol. In order to modernize Colorado's regulatory approach, the Colorado Racing Commission directed the Investigations Section to establish and implement a random human drug-testing program. The Investigations section first conducted extensive research of other states and their programs in order to determine the median regulatory approach to human drug and alcohol testing, then developed a program based upon this research. The program involved a two pronged approach to human drug testing: the majority of testing was formulated upon random daily selection for testing, and the remainder of the testing was based upon substantiated cause. The Investigations Section presented its human drug-testing program to the Colorado Racing Commission after the commencement of the Arapahoe Park race meet. The Commission approved the program on a trial basis, and the Investigations section instituted random and cause-based human drug testing during the last two months of the horse-racing season in the summer of 1998. The pilot program tested only those licensed persons who had direct contact with the race animals, who were active participants in the races, who could affect the outcome of the race, or who were responsible for the safety of the animals and the public, and the integrity of racing. Licensees subject to testing included racing officials, jockeys, outriders, trainers, grooms, and armed track security. After the two-month trial period, the Commission, the Division, the host racetrack, and the horse associations all deemed the program a success. All parties felt the program deterred the excessive use of alcohol and illegal drugs. During the race meet, the Division administered 26 drug tests, of which one test returned positive results. The Division also conducted 12 alcohol tests, of which four tests returned positive results. The Division took administrative action on all positive tests. As a result of the success of the 1998 pilot human drug testing program, the Commission, the Division, and the Investigations Section are refining plans to implement a similar program with the dog racing industry during the 1999 season.

In order to simplify the management of the caseloads of the investigation activities within the investigation sections of the Department of Revenue (Gaming, Liquor and Tobacco Investigation, and Racing). The three Divisions determined to acquire and implement a new computerized case management system, and selected the Division of Racing Events Investigations Section to be the test Division for the implementation of this program. The new system electronically assigns case numbers for both licensing and investigations cases, tracks racing violations and the imposition and payment of administrative penalties, facilitates filing of criminal charges, and tracks the individuals associated with all cases. During the first quarter of FY99, the system was installed, the Investigations Section wrote operators manuals, and conducted training for Division of Racing staff. The system was put into full operation during the last week of 1998. The transition from the old computer system to the new system went smoothly, and the new system has been performing efficiently and reliably, paving the way for its full implementation within the Department of Revenue.

During 1998, the Investigations Section completed 324 case investigations. Of these cases, 41 were filed in criminal courts. In addition to the criminal cases Investigators took into custody 29 individuals who were wanted on arrest warrants from other outside jurisdictions. The Section completed 254 administrative cases, with half of these cases resulting in administrative action being taken. The Section also completed 75 background investigations on key, major business, and minor business license applicants. Based upon these investigations, the Section recommended denial for cause of only 5 of these applicants.

The Investigations Section continued to improve staff skills through training and continuing education. The Division emphasized its participation in joint training with other Department of Revenue enforcement agencies (Gaming, Liquor Enforcement, and Tobacco Enforcement) in order to share and improve skills in a cost-effective manner.

Continuous training, recognition, and development is now allowing the Investigations Section to assist the investigative efforts of other state, local, and federal law enforcement agencies.



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## SECTION REPORT • ANIMAL WELFARE SECTION

The Animal Welfare Section has been charged with the responsibility of protecting the health and safety of greyhounds and horses racing in Colorado. 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.

Animal Welfare Section 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 for stabilization is also available, if needed, from area clinics that provide priority emergency care.

Staff members maintain individual health records on all animals, indicating vaccinations status, medications used and all other appropriate papers, depending on the species. In conjunction with professionals from outside the racing industry, staff members conduct research relating to health and safety issues.

To monitor drug administration to greyhounds and horses, the Division maintains a comprehensive drug testing program that is overseen by the Animal Welfare Section. The program involves the pre-race and/or post-race selection of samples from greyhounds, based on the percentage between total starts and total sample collected. Samples collected from horses are taken post-race, from all winners, with additional samples from a few other horses, if needed.

Most importantly, the Animal Welfare Section maintains an injury tracking system. This program was initiated in Colorado and expanded on a study started at the University of Florida. It is the most innovative system in the country. It involves the use of a computerized statistical program that analyzes 27 different variables, to help determine how and why injuries occur. By incorporating the different aspects of this program, the Animal Welfare Section more accurately monitors the health and safety of greyhounds and horses racing in Colorado. This injury tracking system was presented at the 15th Annual International Canine Sport Medicine Symposium.

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## SECTION REPORT • RACING OPERATIONS & LICENSING SECTION

In 1998, the Licensing and Racing Operations Section purchased and installed the new smart card licensing system. This system has replaced our outdated system with new digital picture badges and updated software. This system is completely year 2000 compliant, with technology that should provide many years of production. Along with this upgrade, the Division has made other substantial strides in the complete network infrastructure. These changes and upgrades will provide more tools for personal and timely customer services in the field offices. The Licensing and Racing Operation Section also has continued to revise and combine the rulebooks. This process is continuing with full input from Division staff and industry representatives.



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## SECTION REPORT • FINANCIAL SERVICES SECTION

All Division audit, budgeting, accounting, purchasing, payroll and personnel functions are performed within the Financial Services Section.

The Financial Services Section assures adherence to all Fiscal Rules, Purchasing Rules, the Procurement Code, and compliance with all applicable Statutes, Rules, GAAP, GAAS, SAS, and State Personnel Rules. They develop all fiscal data needed to create the necessary budget schedules and worksheets for the Division and compile all Legislative Fiscal Notes. 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, random price tests, and revenue audits. Staff reviews 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 reviews all financial statements used in the decision of licensure of Associations. Financial Services staff also keep statistical information regarding wagering in the state.

Effective 07/31/98, all totalisator companies, in order to be licenses 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 seen in our Division's homepage, under the Financial Services Section.

During 1998, 68 compliance audits were completed. Of these, 24 percent of the audits concluded that adjustment or corrections were required. These audits resulted in penalty and interest assessments in the addition to the collection of underpaid fees and uncashed ticket money.

In the same period, staff conducted or oversaw tests of the totalisator system and totalisator communications, of which 12 percent of the tests required further follow-up or software reprogramming. The Financial Services Section also responded to requests from the racing associations regarding mutuel department operations and wagering.

The Financial Services Section also reviewed mutuel department and totalisator incidents during 1998. These incidents varied from simple reports of loss of video or data communications or software or hardware failures to violations of rules. In some cases, they computed that the wagering public had not received the correct payout and then monitored the addition of the shortage into the payout pools to rectify the error.

Financial Services staff attended training on Excel and Access and attended the Women's Conference and Pari-Mutuel Auditor's Conference.