

DIVISION OF RACING EVENTS

Colorado Racing Commission • Department of Revenue



Report of the Fifty-First
Pari-mutuel Wagering Season 1999
January 1, 1999 - December 31, 1999

STATE OF COLORADO

DIVISION OF RACING EVENTS

Department of Revenue

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Bill Owens
Governor

Fred Fisher
Executive Director

David Reitz
Division Director

Honorable Bill Owens
Governor of the State of Colorado

Honorable Members of the 65th 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 51st 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 1999 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 652 days of racing during 1999, resulted in \$244,568,401 wagered in total with \$6,542,580.07 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 Division employees.

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

1999 Annual Report

FRED FISHER

Executive Director
Department of Revenue

IRVING S. HOOK

Chair
Colorado Racing Commission

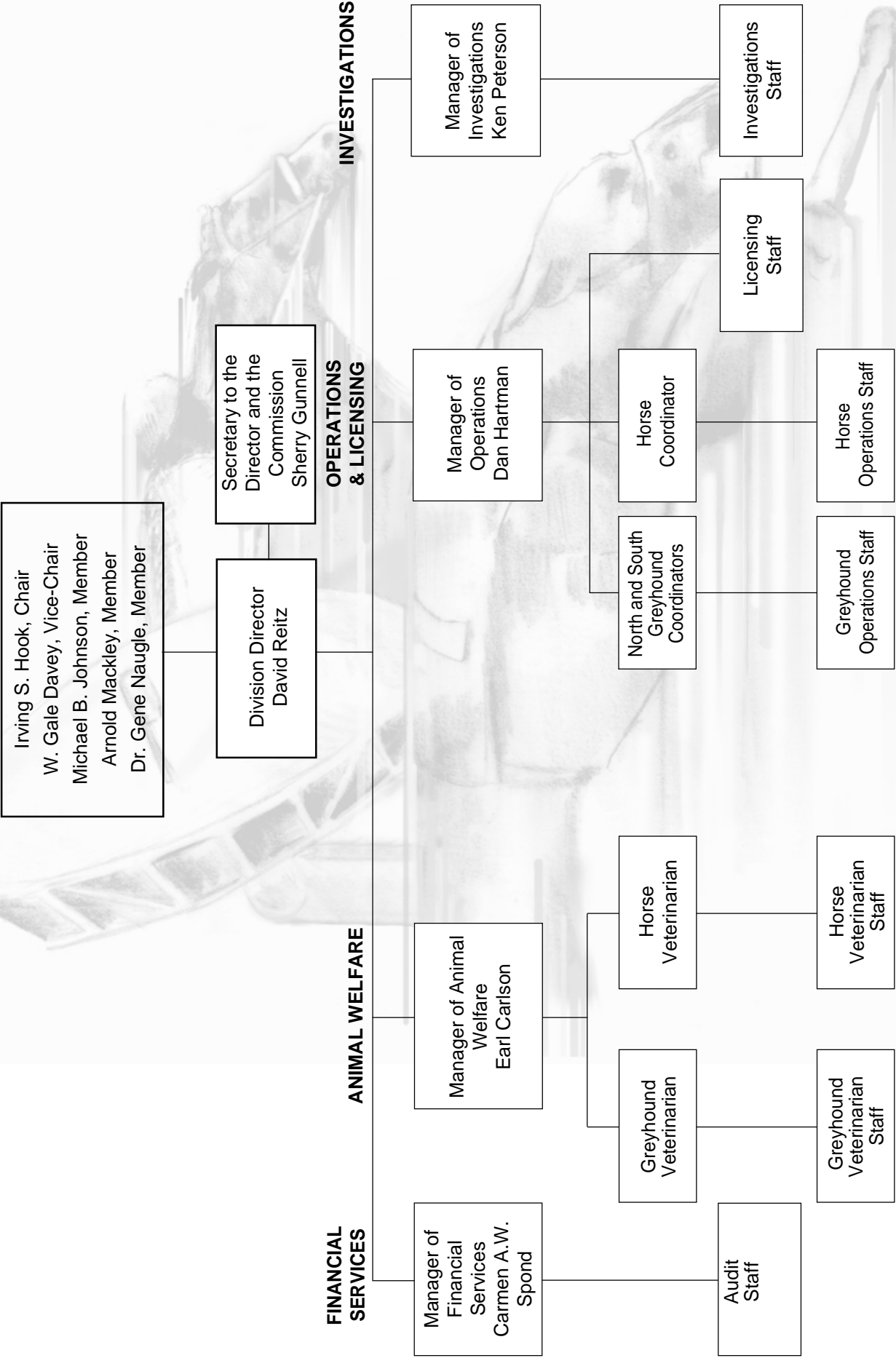
DAVID REITZ

Division Director
Division of Racing Events

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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 seven tracks conducting pari-mutuel racing in Colorado during 1999 (five greyhound tracks and two horse tracks).

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 1999, twelve Commission meetings were held. The Commission conducted a 2000 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



1999 EVENTS

During the 1999 legislative session, two bills pertaining to implementation of the recommendations made in the sunset report were introduced. Senate Bill 99-066, which was enacted by signature of Governor William Owens, extended the regulatory powers of the Division of Racing events until 2008. Senate Bill 99-081 amended the Racing Statute in accordance with the findings in the Sunset Report. Legislation to require every racetrack to simulcast to every other racetrack was defeated. Legislation was also introduced to legalize the use of video Lottery Terminals in Colorado, the measure was defeated. However, industry representatives and lobbyists indicated that they would continue to pursue passage of another initiative of this type in the future. Governor Owens has expressed his opposition to any expansion of gambling in Colorado.

Wembley USA, a subsidiary of Wembley International and the parent company of Mile High Greyhound Park, Interstate Kennel Club and Pueblo Kennel Association, completed major modifications to the exterior of the north side of the Mile High Greyhound Park and Interstate Kennel Club racing facility in Commerce City. The new facade resembles that of Wembley Stadium in London, England.

At the 2000 Race Dates Hearing held in July, Wembley USA presented a proposal to close Pueblo Greyhound Park in the Southern Circuit and create a new race meet in the Northern circuit. Additionally, Wembley USA requested Commission approval of a reduction of race days for Interstate Kennel Club and Mile High Greyhound Park to adjust for the incorporation of the new race meet. In August, the Division and Commission were officially notified that Pueblo Greyhound Park would discontinue live racing and the Pueblo track site after fifty years in operation. Rocky Mountain Greyhound Park (Colorado Springs) management requested tentative approval to apply for the vacated 1999 race dates (October 6 - December 31) for a race meet to be operated as "Red & Jerry's LLC at Rocky Mountain Greyhound Park. Conditional approval of this request was granted and a new race meet license review hearing was conducted at the September Commission meeting. Also, at the September Commission meeting, Pueblo Greyhound Park requested permission to re-apply for 2000 race dates in the Southern Circuit. Other racing associations were also granted approval to modify their previously approved 2000 race date envelopes.

On October 3, 1999, "Post Time", the off-track wagering facility operated by Pueblo Greyhound Park in Clifton, Colorado, was closed.



COMMISSION ACTIVITIES:

Commissioner W. Gale Davey's reappointment to a four-year term expiring July 1, 2002 was confirmed by the Senate during the 1999 legislative session.

Commissioner Frank Black did not seek re-appointment to serve on the Commission. His successor to serve for a four-year term ending July 1, 2003 is Dr. Gene Naugle, a Veterinarian from Penrose, was appointed as Dr. Black's successor. Dr. Naugle will be required to appear before the Senate for a confirmation hearing in 2000.

At the July Commission meeting, Irving Hook was re-elected to serve as Commission Chair and W. Gale Davey was re-elected to serve as Vice-Chair through June, 2000.

Commissioner Dan Prinster resigned from the Commission following the October meeting. On November 5, 1999, Governor Bill Owens appointed Mr. Arnold Mackley, an administrative consultant from Rifle, to fill the vacancy occasioned by Mr. Prinster's resignation. Mr. Makley's term will continue through July 1, 2000.

DIVISION ACTIVITIES:

The Department of Revenue underwent an internal reorganization which was announced by Department Director Fred Fisher on March 23, 1999. Consideration was given to seek legislation to permit the combining of the Division of Racing Events and the Liquor Enforcement Division, but this legislation was not pursued in 1999. Mr. George Turner was appointed to serve as the Director of the Department's Enforcement Line of Business, which includes not only the Racing and Liquor Divisions, but the Gaming and Lottery Division, the Motor Vehicle Hearings Section and the Motor Vehicle Dealer's Board as well.

Mr. Dave Reitz, who has served as interim Director of the Division of Racing Events in 1994-95, was appointed to serve as Director of the Division after the retirement of Mr. Larry Huls. Mr. Huls, who had served as Director of the Division of Racing Events for four years (1995-1999), retired on July 31, 1999. Mr. Reitz was designated to continue to oversee the Liquor and Tobacco Enforcement Divisions as well as Division of Racing Events.

As a result of staff reductions mandated by the 1999 Long Bill, 5.2 full-time positions were cut from the Division of Racing Events.

Certain employees in the Liquor and Racing Divisions have been undergoing crosstraining.



CURRENT 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.

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 year 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.

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.

On June 9, 1999, **Dr. Gene Naule**, a Veterinarian from Penrose, was appointed to the Colorado Racing Commission. Dr. Naule 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.



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

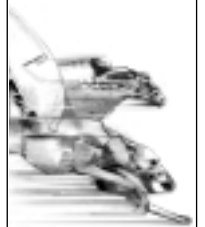
HORSE TRACKS

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



LICENSED OTB'S

HAVANA PARK

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

SOUTHWESTERN EQUINE ASSOCIATION

123 Pine Street
Trinidad CO 81082
(719) 845-0969
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



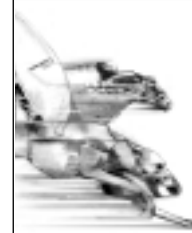
CUMULATIVE DATA

Year	Days		Pari-Mutuel Handle	Percent (compared to previous year)		Total Breakage	State Commission	Total Divisional Receipts
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
1999	f 652	d	244,568,401	+4.03	e	668,240.51	6,542,580.07	6,592,394.72

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-mutual 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.



1999 RACING SEASON - COMPARATIVE DATA

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

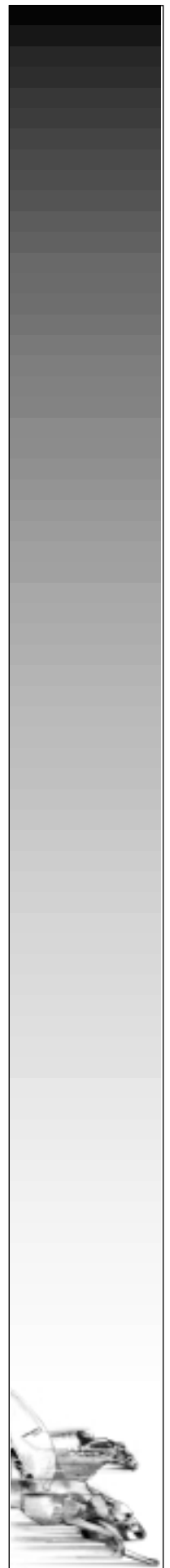
	# of Live Race Days	# of Races	Pari- Mutuel Handle*	State Revenue	City Revenue	Tracks' Revenue	Owners/ Breeders Fund
HORSE TOTALS **	43	13,198	\$75,628,353	\$567,491.55	NA	\$13,474,917.80	\$922,057.83
GREYHOUND TOTALS	609	11,572	\$168,940,048	\$5,975,088.52	\$586,503.80	\$27,271,669.60	NA
GRAND TOTAL	652	24,770	\$244,568,401	\$6,542,580.07	\$586,503.80	\$40,746,587.40	\$922,057.83

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

** Includes simulcast days.



CSU Fund	Breakage	Distributed to Public	Average Daily Handle	Percent Average Daily Handle (compared to previous year)
\$135,979.14	\$370,714.04	\$58,739,024.77	\$1,758,798.91	+7.16%
NA	\$297,526.47	\$134,805,018.91	\$277,405.66	(+1.01%)
	\$668,240.51	\$193,544,043.68		



1999 APPROVED RACE DATES

GREYHOUND

SOUTHERN CIRCUIT:

PUEBLO KENNEL ASSOCIATION
(Pueblo)

JANUARY 4 – APRIL 1, 2000
(Tuesday) (Saturday)
(Envelope of 89 days)

ROCKY MOUNTAIN GREYHOUND PARK
(Colorado Springs)

APRIL 5 – OCTOBER 1, 2000
(Wednesday) (Sunday)
(Envelope of 180 days)

RED & JERRY'S LLC
(Colorado Springs)

OCTOBER 4 – DECEMBER 31, 2000
(Wednesday) (Friday)
(Envelope of 89 days)

NORTHERN CIRCUIT:

INTERSTATE KENNEL CLUB
(Commerce City)

JANUARY 1 – FEBRUARY 5, 2000
(Saturday) (Saturday)
(Envelope of 36 days)

CLOVERLEAF KENNEL CLUB
(Loveland)

FEBRUARY 8 – JUNE 6, 2000
(Tuesday) (Tuesday)
(Envelope of 120 days)

MILE HIGH GREYHOUND PARK
(Commerce City)

JUNE 9 – OCTOBER 6, 2000
(Friday) (Friday)
(Envelope of 120 days)

INTERSTATE KENNEL CLUB
(Commerce City)

OCTOBER 7 – DECEMBER 23, 2000
(Saturday) (Saturday)
(Envelope of 78 days)

DECEMBER 26 – DECEMBER 31, 2000
(Tuesday) (Sunday)
(Envelope of 6 days)

HORSE

ARAPAHOE PARK
(Unincorporated Arapahoe County)

MAY 27 – AUGUST 27, 2000
(Saturday) (Sunday)

SOUTHWESTERN EQUINE ASSOCIATION
(Trinidad)

MAY 13, 14; 20, 21, 2000**
(Saturdays and Sundays)

SEPTEMBER 9, 10; 16, 17, 2000**
(Saturdays and Sundays)
(Total of 8 days)

Please note all race meet applications are conditioned upon meeting statutory and regulatory conditions before approval will be granted by the Racing Commission.

**TENTATIVE - Please note that there was no funding provided in the long bill for fair circuit racing during the 1999/2000 fiscal year.



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.

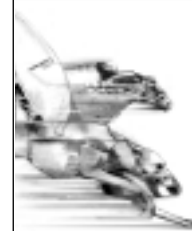
For calendar year 1999, accumulated funds came from the following sources:

Funds earned from wagering in 1999	\$ 922,057.83
Uncashed tickets from prior year's meets	315,076.25
<hr/>	
TOTAL	\$ 1,237,134.08

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

Quarterhorse	\$ 245,694.90
Thoroughbreds	852,433.74
Appaloosa	2,854.66
Arabian	32,180.36
Paint	3,970.42
<hr/>	
TOTAL	\$ 1,137,134.08

Due to the Fund's fiscal year end of December 31, actual distribution of most of these funds from 1999 took place in 2000. However, during 1999 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.



DIVISION RECEIPTS AND DISBURSEMENTS:

RECEIPTS:

State Commission on Pari-Mutuel Handle:

Horse	\$	567,491.55
Greyhound		<u>5,975,088.52</u>
Total Commission	\$	6,542,580.07

Occupational Licenses:

	# Issued	\$	Received
Horse	650	\$	13,364.00
Greyhound	907		16,663.00
Central	<u>306</u>		<u>7,111.00</u>
Total Licenses	1,863	\$	37,138.00

Lease Registration Fees Collected	\$	60.00
Fines and Penalties Collected		12,195.00
Investigation Fees Collected		302.65
Printing Fees Collected		<u>119.00</u>
TOTAL RECEIPTS	\$	6,592,394.72

DISBURSEMENTS:

Personal Services	\$	1,799,036.05
Operating Expenses		220,299.01
Laboratory Services		317,976.00
Legal Services		<u>26,188.14</u>
TOTAL DISBURSEMENTS	\$	2,363,499.20

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

SECTION REPORT • INVESTIGATIONS SECTION

In December of 1998 the Section implemented a computerized case management system. This system has become an effective tool has been fully functional throughout 1999. We continue to make updates and improvements to this system. The system allows the division investigative staff to track all types of investigations including criminal, licensing and drug testing cases.

During 1999, the Investigative Section completed 289 case investigations and 123 administrative cases. Of these cases, 52 were filed in criminal court. This is a reduction from the previous year. This year the Joint Budget Committee reduced this section by two investigators, which has resulted in a reduction in the number of investigations and actions that were completed.

Random Human drug testing of certain licensed occupations in the racing industry was initiated in 1999 and resulted in 134 tests being conducted and 4 persons refusing to submit to the testing. Of the tests conducted there were 10 positive tests. Coupled with the 4 refusals, testing indirectly shows an 11% positive rate, for a total of 14 positive tests. This resulted in an 11% positive rate. The national average for companies and industries that conduct human drug testing is to have between 1% and 2% of the employees tested return with a positive outcome. It should be noted that with an 11% rate indicates that Colorado's racing industry has a high level of drug use when compared to the general workforce population.

In mid-year the Section began a cross training with the investigative staff of the Liquor Enforcement Division. This training proved to be very successful and is planned to be continued into the next year.

The Section continues to strives to have an excellent working relationship with the local and other state and federal law enforcement agencies and continues to search for methods to continue a good working relationship with the industry.



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 is also provided at each track with more intensive care available from area clinics when necessary.

Staff members maintain individual health records on all animals, indicating vaccination status, medications used and all other information. Staff members also conduct research relating to health and safety issues. The latest project completed was a study on the effects of testosterone on racing greyhounds.

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

An important aspect of the Animal Welfare Section continues to be the injury tracking system which tracks 27 variables. This insures that racing animal injuries are closely monitored to determine how and why they occur. The injury tracking system developed in Colorado is being proposed as a model for other racing jurisdictions.



SECTION REPORT • RACING OPERATIONS & LICENSING SECTION

In 1999, the Licensing and Racing Operations Section has continued to emphasize customer service and has implemented certain procedural modifications to expedite the licensing process. Reductions in staff members at racetrack sites, due to FY00 long bill have necessitated that schedules be established for our licensing activity. Upgrades and enhancements are continuing to be made to our licensing system.

This year, all racing operations, including animal safety and welfare and all veterinary assignments, were centralized and placed under each track Coordinator. This organizational change has proved to be very effective.



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, 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 mutual department to determine if taxation, payouts, an/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 all wagering in the state.

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.

During 1999, 117 compliance audits were completed. Of these, 4.5% 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 systems and totalisator communications, of which 12.5% of the tests required further follow-up of software reprogramming. The Financial Services Section also responded to requests from the racing association regarding mutuel department operations and wagering.

The Financial Services Section also reviewed mutuel department and totalisator incidents during 1999. These incidents varied from simple reports of loss of video or data communications of software or hardware failures to violations of rules. In some cases, they computed that the wagering public had not received the correct payout and in some cases, they computed that the wagering public had not received the correct payout. In these cases, the Financial Services Section monitors the totalisator to ensure that this shortage is added to the appropriate pool.

Financial Services staff completed training on Microsoft Access, attended Supervisory Training at Revenue (STAR) and attended the North American Pari Mutual Auditors Conference. They, in conjunction with Internal Revenue Service Representatives, conducted Tax Reporting and Withholding Training at six locations throughout the state, resulting in the training of 100 Association and Division staff.

