

HTML VERSION OF:

**KANSAS RACING AND
GAMING COMMISSION**

**ANNUAL REPORT
1997 & 1998**

Kansas Racing and Gaming Commission

Annual Report 1997 & 1998

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KANSAS RACING AND GAMING COMMISSIONERS

Gene M. Olander
Chair
Topeka, Kansas
Term Expires: 01/15/01

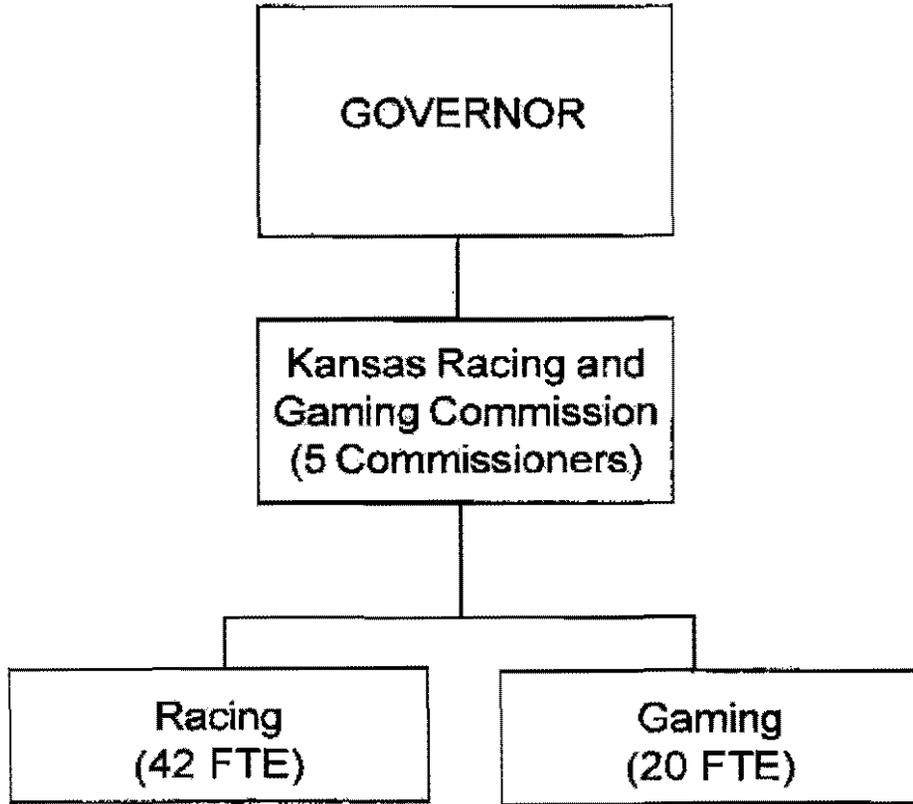
Ed Nazar
Commissioner
Wichita, Kansas
Term Expires: 01/15/00

Keith Palmer, DVM
Commissioner
Bucyrus, Kansas
Term Expires: 01/15/03

Bob Miller
Commissioner
Wellington, Kansas
Term Expires: 01/15/03

Leroy Hayden
Commissioner
Satanta, Kansas
Term Expires: 01/15/00

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Racing Program Fund Activity

Fiscal Years 1997 and 1998

	State Racing Fund	General Fund	Horse Fair Racing Benefit Fund	Horse Breeding Development Fund	Racing Investigative Expense Fund	Greyhound Breeding Development Fund	Racing Reimbursable Expense Fund	Racing Applicant Deposit Fund
FY 1997								
Beginning balance (7-1-96)	\$ 423,581		\$299,281	\$ 217,980	\$ 4,892	\$ 331,410	\$ 30,279	\$ 60
Prior period adjustments	21,598		1,422				(36)	
Receipts								
Revenue	3,626,967		628,310	396,846		405,145	798,165	3
Disbursements								
Operating expenditures	(1,822,573)		(663,186)	(481,265)		(415,513)	(724,565)	
State Gaming Revenue Fund transfer	(1,428,020)							
Greyhound Tourism Fund transfer						(60,772)		
KBI transfer	(393,965)							
Ending balance (6-30-97)	\$ 427,588	\$ -	\$265,827	\$ 133,561	\$ 4,892	\$ 260,270	\$ 103,843	\$ 63

FY 1998

Beginning balance (7-1-97)	\$ 427,588		\$265,827	\$ 133,561	\$ 4,892	\$ 260,270	\$ 103,843	\$ 63
Prior period adjustments	(15,118)		7,525					

Receipts

Revenue	3,503,813		726,515	406,514	36,232	358,681	113,184	3
General Fund transfer		630,597						

Disbursements

Operating expenditures	(2,048,919)	(630,597)	(710,765)	(449,187)	(21,232)	(256,077)	(36,159)	
State Gaming Revenue Fund transfer	(1,598,007)							
Ending balance (6-30-98)	\$ 269,357	\$ -	\$289,102	\$ 90,888	\$ 19,892	\$ 362,874	\$ 180,868	\$ 67

RACING PROGRAM EXECUTIVE STAFF

Myron E. Scafe
Executive Director

Frances K. Snell
Director of Racing

David E. Johnson
Director of Security

D. Bryce Peckham, DVM
Animal Health Officer

Shirley K. Bowen
Inspector of Parimutuels

Kit A. Bostrom
Director of Licensing

Jerry B. Hathaway
Assistant Attorney General

Debra L. Billingsley
Assistant Attorney General

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Racing Program

The years of 1997 and 1998 brought major changes in the ownership of The Woodlands greyhound and horse tracks and Wichita Greyhound Park.

WICHITA GREYHOUND PARK

In 1997, Mr. Phil Ruffin, a native of Wichita, purchased Wichita Greyhound Park (WGP) from the previous owners. When the purchase was finalized, Mr. Ruffin immediately closed the track in order to undertake remodeling and decorating changes. Mr. Ruffin eliminated the parking and admission fees and employed new staff for the restaurant. These improvements brought about an increase in both attendance and handle for live and simulcast racing.

Simulcast racing has considerably increased since November 1997 when Mr. Ruffin took possession of WGP. Simulcast racing adds to the income for both the track and kennel operations.

During 1998, WGP's handle for live racing increased 3%, and simulcast racing increased 51%. However, the first four months of 1999 (January to April) indicate a decline in handle.

THE WOODLANDS

The Woodlands was in bankruptcy for two and one-half years, from the time Chapter 11 bankruptcy was filed until the new owners took possession on the last day of 1998.

Mr. William (Bill) Grace, owner of Grace Companies, purchased a majority of the notes in early 1997. When the bankruptcy court ruled to convert the Chapter 11 to Chapter 7, Mr. Grace owned more than 75 percent of the notes in four of the five mortgages held by financial institutions. In 1999, Mr. Grace sold a portion of the notes to Empress Entertainment located in Joliet, Illinois. Mr. Grace and Empress Entertainment then created Kansas Racing, LLC, the current owner of The Woodlands. The bankruptcy court converted the bankruptcy from Chapter 11 to Chapter 7 in July 1998. At that time, the operation was taken over by a trustee of the court who maintained the operation until December 30, 1998. On December 31, 1998, Kansas Racing, LLC assumed possession of The Woodlands. The new ownership has been working to repair kennels, improve food and customer service, and promote racing at the track.

With new ownerships, it is hoped fresh and innovative ideas and concepts will save the interest and attendance levels at both tracks, since attendance and handle at both are on the decline. The industry continues to blame the riverboats in the Kansas City (Missouri) area, along with other forms of gaming elsewhere, and the four Native American casinos in Kansas for the continued decline.

CAMPTOWN

The greyhound track at Frontenac (Pittsburg), Kansas, closed in October 1995 and has remained closed ever since. Following a bankruptcy and additional judicial proceedings in District Court (to clarify on-going legal concerns), the track was placed back in the ownership of the original owners. The Racing Association of Kansas (TRAK) Southeast, the non-profit organization that holds the racing license, indicates there have been discussions with one or two individuals/organizations to reopen the track for live racing.

KANSAS RACING AND GAMING COMMISSION

Beginning in 1998, commission staff assumed the responsibility of investigating all backgrounds as authorized by the 1998 legislature. Previously, background investigations were conducted by the Kansas Bureau of Investigation. Since assuming this responsibility, staff has concluded all investigations in a relatively short time. Empress Entertainment, parent company of Empress Racing, purchaser of some of the notes at the Woodlands, has ten members on its board of directors or officers. Although it was necessary to travel to Illinois and Indiana to investigate all ten directors/officers, all backgrounds were completed in less than two months. Obviously, the change authorized by the legislature has worked exceedingly well.

The commission continues to grant funds to the county fairs at Eureka (Kansas) and Anthony (Kansas). Eureka Downs typically conducts a 20-day horse meet and Anthony Downs runs a 6-day horse and greyhound meet. The county fair funds are received from one-third of the parimutuel tax on simulcasting. In addition, funds derived from unclaimed winning tickets on live and simulcast racing were awarded to Kansas State University for equine and greyhound research.

ADDITIONAL GAMING

During the 1997 legislative session, major efforts by the previous owners of both tracks were made to encourage additional gaming at the tracks; however, these efforts failed. With new ownership at WGP and protracted bankruptcy proceedings at The Woodlands, no great effort was made toward approval of additional gaming during the 1998 legislative session. Nevertheless, renewed efforts are expected in future years.

HOUSE BILL 2510

During the 1998 legislative session, House Bill (HB) 2510, which changed the method of calculating purses on simulcasting, was passed. Prior to HB 2510, certain direct simulcast expenses were deducted and the remainder of the commission, after parimutuel taxes, was divided equally between the track and purses. HB 2510, in an effort to simplify accounting procedures for both the tracks and the commission staff, provided that the amount for purses would be a percent of the handle. The remainder of the commission, after parimutuel taxes, would go to the track. The Commission sets this percentage to be used as purses. Since this method went into effect in August 1998, the percentage of simulcast handle to be used for purses has been set at 5.8%.

RACING PROGRAM OFFICES

TOPEKA OFFICE

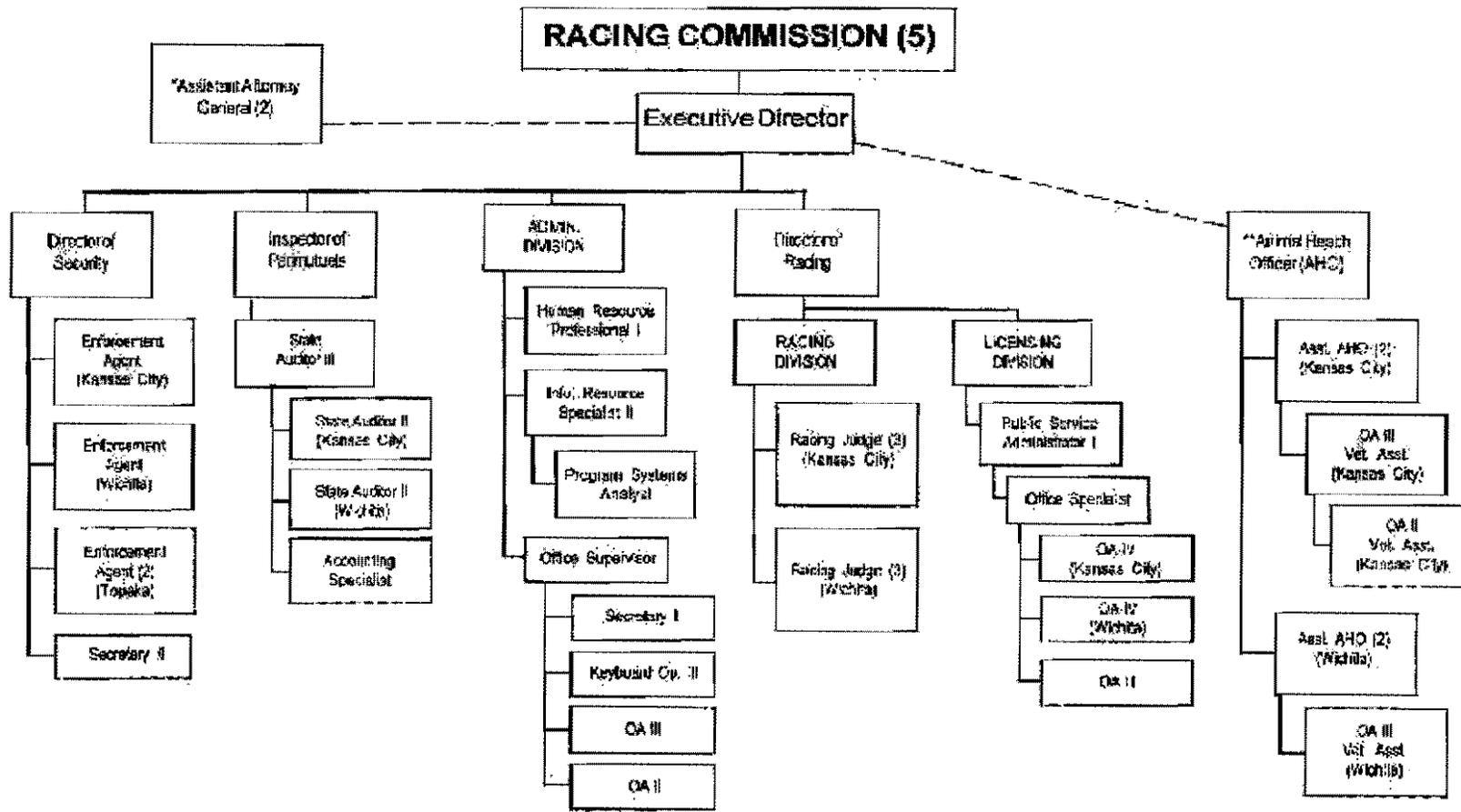
**Kansas Racing and Gaming Commission
3400 SW Van Buren Street
Topeka, KS 66611-2228
Phone: (785) 296-5800
Fax: (785) 296-0900
Homepage: <http://www.ink.org/public/krc>
E-mail: kracing@cjnetworks.com**

FIELD OFFICES

**Kansas Racing and Gaming Commission
c/o The Woodlands
99th & Leavenworth Road
P.O. Box 12036
Kansas City, KS 66112-2036
Phone: (913) 788-3621
Fax: (913) 788-3881**

**Kansas Racing and Gaming Commission
c/o Wichita Greyhound Park
1500 East 77th Street North
P.O. Box 277
Valley Center, KS 67147-0277
Phone: (316) 755-2736
Fax: (316) 755-3110**

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- * The Assistant Attorney General positions report to the Attorney General's Office, but are counted in the Racing Commission's FTE allotment. The Executive Director supervises the day to day legal operation duties.
- ** The Animal Health Officers are under the direction of the Racing Commission and supervised by the Executive Director.

Racing Program Fund Activity

Fiscal Years 1997 and 1998

	State Racing Fund	General Fund	Horse Fair Racing Benefit Fund	Horse Breeding Development Fund	Racing Investigative Expense Fund	Greyhound Breeding Development Fund	Racing Reimbursable Expense Fund	Racing Applica Deposit Fund
FY 1997								
Beginning balance (7-1-96)	\$ 423,581		\$299,281	\$ 217,980	\$ 4,892	\$ 331,410	\$ 30,279	\$ 60
Prior period adjustments	21,598		1,422				(36)	
Receipts								
Revenue	3,626,967		628,310	396,846		405,145	798,165	3
Disbursements								
Operating expenditures	(1,822,573)		(663,186)	(481,265)		(415,513)	(724,565)	
State Gaming Revenue Fund transfer	(1,428,020)							
Greyhound Tourism Fund transfer						(60,772)		
KBI transfer	(393,965)							
Ending balance (6-30-97)	\$ 427,588	\$ -	\$265,827	\$ 133,561	\$ 4,892	\$ 260,270	\$ 103,843	\$ 63

FY 1998								
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Prior period adjustments	(15,118)		7,525					
Receipts								
Revenue	3,503,813		726,515	406,514	36,232	358,681	113,184	3
General Fund transfer		630,597						
Disbursements								
Operating expenditures	(2,048,919)	(630,597)	(710,765)	(449,187)	(21,232)	(256,077)	(36,159)	
State Gaming Revenue Fund transfer	(1,598,007)							
Ending balance (6-30-98)	\$ 269,357	\$ -	\$289,102	\$ 90,888	\$ 19,892	\$ 362,874	\$ 180,868	\$ 67

State Racing Fund			
Fiscal Years 97 and 98			
Receipts:	FY 97	FY 98	% Increase/ (Decrease)
Parimutuel tax	\$ 2,108,327	\$ 1,787,712	(15.2)%
Simulcast tax	1,256,620	1,453,030	15.6%
Admissions tax	93,823	62,068	(33.8)%
License fees	46,290	55,759	20.5%
Fines	16,660	20,332	22.0%
Daily license fees	100,350	124,800	24.4%
Miscellaneous revenue	4,897	112	(97.7)%
Total receipts	\$ 3,626,967	\$ 3,503,813	(3.4)%
Disbursements:			
Salaries and wages	\$ (1,125,967)	\$(1,175,399)	4.4%
Contractual services	(619,615)	(784,921)	26.7%
Commodities	(39,840)	(38,662)	(3.0)%
Capital outlay	(37,121)	(46,716)	25.8%
Miscellaneous	(30)	(3,221)	10637%
Total disbursements	\$ (1,822,573)	\$(2,048,919)	12.4%
Transfers:			

State Gaming Revenue Fund Transfer	\$ (1,428,020)	\$(1,598,007)	11.9%
KBI investigations	(393,965)	-	(100.0)%
Total transfers	\$ (1,821,985)	\$(1,598,007)	(12.3)%
FTE	29.0	26.0	(10.3)%

State Racing Fund - K.S.A. 74-8826

All taxes on live parimutuel wagering, admissions tax, application fees, license fees, and fines that were collected by the Commission were credited to the State Racing Fund. Two-thirds of the parimutuel taxes on simulcast performances were credited to the State Racing Fund. All operating expenses of the Commission were paid from the State Racing Fund. Any balance in the State Racing Fund in excess of \$300,000 was transferred on a monthly basis to the State Gaming Revenue Fund. The \$300,000 transfer threshold was reduced to \$250,000 in FY 99. In FY 98, KBI investigations in the amount of \$119,058 were charged to contractual services instead of being processed as a transfer. In FY 99, the Commission will process all background investigations in-house instead of outsourcing to the KBI.

State General Fund			
Fiscal Years 97 and 98			
Receipts:	FY 97	FY 98	% Increase (Decrease)
General Fund appropriation	\$ -	\$ 630,597	100.0%
Disbursements:			
Salaries & wages	\$ -	\$ (630,597)	100.0%
FTE	0.0	13.0	100.0%
State General Fund			
<p>As of December 1997, reimbursements for the services of assistant animal health officers, stewards, and racing judges at the Wichita and Kansas City racetrack facilities were no longer collected. These salaries were paid out of the State General Fund and were not reimbursed by the licensee. Additional funds collected from the State Racing Fund were used to reimburse the State General Fund for payment of these salaries. In FY 99, these salaries are funded out of the State Racing Fund and no State General Fund money is used.</p>			

Horse Fair Racing Benefit Fund			
Fiscal Years 97 and 98			
	FY 97	FY 98	% Increase/ (Decrease)
Receipts:			
One-third of simulcast tax	\$ 628,310	\$ 726,515	15.6%
Disbursements:			
Anthony Fair Association grant	\$ (174,300)	\$ (160,000)	(8.2)%
Eureka Downs grant	(407,652)	(461,600)	13.2%
Administrative costs	(81,234)	(89,165)	9.8%
Total disbursements	\$ (663,186)	\$ (710,765)	7.2%
Horse Fair Racing Benefit Fund - K.S.A. 74-8838			
<p>This fund's revenue is derived from one-third of the parimutuel taxes from simulcast races. The Commission distributes monies from the fund for expenses related to the conduct of a race meet conducted by a fair association or horsemen's nonprofit organization. Included in the administrative costs are the wages for stewards, racing judges, and assistant animal health officers performing services at such race meetings.</p>			

Horse Breeding Development Fund			
Fiscal Years 97 and 98			
	FY 97	FY 98	% Increase/ (Decrease)
Receipts:			
Breakage-live	\$ 18,022	\$ 12,391	(31.2)%
Breakage-simulcast	187,198	202,902	8.4%
Total breakage	205,220	215,293	4.9%
Outs-live	23,054	19,221	(16.6)%
Outs-simulcast	168,572	172,000	2.0%
Total outs	191,626	191,221	(0.2)%
Total receipts	\$ 396,846	\$ 406,514	2.4%
Disbursements:			
Purse supplements	\$(481,265)	\$(450,364)	(6.4)%
Research grants		1,177	100.0%
Total disbursements	\$(481,265)	\$(449,187)	(6.7)%
Horse Breeding Development Fund - K.S.A. 74-8829			

This fund's revenue is derived from breakage and unclaimed winning tickets from live and simulcast horse performances. The funds are distributed by the Commission for purse supplements, stakes races, and breed awards to animals registered in the Kansas Bred program. There are also equine research grants awarded by the Commission.

Racing Investigative Expense Fund			
Fiscal Years 97 and 98			
	FY 97	FY 98	% Increase/ (Decrease)
Receipts:			
Investigative fees	\$ -	\$ 36,232	100.0%
Disbursements:			
Investigative costs	\$ -	\$ (21,232)	100.0%
Racing Investigative Expense Fund - K.S.A. 74-8835			
<p>All expenses of investigation of an applicant's qualifications for licensure are paid from this fund. Whenever another state agency assists the Commission in investigations and incurs costs in addition to those attributed to operations of the agency, those costs are paid from this fund. The applicant reimburses the Commission for all costs related to their investigation.</p>			

Greyhound Breeding Development Fund			
Fiscal Years 97 and 98			
Receipts:	FY 97	FY 98	% Increase/ (Decrease)
Outs-live	\$ 339,522	\$ 282,287	(16.9)%
Outs-simulcast	65,623	76,394	16.4%
Total receipts	\$ 405,145	\$ 358,681	(11.5)%
Disbursements:			
Breed stakes race awards	\$ (249,522)	\$ (97,560)	(60.9)%
Research grants	(165,991)	(18,517)	(88.8)%
K-State capital improvement	-	(140,000)	100.0%
Total disbursements	\$ (415,513)	\$ (256,077)	(38.4)%
Transfers:			
Kansas Greyhound Tourism Fund	\$ 60,772	\$ -	(100.0)%
Greyhound Breeding Development Fund - K.S.A. 74-8831			
This fund's revenue is derived from unclaimed winning tickets from greyhound races. Funds are distributed by the Commission as follows:			

15% of the receipts are transferred to the Greyhound Tourism Fund. The transfer for FY 98 for \$53,802.13 was made in July 1998.

35% of the receipts are used to fund research conducted within the State of Kansas relating to the prevention of injury and disease of greyhounds. At the end of FY 98 there was \$168,000 in grants awarded that had not been disbursed.

50% of the receipts are returned to the track where they were used to supplement stake races for Kansas-whelped greyhounds.

Racing Reimbursable Expense Fund			
Fiscal Years 97 and 98			
	FY 97	FY 98	% Increase (Decrease)
Receipts:			
Reimbursed salaries:			
Kansas City	\$ 335,230	\$ 33,140	(90.1)%
Wichita	271,419	43,124	(84.1)%
Frontenac	85,893	-	(100.0)%
County Fairs	66,439	-	(100.0)%
Total salaries reimbursed	758,981	76,264	(90.0)%
Fingerprint fees	39,184	36,920	(5.8)%
Total receipts	\$ 798,165	\$ 113,184	(85.8)%
Disbursements:			
Salaries	\$ (680,599)	\$ -	(100.0)%
KBI -fingerprint charges	(43,966)	(36,159)	(17.8)%
Total disbursements	\$ (724,565)	\$ (36,159)	(95.0)%

FTE	13.0	13.0	100.0%
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Racing Reimbursable Expense Fund - K.S.A 74-8827

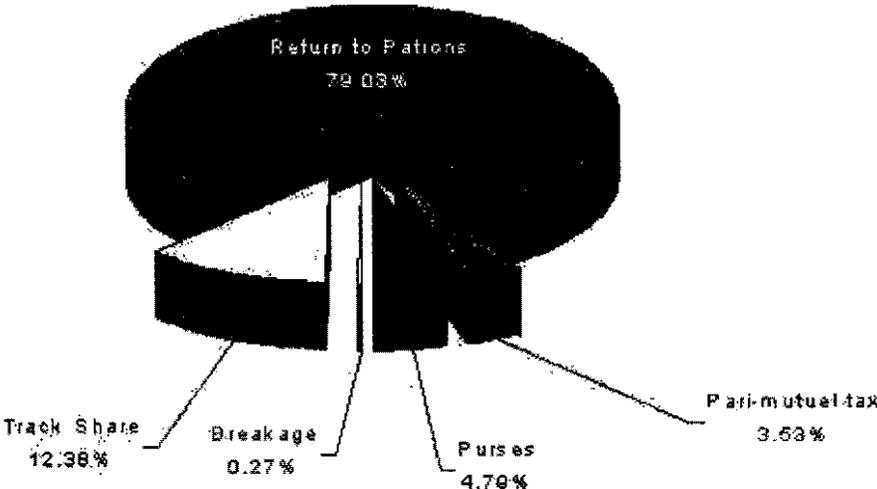
For the period of July through November 1997, all fees for processing fingerprints of licensees and reimbursements for the services of assistant animal health officers, stewards and racing judges at racetrack facilities were paid from the Racing Reimbursable Expense Fund and reimbursed by the licensee. As of December 1997 reimbursements for the services of assistant animal health officers, stewards, and racing judges at the Wichita and Kansas City racetrack facilities were no longer collected. These salaries were paid out of the State General Fund and were not reimbursed by the licensee. In FY 99, these salaries are funded out of the State Racing Fund and no State General Fund money is used.

Racing Applicant Deposit Fund			
Fiscal Years 97 and 98			
Receipts:	FY 97	FY 98	% Increase (Decrease)
Interest on deposit	\$ 33	\$ 36	9.1%

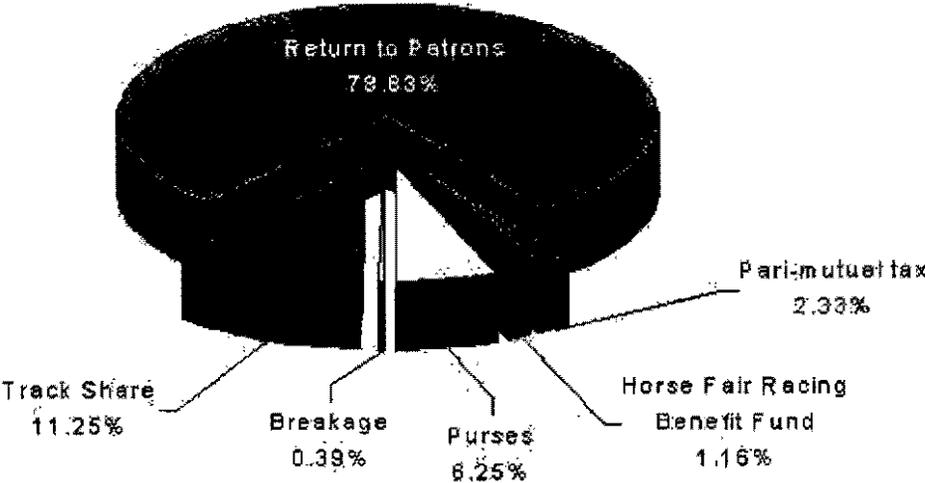
Racing Applicant Deposit Fund - K.S.A. 74-8828
<p>An applicant proposing to construct a racetrack facility is required at the time of making application to make a deposit. If the racetrack is constructed in accordance with the terms of the application, the deposit and interest are refunded. If the applicant fails to complete the racetrack facility in accordance with terms, the deposit and interest are forfeited by the applicant.</p>

The Wagering Dollar

Live Racing - 1998



Simulcast Racing - 1998



Handle Attendance Admission tax
Purse Parimutuel tax Other taxes and fees
Race days Outs
Performances Breakage

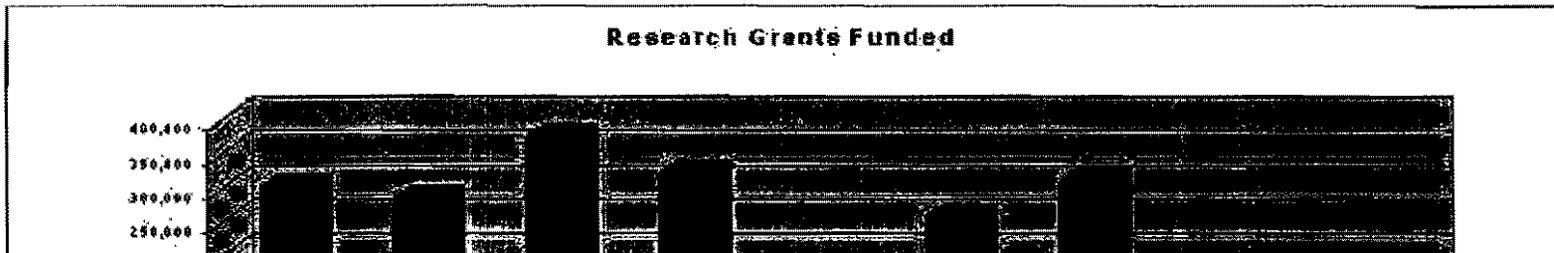
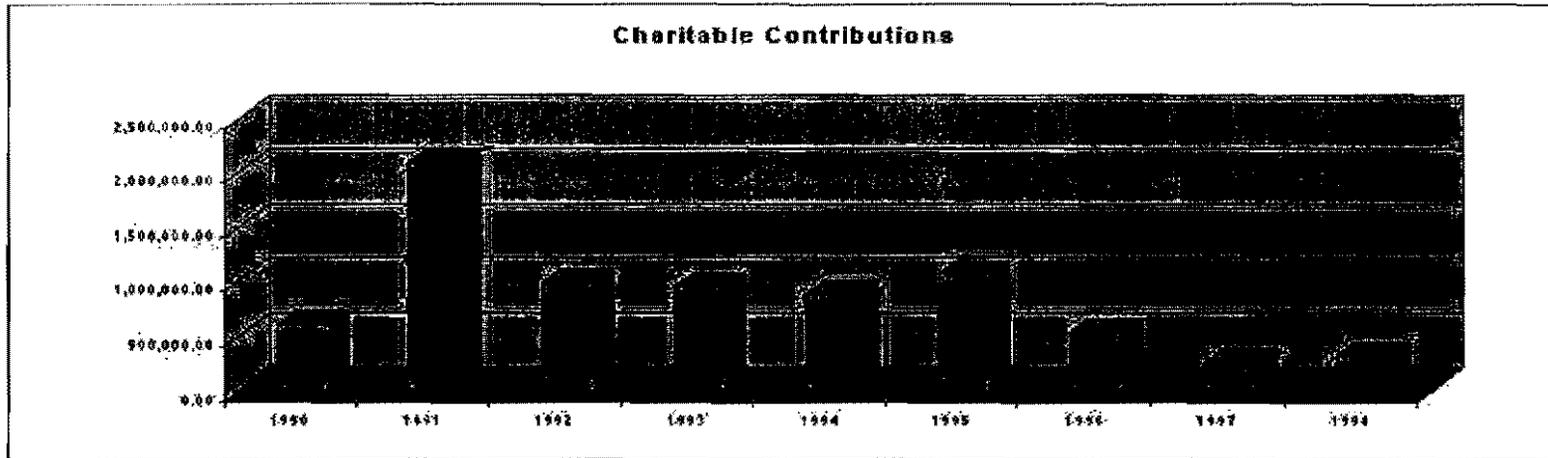
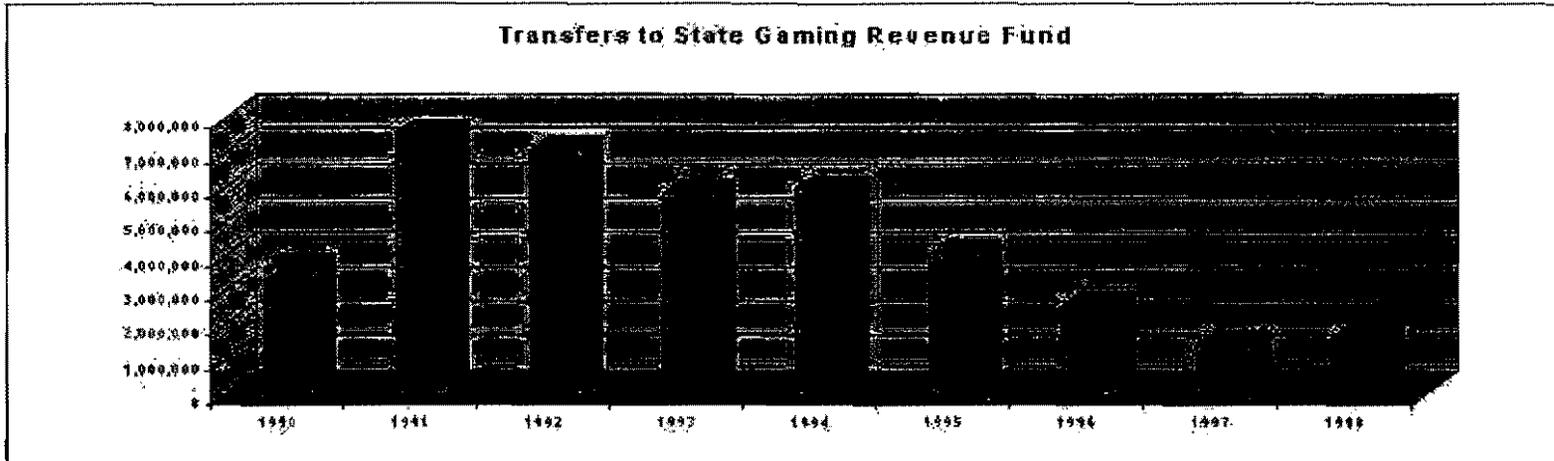
Track Stati					
For Calendar Years 1					
	Woodlands		Wichita Greyhound Park		
	Kansas City, Kansas		Valley Center, Kansas		
Handle	1997	1998	1997	1998	1997
Live					
Horse	\$ 1,521,808	\$ 1,461,998	\$ -	\$ -	\$
Greyhound	20,420,020	18,071,004	28,749,148	29,508,617	
Total live handle	21,941,828	19,533,002	28,749,148	29,508,617	
Simulcast					
Horse	28,321,391	29,896,129	8,201,503	12,113,531	
Greyhound	14,965,837	15,174,342	6,145,576	9,533,738	
Total simulcast handle	43,287,228	45,070,471	14,347,079	21,647,269	
Total handle	\$ 65,229,056	\$ 64,603,473	\$ 43,096,227	\$ 51,155,886	\$
Purses					
Live					
Horse	\$ 103,260	\$ 99,641	\$ -	\$ -	
Greyhound	972,200	860,441	1,354,400	1,381,780	
Total live purses	1,075,460	960,082	1,354,400	1,381,780	
Simulcast					
Horse	1,214,207	1,243,103	126,495	173,675	
Greyhound	1,597,861	1,591,363	759,621	1,161,822	
Total simulcast purses	2,812,068	2,834,466	886,116	1,335,497	

Total purses	\$ 3,887,528	\$ 3,794,548	\$ 2,240,516	\$ 2,717,277	
Race days					
Live					
Horse	22	21	-	-	
Greyhound	287	289	319	320	
Total race days	309	310	319	320	
Performances					
Live					
Horse	22	21	-	-	
Greyhound	347	342	355	319	
Total live performances	369	363	355	319	
Simulcast					
Horse	1,552	1,579	1,131	1,580	
Greyhound	1,269	1,458	959	1,364	
Total simulcast performances	2,821	3,037	2,090	2,944	
Total performances	3,190	3,400	2,445	3,263	
Attendance					
Live/simulcast					
Horse	19,474	20,025	N/A	N/A	
Greyhound	301,925	279,994			
Total attendance	321,399	300,019	-	-	
Woodlands			Wichita Greyhound Park		
Kansas City Kansas			Valley Center, Kansas		
1997	1998		1997	1998	1997
Parimutuel tax					
Live					

Horse	\$ 51,628	\$ 49,820	\$ -	\$ -	
Greyhound	729,058	645,236	1,015,728	1,036,309	
Total live parimutuel tax	780,686	695,056	1,015,728	1,036,309	
Simulcast	1,485,901	1,553,916	506,993	774,196	
Total parimutuel tax	\$ 2,266,587	\$ 2,248,972	\$ 1,522,721	\$ 1,810,505	
Outs					
Live					
Horse	\$ 13,239	\$ 14,528	\$ -	\$ -	
Greyhound	135,516	133,562	145,350	163,761	
Total live outs	148,755	148,090	145,350	163,761	
Simulcast					
Horse	127,403	129,976	43,431	65,942	
Greyhound	52,062	59,078	24,332	33,159	
Total simulcast outs	179,465	189,054	67,763	99,101	
Total outs	\$ 328,220	\$ 337,144	\$ 213,113	\$ 262,862	
Breakage					
Live					
Horse	\$ 10,687	\$ 9,867	\$ -	\$ -	
Greyhound	63,184	56,187	62,736	60,610	
Total live breakage	73,871	66,054	62,736	60,610	
Simulcast					
Horse	149,483	146,657	33,931	68,973	
Greyhound	35,289	30,436	11,140	13,174	
Total simulcast breakage	184,772	176,093	45,071	82,147	
Total breakage	\$ 258,643	\$ 242,147	\$ 107,807	\$ 142,757	

Admission tax					
Live/Simulcast					
Horse	\$ 2,797	\$ 2,885	N/A	N/A	
Greyhound	43,580	40,401			
Total admission tax	\$ 46,377	\$ 43,286	\$ -	\$ -	
Other taxes & fees					
Daily license fees	\$ 61,800	\$ 62,000	\$ 63,800	\$ 64,000	
Licensing	28,312	28,953	15,909	15,577	
Fines	10,540	8,058	5,281	4,896	
Local ad valorem tax	-	-	-	-	
Total other taxes & fees	\$ 100,652	\$ 99,011	\$ 84,990	\$ 84,473	

Benefits of Parimutuel Racing



Charitable Contributions

The Kansas parimutuel racing act directs that each organization licensee must distribute net earnings to 501(c)(3) nonprofits who are domiciled in and who will expend the monies in Kansas. The following schedule indicates the amount of charitable contributions by each organization licensee:

	Calendar Year	
	1997	1998
TRAK East	24,986	36,998
Wichita Greyhound Charities	230,000	275,000

TRAK East is associated with the Woodlands Race Course and Woodlands Kennel Club. Wichita Greyhound Charities, Inc. is associated with Wichita Greyhound Park. The following reflects how these charitable distributions improve the quality of life for Kansans:

TRAK East

1997 (6 contributions)

Argentine Food Kitchen	2,000
Bethany Medical Center	6,247
Leavenworth Road Association.	5,000
Operation Wildlife Incorporated .	4,000
Vernon Multipurpose Center	3,500
Wyandotte County American Red Cross	<u>4,239</u>
TRAK East total for 1997	<u>24,986</u>

1998 (9 contributions)

Alzheimer's Association-Heartland Chapter	7,500
Argentine Food Kitchen	3,250
Duchesne Clinic	9,250
Jaycees Cerebral Palsy Ranch	1,325
Johnson County Christmas Bureau	2,500
Lawrence Women's Transitional Care	3,000
Leavenworth Road Association.	4,663
Marketplace Ministries	1,000
Salina Emergency Food Bank	<u>4,500</u>
TRAK East total for 1998	<u>36,988</u>

Wichita Greyhound Charities, Inc.1997 (57 contributions)

Alzheimer's Association South Central Kansas	7,000
Andover Historical Society, Inc.	3,500
Arts Council of Topeka	8,000
Assistance League of Wichita	2,200
Baker Arts Foundation, The	2,000
Belle Plaine Community Foundation	3,000
Big Brothers/Big Sisters of Salina, Inc.	4,500
Big Brothers/Big Sisters of Sedgwick County	3,000
Botanica - The Wichita Gardens	1,850
Boy Scouts of America - The Quivira Council	5,000
Bud Finch Memorial Community Theatre	7,500
CASA of the High Plains	1,000
Center of Hope	5,000
Cerebral Palsy Research Foundation	5,500
Dyck Arboretum of the Plains	5,000
Emporia Granada Theatre	3,000
Friends University/Wichita Ballet	5,000
Heartspring	5,000
Kansas Elks Training Center	4,000
Kansas Jaycees Cerebral Palsy Foundation	1,600
Kansas Learning Center for the Health	3,000
Kansas Sampler Foundation	3,000
Kansas Special Olympics	5,000
Kansas Specialty Dog Service	8,000
Kansas Starbase	5,000
Kauffman Museum	4,500
Kiowa Historical Society	3,500
Literacy Resources	2,600
Master Arts, Inc.	3,000
Metropolitan Ballet of Topeka	6,000
Muscular Dystrophy Association	5,000
Music Theatre for Young People	4,500

Music Theatre of Wichita	3,000
Opera Kansas	2,000
Orpheum Performing Arts Center, Ltd.	7,500
Radio Kansas	5,000
Ronald McDonald House Charities of Wichita	5,000
Salina Emergency Aid/Food Bank, Inc.	2,000
Science Center and Exploration Place, The	5,000
Sedgwick County Zoological Society, Inc.	10,000
Senior Services	1,000
Shrine Bowl of Kansas	5,000
Spirit of the Plains CASA, Inc.	2,000
Udall Historical Society	1,500
We Care Project	1,000
Wellington Academy, Inc.	8,000
Wichita Area Girl Scouts	5,000
Wichita Art Museum Foundation, The	2,000
Wichita Black Arts Festival	3,000
Wichita Center for the Arts, The	3,000
Wichita Child Guidance Center	2,500
Wichita Children's Theatre and Dance Center	4,000
Wichita Indochinese Center	4,000
Wichita Jazz Festival	4,000
Wichita Symphony Society, Inc.	5,000
Wichita Tigers Youth Football Association	750
YMCA of Wichita	<u>3,000</u>
Wichita Greyhound Charities total for 1997	<u>230,000</u>
<u>1998</u> (67 contributions)	
Alliance for the Mentally Ill in Sedgwick County	1,000
Andover Historical Society, Inc.	3,000
ARC of Sedgwick County, The	1,800
Arts Council of Dickinson County	3,000
Arts Council of Topeka	6,500
Assistance League of Wichita	1,500
Baker Arts Foundation, The	1,500

Boy Scouts of America - Ozark Trails Council	1,000
Breakthrough Club	5,000
Brookside Medical Clinic	3,000
Butler County Community College	2,000
Butler County Historical Society	1,000
Center of Hope	5,000
Cerebral Palsy Research Foundation of Kansas, Inc.	4,000
Communities in Schools of Wichita/Sedgwick County, Inc.	4,700
Dodge City Area Arts Council	2,000
Dyck Arboretum of the Plains	7,000
Envision	3,000
Family Service and Guidance Center	8,000
Kansas Cosmosphere and Space Center	10,000
Kansas Jaycees Cerebral Palsy Foundation	3,000
Kansas Korean War Memorial Association	6,500
Kansas Masonic Home Endowment	5,000
Kansas Special Olympics	4,000
Kansas Specialty Dog Service	8,000
Kansas Starbase	5,000
Kauffman Museum	5,000
Leukemia Society of America	2,500
Lucas Arts and Humanities Council, Inc.	2,000
Make-A-Wish Foundation of Kansas, Inc.	8,000
Medical Service Bureau, Inc.	3,000
Metropolitan Ballet of Topeka	8,000
Metropolitan Ballet of Wichita	5,000
Music Theatre for Young People	4,000
Music Theatre of Wichita, Inc.	4,500
National Multiple Sclerosis Society	2,500
Newton Area Senior Center	3,000
Newton Healthcare Foundation	500
Newton Meals on Wheels	3,500
Old Cowtown Museum	5,000
Opera Kansas, Inc.	1,000

Operation Holiday	5,000
Park City Pride	8,000
Project Awareness for Major Mental Illness	1,500
Radio Kansas	5,000
Ronald McDonald House Charities of Wichita, Inc.	2,000
Salina Community Theatre	5,000
Science Center and Exploration Place	7,500
Sedgwick County Zoo	7,000
Senior Services, Inc.	3,500
Shrine Bowl of Kansas, Inc.	5,000
Starkey, Inc.	5,000
TLC Greyhound Adoption	1,000
Wellington Academy, Inc.	8,000
Wichita Area Girl Scouts	2,500
Wichita Art Museum, The	5,000
Wichita Black Arts Festival Association	2,500
Wichita Chamber Chorale, Inc.	2,000
Wichita Children's Theatre and Dance Center	5,000
Wichita Choral Society	1,500
Wichita Convention Foundation	8,000
Wichita Jazz Festival, Inc.	4,000
Wichita Junior League	5,000
Wichita State University Endowment Association	5,000
Wichita Symphony Society, Inc.	5,000
Wichita Tigers Youth Football Association	1,000
Winfield Arts and Humanities Council, Inc.	<u>2,000</u>
Wichita Greyhound Charities, Inc. total for 1998	<u>275,000</u>

GAMING PROGRAM EXECUTIVE STAFF

Tracy Diel
Executive Director

Allen Jones
Director of Enforcement and Compliance

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STATE GAMING AGENCY

On July 1, 1996, the State Gaming Agency, through the implementation of the Tribal Gaming Oversight Act, became a part of the Kansas Racing and Gaming Commission. At the time of this occurrence, there was one Native American Tribal Casino in operation. This was the Golden Eagle Casino, which is owned and operated by the Kickapoo Tribe and opened for business in May, 1996. Since that time, there have been three (3) other Native American Indian casinos which have opened in the State of Kansas. They are Harrah's Prairie Band Casino (temporary facility opened in October, 1996; permanent facility opened January, 1998), the Sac and Fox Casino (opened February, 1997) and Casino White Cloud (temporary facility opened May, 1998; permanent facility opened December, 1998), which is owned by the Iowa Tribe. Three of the gaming facilities are opened 24 hours a day, seven days a week, while Casino White Cloud operates on a more limited basis. At the present time, these four gaming facilities represent the four Tribal-State Compacts which have been entered into by the State of Kansas.

At the present time, all four gaming facilities combined offer approximately 2,100 electronic gaming devices (slot machines) and 76 table games (blackjack, craps, roulette). The four facilities when fully staffed employ approximately 1,250 gaming employees and 900 non-gaming employees. These positions are divided into three gaming license categories. Category I employees include management, key gaming employees and gaming manufacturers and distributors. Category II employees include all other gaming employees who are not considered Category I. Category III employees include non-gaming employees (hostess, waitresses, kitchen staff) who work within the gaming facility.

In Fiscal Year 1997, the agency was allocated five full-time positions. All gaming background investigations at that time were conducted by the Kansas Bureau of Investigation. Beginning in Fiscal Year 1998, the agency took over the task of performing all category II gaming employee background investigations. All category I background investigations remained with the Kansas Bureau of Investigation. As part of the plan to undertake this new set of responsibilities, the agency added six special investigators, one enforcement agent and one office support staff. The effective date of the transfer of responsibility for category II background investigations was September 1, 1997.

The agency has reviewed and streamlined the background investigation process in an effort to provide information to the respective tribal gaming commissions in a more timely fashion. Through this process, the agency is able to give the different tribal gaming commissions information on prospective gaming employees in a more expeditious time period. As of June 30, 1998, an initial background report, referred to as a preliminary suitability report, is provided in an average of 65 days. This average time has steadily declined since this process was instituted in December, 1997. This report contains a court check in the jurisdictions disclosed by the applicant, a check for outstanding warrants, motor vehicle record check, credit history check and a check of other gaming regulatory agencies. These areas were chosen because they generate most of the negative information which could give rise to an individual not being issued a gaming license. A final background report is then forwarded to the tribal gaming commissions when it is completed.

During the first year (September, 1997 through June, 1998) of handling category II background investigations, the agency received 1,105 requests to perform background investigations. This is compared to 939 received by the KBI from approximately December, 1995 to July, 1997. A total of 775 preliminary suitability reports have been provided to the different gaming commissions during this time period. A total of 270 final background investigations have been provided to the different tribal gaming commissions. The different commissions have discontinued 354 of the requested background investigations at some point during the background investigation process.

In Fiscal Year 1999, the agency has taken over category I background investigations. This eliminated the need for the Kansas Bureau of Investigation to perform gaming license background investigations. The agency was allocated five enforcement agents, one special investigator and one office support staff to undertake this added responsibility. The KBI continued to work towards completing the background investigations which had been submitted to them prior to the change. No new category I background

investigations were submitted to the KBI after June 12, 1998. The KBI was officially removed from the process in December, 1998.

As the responsibilities for providing background investigations increased, the State Gaming Agency has continued to have enforcement agents monitor events at the four tribal casinos. Their purpose is to look for criminal violations of the Tribal Gaming Oversight Act, violations of the gaming facility internal controls and the Tribal-State Compacts. During Fiscal Year 1998, the three (3) enforcement agents assigned to the agency were involved in 101 inspections and 59 investigations.

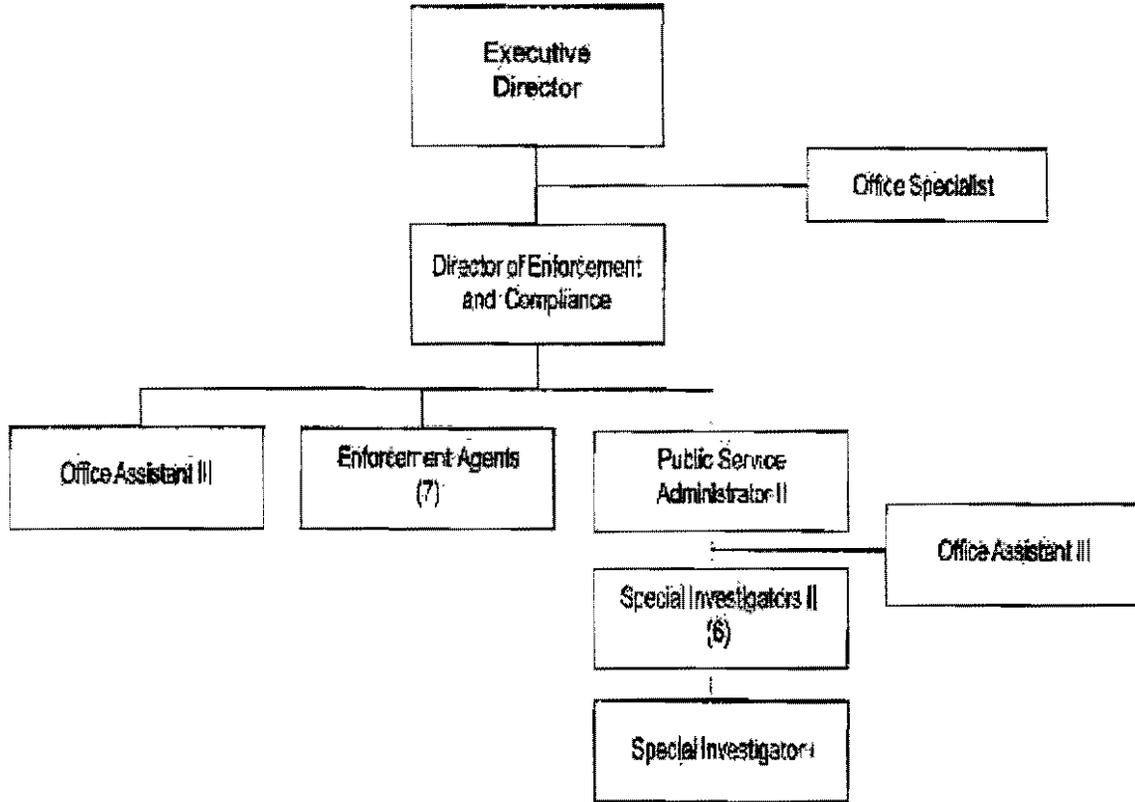
With the increase in personnel and the taking over of the background investigations from the KBI, the budget of the State Gaming Agency has increased. In Fiscal Year 1997, the agency's approved operating budget was \$366,000, with the Fiscal Year 1998 agency operating budget increasing to \$870,000. Pursuant to the Tribal-State Compact, the costs of the State Gaming Agency are assessed to the four tribes who have entered into gaming compacts with the State of Kansas.

GAMING PROGRAM OFFICES

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STATE GAMING AGENCY



Tribal Gaming Funds

The revenues received by the State Gaming Agency for FY 1997 and 1998 which are listed in this report are derived from several different sources. One source of revenue is the assessments paid by the Native American Indian Tribes, with approved gaming compacts, pursuant to Section 25 of the Tribal-State Compact. The revenues received by the agency also include deposits in the amount of \$3,000.00 received pursuant to sections 16 and 17 of the Tribal-State Compact from the different gaming tribes for specific background investigations which are performed by the Kansas Bureau of Investigation. These background investigations include all gaming employees and manufacturers and distributors. In addition, revenues include additional costs incurred by the KBI which are in excess of the deposit received from the respective tribe. Finally, revenues include reimbursements for criminal history checks on non-gaming employees, credit history checks which are performed by this agency, as well as other costs which are recovered from various sources.

Deposits received for background investigations performed by the KBI are kept in four (4) tribe specific accounts and are not part of the agency's general operating budget. These funds are then transferred to the KBI upon the receipt of billable expenses. The difference between the amount billed for a completed background investigation and the initial \$3,000.00 deposit (if it is less than the deposit) is returned to the respective tribe or a credit is given against other costs owed to the agency. In the event the background investigation expenses exceed the deposit amount, then the tribe is then billed the excess amount and upon receipt it is transferred to the KBI.

Gaming Program Fund Activity	
Fiscal Years 1997 and 1998	
<u>Tribal Gaming Fund</u>	
FY 1997	
Beginning balance (7-1-96)	\$ -
<u>Receipts</u>	
Revenue	1,443,258
Operating transfer	381,941
<u>Disbursements</u>	

Operating expenditures	(528,479)
Operating Transfer	(300,895)
Ending balance (6-30-97)	\$ 995,825
FY 1998	
Beginning balance (7-1-97)	\$ 995,825
Prior period adjustments	25,461
Receipts	
Revenue	1,337,713
Operating Transfer	434,676
Disbursements	
Operating expenditures	(1,423,962)
Operating Transfer	(217,338)
Ending balance (6-30-98)	\$1,152,375

Tribal Gaming Fund			
Fiscal Years 97 and 98			
	FY 97	FY 98	% Increase/ (Decrease)
Receipts:			
Revenue	\$1,440,172	\$ 1,337,537	(7.1)%
Recovery of expenditures	3,086	176	(94.3)%
Total receipts	\$1,443,258	\$ 1,337,713	(7.3)%
Disbursements:			
Salaries and wages	\$ (169,937)	\$ (414,875)	144.1%
Contractual services - Operations	(542,102)	(1,761,262)	224.9%
Contractual services - KBI	(228,627)	(808,949)	253.8%
Commodities	(4,029)	(9,651)	139.5%
Capital outlay	(41,038)	(47,123)	14.8%
Total disbursements	\$ (985,733)	\$(3,041,860)	208.6%
Transfers:			
Operating transfer in	\$ 381,941	\$ 434,676	13.8%
Operating transfer out	(300,895)	(217,338)	(27.8)%
Net transfers	\$ 81,046	\$ 217,338	168.2%