



KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

January 28, 2005

The Honorable Kathleen Sebelius
Governor, State of Kansas
Statehouse, Room 212S
Topeka, Kansas 66612-1590

Dear Governor Sebelius:

This is the 2003/2004 Annual Report of the Kansas Racing and Gaming Commission (KRGC). The report is a narrative and statistical summary of the KRGC's regulatory responsibilities for calendar and fiscal years 2003/2004.

During 2004, two facilities licensed by the KRGC continued to offer year-round greyhound racing. The Woodlands, located in Kansas City, Kansas, offered 243 days of live greyhound racing, with 292 live racing performances. Wichita Greyhound Park (WGP), located in Valley Center, Kansas, offered 223 days of live greyhound racing, with 267 live racing performances. This accounted for approximately 8,400 live greyhound races. In addition, the Woodlands offered 30 days of live horse racing, with 300 races being run during September and October 2004. Since closing in November 2000, Camptown Greyhound Park, located in Frontenac, Kansas, has conducted no racing activity.

In addition, Eureka Downs, located in Eureka, Kansas, offered 21 days of live horse racing, with 149 races offered during the months of May, June, and July of Calendar Year (CY) 2004. Anthony Downs, located in Anthony, Kansas, celebrated its 100th year of live racing in CY 2004 by offering six days of live horse and greyhound racing, with 48 horse and 48 greyhound races. The race events were the best in the fair meet's history, outpacing previous attendance and wagering records for the two-weekend event.

In addition to live racing, the Woodlands, WGP, and Eureka Downs offered simulcast greyhound and horse racing in CY 2004. The Woodlands also used simulcasting to provide their horse and greyhound races to other locations throughout the country. The amount wagered on

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aces at the Woodlands that are simulcast to other racetracks continues to be a bright spot, with an increase of 13 percent over CY 2003.

During 2004, the greyhound industry nationwide encountered a severe strain of the "kennel cough" virus. This infection prompted the KRGC to quarantine both greyhound racetracks operating in Kansas. WGP was hit the hardest by the virus, as the infection experienced there prevented the racetrack from offering any live racing for a period of six weeks in July and August 2004. During this time period, 850 of the 930 greyhounds kenneled at WGP were infected by the virus. The facility was able to reopen for a limited live racing schedule on August 26, 2004, with a full schedule of racing offered by September 4, 2004. Although WGP was hit hard by this virus, the Woodlands was able to continue to offer a full live racing program throughout the quarantine period. They did not lose any days of live racing due to the virus.

The outbreak was severe enough that it either closed down or limited live racing at several racetracks across the country for a significant period of time. The source of the virus and how to prevent it from recurring has yet to be determined. However, the KRGC's animal health staff, along with veterinarians at Kansas State University (KSU) and others across the country, continue to work on this issue. Through its research grant program, the KRGC has provided funds to KSU to assist in establishing a greyhound health institute that could be used to assist the industry in dealing with these types of outbreaks.

Both full-time racetracks showed increases in attendance during CY 2004. The number of live race days approved by the KRGC was consistent with past years, as well as the number of races being offered during the current year. The fair meets at Eureka Downs and Anthony Downs continue to offer the same number of days as past years. As mentioned before, 2004 was a record year for Anthony Downs in both attendance and the dollars wagered. However, despite the level of racing activity, the amount wagered overall at all of the racing facilities continues to decline.

For CY 2005, the KRGC has approved the Woodlands to offer 247 days of live greyhound racing, with 301 performances, and 27 days of live horse racing. WGP has been approved to offer 253 days of live greyhound racing, with 306 performances. Race dates for Eureka Downs and Anthony Downs will be determined later this year.

The industry continues to move forward, despite the many challenges it faces. In an effort to bring a spotlight to parimutuel racing, WGP began a new advertising campaign in the latter stages of CY 2004. This effort has shown some benefit and has provided an increase in the number of individuals coming to the racetrack. The Woodlands continues to look for ways to better market its racing product and attract people to its facilities.

The Honorable Kathleen Sebelius

Page 3

January 28, 2005

The KRGC will continue to do all that is possible, within its authority, to assist the racing community and will continue to ensure the integrity of parimutuel racing in Kansas. The KRGC looks forward to working with you and your staff, the Legislature, and other state agencies in carrying out its responsibilities.

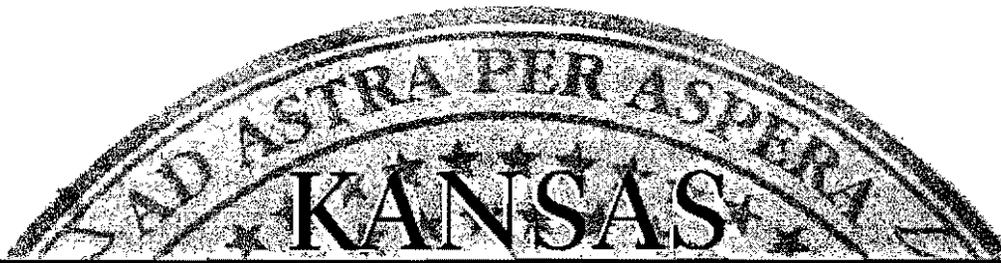
Respectfully,



Gene M. Olander, Chair
Kansas Racing and Gaming Commission



Tracy T. Diel, Executive Director
Kansas Racing and Gaming Commission



KANSAS STATE GAMING AGENCY
JOHN McELROY, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

January 7, 2005

Honorable Kathleen Sebelius
Governor of Kansas
Statehouse
Topeka, Kansas 66612

Dear Governor Sebelius:

In 1995, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe, and the Sac and Fox Nation of Missouri in Kansas each signed a Tribal State Compact with the State of Kansas. By 1998, each had opened its own casino in Kansas. Each of the casinos continues to operate today. Each is regulated by a Tribal Gaming Commission. The gaming activities of each are monitored by the Kansas State Gaming Agency. According to KSA 74-9805, the Agency has jurisdiction over gaming activities conducted pursuant to a Tribal State Compact. The Agency has jurisdiction over no other types of gambling, legal or illegal, or alcoholic beverage dispensing or use.

The Kansas State Gaming Agency is responsible for conducting background investigations on all employees connected with the gaming operations at each casino. The Agency is also responsible for conducting background investigations on all vendors who do more than \$10,000 per year in business with a casino in Kansas. The Agency does original background investigations as well as addenda, upgrades and renewals of investigations which have been done in the past. In FY 2004, the tribes submitted 833 background investigation requests of employees to the Agency. In addition, KSGA performed 12 vendor or manufacturer background investigations in FY 2004. Currently, background investigations of all types are being completed in an average time of about 41 days.

Licensing of gaming employees and vendors is done entirely by the Tribal Gaming Commissions. The Agency can and does occasionally object to particular applicants. Tribal Gaming Commissions can proceed with licensing in spite of objections in which case the Agency must resort to arbitration if it finds sufficient grounds.

Key employee investigations, vendor, and tribal gaming inspector investigations are completed by enforcement agents. Frequently these investigations involve travel out of state. Vendors typically pay the expenses of the Agency for their background investigations. All other gaming employee (dealers, security, hard and soft count, cage, slot techs) investigations

are completed by special investigators who are not sworn law enforcement officers. The four casinos and commissions currently have about 1950 casino employees and 44 tribal gaming inspectors. The Agency contributes varying amounts of background information on each.

Eight enforcement agents, sworn law enforcement officers, conduct inspections and monitor gaming activity at the four casinos. Currently there are 2683 electronic gaming devices (slot machines). During 2004, 955 electronic gaming devices were inspected. There were approximately 2100 electronic gaming devices in Kansas in FY 1999. There are currently 67 table games (blackjack, poker, craps and roulette) at the four casinos in Kansas. In FY 1999, there were 76 table games.

For the past several years, the Agency shared an executive director with the Kansas Racing Commission. Since April, 2003, the Agency has had a full time executive director.

Enforcement agents of the Agency have investigated several criminal cases in 2003. One case involved an employee who allegedly possessed unauthorized computer files from a previous gaming employer. He was convicted after trial in FY 2004. In one case a patron attempted to use counterfeit bills in a slot machine. He pled guilty after an investigation by KSGA. The final case involved two out of state patrons who are alleged to have attempted to cheat a slot machine. Trial is pending in that case. In each of these cases, at least one person was apprehended and charged.

An investigation that began in FY 2003 has resulted in a former agent of the Arizona Department of Gaming and the president of a slot machine distributor being indicted in Arizona for bribery in early FY 2005. The information was initially developed by KSGA and relayed to ADOG who requested an investigation by the Arizona Attorney General.

Late in FY 2003, the Agency upgraded its computer system to a server based network connected to high speed internet access. Each employee now has access to the internet as well as access to email. Email is now regularly used to transmit information to and from employees. In addition, now the Agency backs up its data files each evening. The Agency has since purchased a second server and located it in another state office building for backup purposes off site. The system includes battery backup which guards against loss of data during an electrical power failure. This purchase has greatly increased the efficiency of the Agency.

In late FY 2004, KSGA purchased a document imaging system from a Topeka based company. The system uses high speed scanners and hard discs on the server to store electronic images of documents. In addition, the software provides statistical data for evaluating agency performance as well as individual employee performance. The system will mean that KSGA will reduce the amount of floor space devoted to storing documents in the future as well as providing quick access to past case files. This system will permit tribes to transmit disclosure forms and attached documents to KSGA electronically if they have compatible systems. The system is currently up and running.

The operating budget for the Agency in FY 1999 was \$1,366,000. Six years later, in FY 2005, the operating budget proposal for the Agency is \$1,650,758, an increase of \$284,758 which is an increase of just over 20% over six years. Salaries compose about 75% of the Agency's budget. After the FY 2005 assessment letter was sent out, KSGA conducted a detailed examination of the budget and made adjustments to several budget categories to more accurately reflect the actual expense history of the Agency. That examination resulted in a budget proposal for FY 2006 of \$1,643,726, a reduction of \$7032 or 0.43% from FY 2005.

In FY 1999, there were 20 employees in the Agency. In FY 2005, there are 20 plus some vacant positions that will be filled sometime in FY 2005. One enforcement agent position has been added in the past five years. The Agency has approval for and probably will hire a full time lawyer for FY2005. There are an increasing number of issues that will require considerable complex legal work in the future.

The Agency's budget is funded entirely by contributions from the tribes. Under the Tribal State Compacts, the tribes are not required to make any other contributions to the State of Kansas. The only exception to the tribes funding the costs of the Agency occurs if the Agency is ordered to pay any expenses of arbitration. In FY 2003 arbitration expenses amounted to \$2900. There were no arbitration expenses in FY 2004. Currently two arbitrations are in progress with one tribe.

On July 1 of each year, KSGA borrows \$450,000 from the State General Fund to cover expenses until tribal contributions are made. Unspent tribal contributions from the previous year are returned to the tribes in the form of a credit against the next fiscal year's assessment. Essentially the Agency has no carryover and starts from zero each year. The entire amount borrowed is repaid during the course of the fiscal year following receipt of tribal assessment payments. Each year at the end of July, the Agency determines its budget, subtracts any funds unspent from the previous fiscal year, and then sends a letter of assessment to each tribe. Along with the assessment letter, the Agency includes a copy of each tribe's account and a list of each and every voucher used to pay Agency expenses during the past fiscal year. This list includes an explanation of each expense. The tribes have a period to object to their assessments. Assessments are due September 21, January 1, and April 1 of each year. As of this date, each tribe is paid up to date. There was one objection to the FY 2005 assessment. That tribe followed up with two letters containing questions with copies sent to the members of the Joint Committee on State Tribal Relations. Answers to each question were also copied to those legislative members.

Previously, the tribes were each assessed three equal payments over the year. As a result of an arbitration that was completed during FY 2003, the first assessment due in September is now adjusted. The payment is adjusted to reflect the cost of conducting background investigations for each tribe. The casinos vary widely in size and in numbers of employees. Consequently, the numbers of background investigations also vary widely. This disparity is now accounted for in the first assessment of the fiscal year. The other two assessment amounts are equal among the tribes.

There are currently two arbitration requests outstanding. One request was made by the Agency. It involves, in part, a disagreement over whether the Agency has the right to inspect electronic gaming devices, has the right to unfettered access to records and can examine medical records more than ten years back of certain applicants. The Agency was in negotiations aimed at a settlement of the issues but was recently informed there would be no agreement. Since then the tribe has filed an arbitration on essentially the same issues.

A proposed compact has been negotiated between a consortium involving the Kickapoo and Sac and Fox tribes in Kansas and the Governor's Office to build and operate a destination casino in Wyandotte County. It appears this proposed compact will be considered for approval by the 2005 Legislature. If this proposal becomes a reality, the Agency will undergo some dramatic changes and expansion in a short time to fulfill those additional responsibilities.



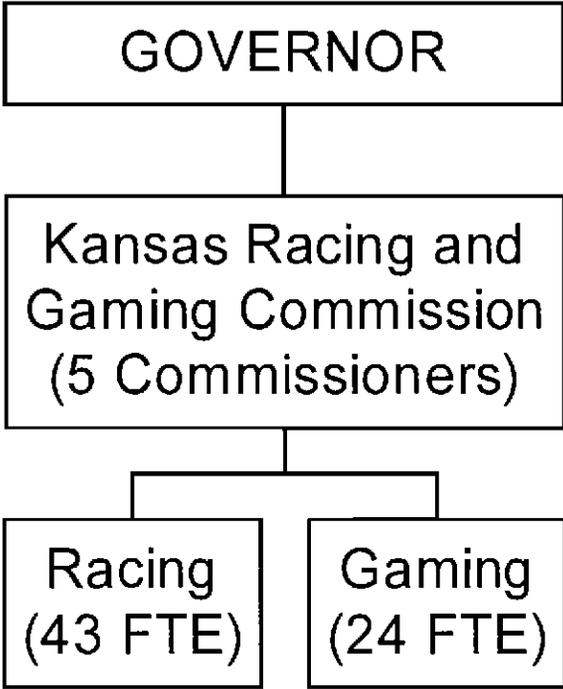
Gene M. Olander
Chair
Kansas Racing and Gaming Commission



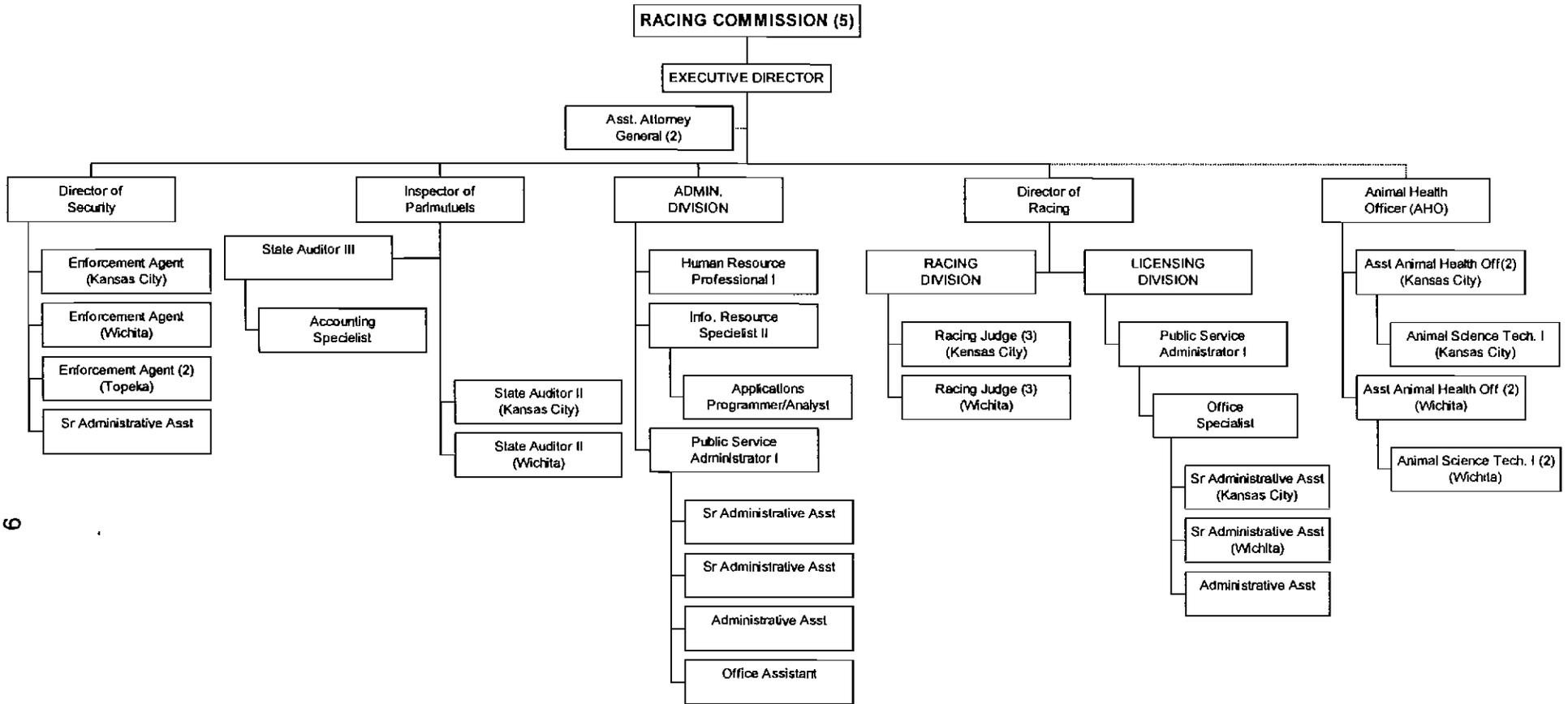
John E. McElroy
Executive Director
State Gaming Agency

**MISSION STATEMENT
OF THE
KANSAS RACING AND GAMING COMMISSION**

The multimillion dollar racing and gaming industries provide far reaching economic benefits for Kansans. The Kansas Racing and Gaming Commission is dedicated to protect the integrity of these industries through enforcement of Kansas laws and is committed to preserving and instilling public trust and confidence.



KANSAS RACING AND GAMING COMMISSION



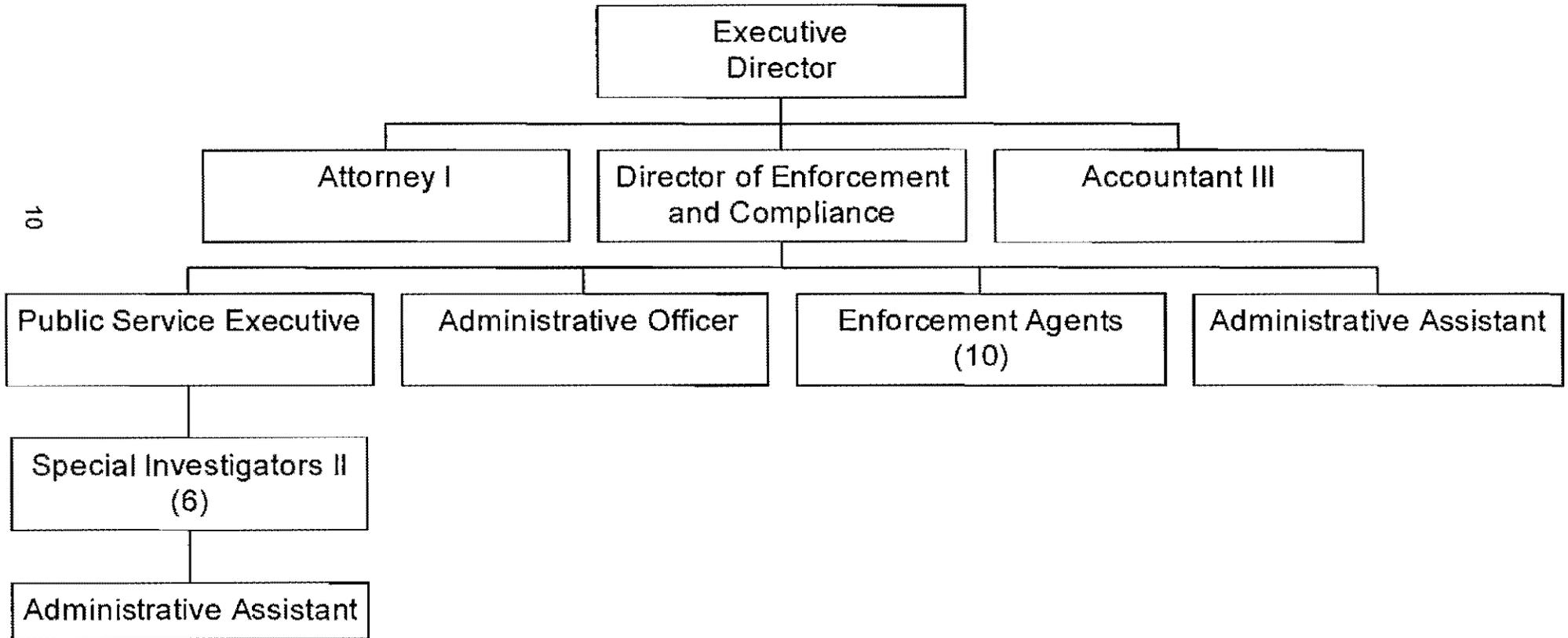
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* The Assistant Attorney General positions report to the Attorney General's Office but are counted in the Racing Commission's FTE allotment. The Executive Director supervises the day-to-day legal operation duties.

** The Animal Health Officers are under the direction of the Racing Commission and supervised by the Executive Director.

Note: Camptown Greyhound Park in Frontenac, Kansas, ceased operations in November 2000.

STATE GAMING AGENCY



10





Kansas Racing and Gaming Commissioners



Gene M. Olander
Chair
Topeka, Kansas

Randall K. Rathbun
Commissioner
Wichita, Kansas

Leslie Hess
Commissioner
Dodge City, Kansas

Carol Sader
Commissioner
Prairie Village, Kansas

Stanley M. Teeter, DVM
Commissioner
Topeka, Kansas



Racing Program Executive Staff



Tracy T. Diel
Executive Director

Frances K. Snell
Director of Racing

D. Bryce Peckham, DVM
Animal Health Officer

James Glackin
Assistant Attorney General

Stephen Durrell
Assistant Attorney General

Kit A. Bostrom
Director of Licensing



Racing Program Offices



Topeka Office

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As of February 14, 2005, the Topeka Office will be located at:

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Eisenhower State Office Building
700 SW Harrison
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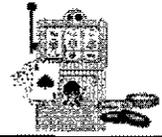
Field Offices

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Phone: (316) 755-2736
Fax: (316) 755-3294
E-mail: racing@earthlink.net



Gaming Program Executive Staff



John E. McElroy, JD, CFE
Executive Director

Don Brownlee
Director of Enforcement and Compliance



Gaming Program Offices



Topeka Office

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Racing and Gaming Commission Fund Activity
Fiscal Years 2003 and 2004



	<i>State Racing Fund</i>	<i>Horse Fair Racing Benefit Fund</i>	<i>Horse Breeding Development Fund</i>	<i>Racing Investigative Expense Fund</i>	<i>Greyhound Breeding Development Fund</i>	<i>Racing Reimbursable Expense Fund</i>	<i>Racing Applicant Deposit Fund</i>	<i>Tribal Gaming Fund</i>	<i>Totals</i>
FY 2003									
Beginning balance (7-1-02)	\$ 551,560	\$ 349,182	\$ 203,842	\$ 19,892	\$ 241,008	\$ 31,495	\$ 815	\$ 423,389	\$ 1,821,193
Prior period adjustments	12,375	9,661	750	-	-	-	-	(22,774)	12
Receipts									
Revenue	3,136,904	949,240	517,719	-	355,737	36,289	13	1,315,849	6,311,751
Operating transfer	-	-	-	-	-	-	-	-	-
General Fund transfer	-	-	-	-	-	-	-	450,000	450,000
Disbursements									
Operating expenditures	(2,750,158)	(943,713)	(519,444)	-	(173,240)	(36,450)	-	(1,185,462)	(5,808,467)
State Gaming Revenue Fund transfer	(481,035)	-	-	-	-	-	-	-	(481,035)
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Tourism Fund transfer	-	-	-	-	(52,361)	-	-	-	(52,361)
General Fund transfer	(3,423)	(115,00)	-	-	-	-	-	(150,000)	(153,538)
KSIP expenditures	(20,972)	-	-	-	-	-	-	-	(20,972)
Ending balance (6-30-03)	<u>\$ 445,251</u>	<u>\$ 364,265</u>	<u>\$ 202,867</u>	<u>\$ 19,892</u>	<u>\$ 371,144</u>	<u>\$ 31,334</u>	<u>\$ 828</u>	<u>\$ 831,002</u>	<u>\$ 2,287,555</u>
FY 2004									
Beginning balance (7-1-03)	\$ 445,251	\$ 364,265	\$ 202,867	\$ 19,892	\$ 371,144	\$ 31,334	\$ 828	\$ 831,002	\$ 2,287,555
Prior period adjustments	15,758	8,630	250	-	-	-	1	(546)	24,093
Receipts									
Revenue	2,901,955	873,695	472,231	-	327,702	33,804	9	1,198,991	5,808,387
General Fund transfer	-	-	-	-	-	-	-	450,000	450,000
Disbursements									
Operating expenditures	(2,671,003)	(869,258)	(552,107)	-	(623,046)	(40,046)	-	(1,270,557)	(6,026,017)
State Gaming Revenue Fund transfer	(265,613)	-	-	-	-	-	-	-	(265,613)
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Tourism Fund transfer	-	-	-	-	(49,155)	-	-	-	(49,155)
General Fund transfer	(12,547)	(300,497)	-	-	-	-	-	(897,100)	(1,210,144)
KSIP expenditures	(15,441)	-	-	-	-	-	-	-	(15,441)
Ending balance (6-30-04)	<u>\$ 398,360</u>	<u>\$ 76,835</u>	<u>\$ 123,241</u>	<u>\$ 19,892</u>	<u>\$ 26,645</u>	<u>\$ 25,092</u>	<u>\$ 838</u>	<u>\$ 311,790</u>	<u>\$ 1,019,106</u>



Racing and Gaming Commission Funds Fiscal Year 2004



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.

Horse Fair Racing Benefit Fund - K.S.A. 74-8838

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 race meets conducted by a fair association or horsemen's nonprofit organization.

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 - K.S.A. 74-8835

All expenses of investigation of an applicant's qualifications for an organization license, facility owner license or facility manager license 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.

Greyhound Breeding Development Fund - K.S.A. 74-8831

This fund's revenue is derived from unclaimed winning tickets from greyhound races. Fifteen percent of the receipts are transferred to the Greyhound Tourism Fund. Thirty-five percent of the receipts are used to fund research conducted within the State of Kansas relating to the prevention of injury and disease of greyhounds. Fifty percent of the receipts are returned to the track where they were used to supplement stakes races for Kansas-whelped greyhounds.

Racing Reimbursable Expense Fund - K.S.A. 74-8827

All fees for processing fingerprints of licensees are deposited to this fund. The expenses incurred for the processing of fingerprints of licensees are paid from this fund.



Racing and Gaming Commission Funds Fiscal Year 2004



Racing Applicant Deposit Fund - K.S.A. 74-8828

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.

Tribal Gaming Fund - K.S.A. 74-9808

All amounts collected by the state gaming agency pursuant to tribal-state gaming compacts are deposited to this fund. All operating expenses of the state gaming agency are paid from this fund.



Departments of the Commission



Licensing

The Licensing Division ensures the integrity of racing and wagering in Kansas by identifying, licensing and conducting background checks on individuals who work at the racetrack facility and owners of the racing animals. These individuals are required to obtain an occupation license and undergo a background check before working or racing animals at the facility. In addition, licenses are granted to facility owners, facility managers, non-profit organizations, concessionaires, racing and wagering equipment and services, and simulcasting entities. Officers, directors and owners of these entities are subject to background investigations before a license is granted by the Commission.

Occupation Licenses

There were over 3,700 occupation licenses in 2003 and over 3,400 occupation licenses in 2004 issued to industry personnel and racetrack personnel during the license year. One-year and three-year occupation licenses were issued in different license categories for the race meets at the Woodlands, Wichita Greyhound Park and the county fairs. Over 625 sets of fingerprints in 2003 and over 600 sets of fingerprints in 2004 were submitted to the Kansas Bureau of Investigation for background checks. Licensees were able to participate in the fingerprint reciprocity program in lieu of submitting fingerprint cards. Licensees submitted over 500 reciprocity forms for 13 different racing jurisdictions in both 2003 and 2004 that were recognized by the commission. These reciprocity records were then verified with the specific jurisdiction in order to complete the background check on the licensee.

Registrations

Stable names, kennel names, corporations, partnerships, syndicates and other entities that own racing animals, which participated in racing in Kansas, were required to register with the commission. Entities filed over 450 registrations during the 2003 license year and over 400 registrations in 2004. Owners of these entities were required to obtain an occupation license.

Concessionaire and Racing and Wagering Equipment and Services Licenses

Concessionaire licenses are required before any entity may sell goods or services at a racetrack facility. There were 69 concessionaire licenses granted in 2003 to entities providing animal feed, tack and supplies as well as food and beverage concessions and video and photo finish products. Also included in these were 1-3 day Special Class Concessions for special events such as craft shows, train shows, etc. In 2004, 93 concessionaire licenses were issued to entities. United Tote held a valid Racing and Wagering Equipment and Services license during the 2003 and seven entities held Racing and Wagering Equipment and Services license in 2004.



Departments of the Commission



Animal Health

The Kansas parimutuel racing act provides that the commission appoint an animal health officer and assistants to advise the commission in matters of veterinary medicine. At all times they are to serve and protect the health and well being of the racing animals. The animal health officer serves on the commission staff in Topeka, and two assistants serve at each racetrack.

The animal health officers are responsible for conducting veterinary services for racing animals. This includes physical examinations prior to racing and observation for lameness, illness, or any other condition which would prevent the animal from racing to its potential. They are also responsible for treating emergencies of a veterinary nature encountered during the running of the race. In consultation with the racing judges or stewards, the animal health officers help determine which animals may be scratched from racing due to injury, disease, or disability.

Racing animals are subject to drug testing to deter the use of drugs to influence the outcome of a race. The animal health officer at each track is charged with obtaining blood and/or urine samples to be submitted to the official testing laboratory. A concerted effort is made to obtain the desired specimens from the animals and deliver them to the laboratory under strict chain of custody procedures so that a given specimen is unadulterated and from the identified animal.

During 2003 and 2004, the racing chemistry was performed by Truesdail Laboratories in Tustin, California. The results of their testing are as follows:

<u>Source</u>	<u>Urine</u>	<u>Blood</u>	<u>Total</u>	<u>Number of Positives</u>
2003				
Equine	1,021	1,057	2,078	13
Greyhound	9,583	0	9,583	26
2004				
Equine	963	1020	1,983	25
Greyhound	8,607	0	8,607	8



Departments of the Commission



Racing Division

Parimutuel wagering and racing activities at each racetrack is under the general authority and supervision of the Commission's appointed greyhound racing judges and horse racing stewards. The judges/stewards may interpret the regulations and order appropriate action to ensure a fair race and to protect the best interests of racing. The stewards and judges conduct administrative hearings; levy penalties on licensees; observe each race to ensure races are conducted in accordance with the regulations; determine the official winner and respective positions; maintain a detailed written account of each question, dispute, protest, complaint and objection; excuse any racing animal that is unfit or ineligible to run; submit and file for each performance a written judges/stewards report for each performance to the commission office.

Security Division

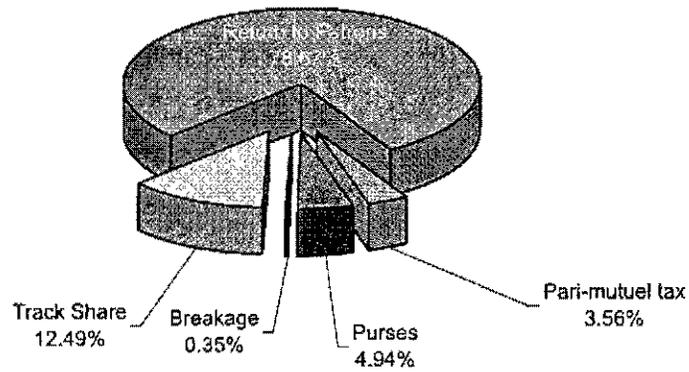
Security personnel are vested with the power and authority of law enforcement officers in the execution of the duties imposed upon the commission by the provision of the parimutuel racing act. The division's goal is to ensure licensees involved in racing activities are honest, to be proactive and responsive to confidential information concerning potential illegal activities, and to eliminate and/or reduce the potential for accidents. The commission appointees serving as security personnel work towards achieving the goal by investigating violations of the race act, conducting search and seizures, and enforcing all criminal laws of the State. The security personnel also conduct background investigations for various management positions within the racing industry as well as those for all commission employees.



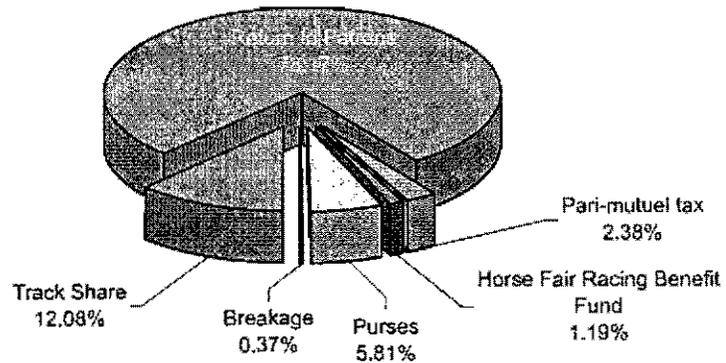
The Wagering Dollar



Live Racing - 2003



Simulcast Racing - 2003

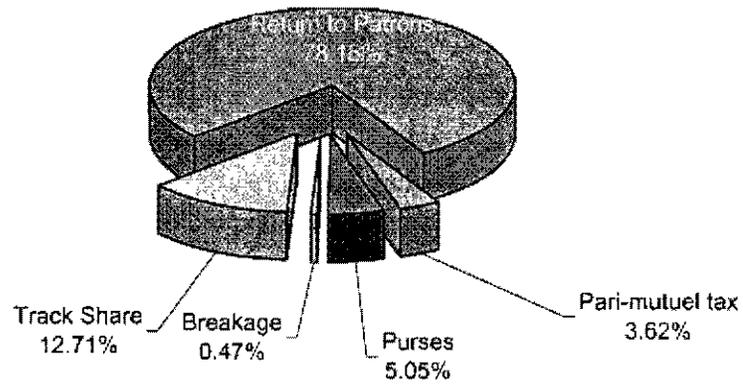




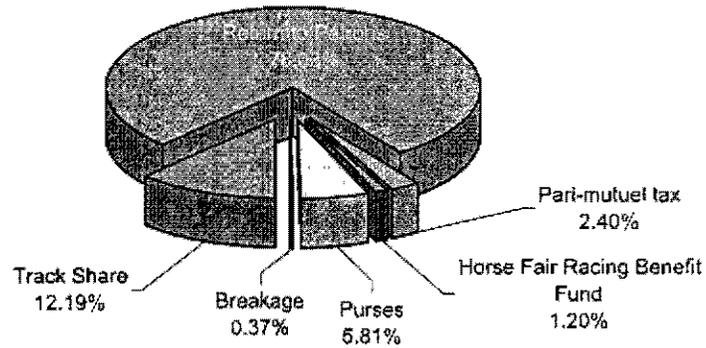
The Wagering Dollar



Live Racing - 2004



Simulcast Racing - 2004





Track Statistics

For Calendar Years 2003 and 2004



Handle	Woodlands Kansas City, KS		Wichita Greyhound Park Valley Center, KS		Camptown Frontenac, KS
	2003	2004	2003	2004	n/a
Live					
Horse	\$ 1,849,327	\$ 1,842,343	\$ -	\$ -	\$ -
Greyhound	14,880,892	13,325,192	9,436,065	8,103,935	-
Total live handle	<u>16,730,219</u>	<u>15,167,535</u>	<u>9,436,065</u>	<u>8,103,935</u>	<u>-</u>
Simulcast					
Horse	35,409,882	33,796,365	11,870,109	11,426,485	-
Greyhound	13,517,111	11,643,968	14,063,898	14,070,361	-
Total simulcast handle	<u>48,926,993</u>	<u>45,440,333</u>	<u>25,934,007</u>	<u>25,496,846</u>	<u>-</u>
Total handle	<u>\$ 65,657,212</u>	<u>\$ 60,607,868</u>	<u>\$ 35,370,072</u>	<u>\$ 33,600,781</u>	<u>\$ -</u>
Outbound Simulcast Handle					
Live Horse	\$ 4,060,189	\$ 4,072,722	-	-	-
Live Greyhound	5,095,735	6,342,713	-	-	-
Total Outbound Simulcast	<u>\$ 9,155,924</u>	<u>\$ 10,415,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Purses					
Live					
Horse	\$ 127,126	\$ 128,469	\$ -	\$ -	\$ -
Greyhound	704,371	635,090	452,776	404,396	-
Total live purses	<u>831,497</u>	<u>763,559</u>	<u>452,776</u>	<u>404,396</u>	<u>-</u>
Simulcast					
Horse	1,504,747	1,438,430	172,448	166,013	-
Greyhound	1,336,997	1,201,227	1,335,216	1,316,333	-
Total simulcast purses	<u>2,841,744</u>	<u>2,639,657</u>	<u>1,507,664</u>	<u>1,482,346</u>	<u>-</u>
Total purses	<u>\$ 3,673,241</u>	<u>\$ 3,403,216</u>	<u>\$ 1,960,440</u>	<u>\$ 1,886,742</u>	<u>\$ -</u>
Race days					
Live					
Horse	30	30	-	-	-
Greyhound	250	243	239	223	-
Total race days	<u>280</u>	<u>273</u>	<u>239</u>	<u>223</u>	<u>-</u>
Performances					
Live					
Horse	30	30	-	-	-
Greyhound	321	288	286	267	-
Total live performances	<u>351</u>	<u>318</u>	<u>286</u>	<u>267</u>	<u>-</u>
Simulcast					
Horse	4,192	4,207	4,978	4,592	-
Greyhound	4,411	4,374	6,548	6,506	-
Total simulcast performances	<u>8,603</u>	<u>8,581</u>	<u>11,526</u>	<u>11,098</u>	<u>-</u>
Total performances	<u>8,954</u>	<u>8,899</u>	<u>11,812</u>	<u>11,365</u>	<u>-</u>
Attendance					
Live/simulcast					
Horse	42,214	44,405	N/A	-	N/A
Greyhound	289,367	317,206	-	172,209	-
Total attendance	<u>331,581</u>	<u>361,611</u>	<u>-</u>	<u>172,209</u>	<u>-</u>



Track Statistics

For Calendar Years 2003 and 2004



Handle	Eureka Downs Eureka, Kansas		Anthony Downs Anthony, Kansas	
	2003	2004	2003	2004
Live				
Horse	\$ 306,606	\$ 290,208	\$ 112,788	\$ 155,358
Greyhound	-	-	69,011	92,219
Total live handle	<u>306,606</u>	<u>290,208</u>	<u>181,799</u>	<u>247,576</u>
Simulcast				
Horse	159,803	140,283	-	-
Greyhound	-	-	-	-
Total simulcast handle	<u>159,803</u>	<u>140,283</u>	<u>-</u>	<u>-</u>
Total handle	<u>\$ 466,409</u>	<u>\$ 430,491</u>	<u>\$ 181,799</u>	<u>\$ 247,576</u>
Outbound Simulcast Handle				
Live Horse	-	-	-	-
Live Greyhound	-	-	-	-
Total Outbound Simulcast	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Purses				
Live				
Horse	\$ 20,502	\$ 19,485	\$ 7,698	\$ 10,519
Greyhound	-	-	3,231	4,294
Total live purses	<u>20,502</u>	<u>19,485</u>	<u>10,929</u>	<u>14,813</u>
Simulcast				
Horse	9,290	8,153	-	-
Greyhound	-	-	-	-
Total simulcast purses	<u>9,290</u>	<u>8,153</u>	<u>-</u>	<u>-</u>
Total purses	<u>\$ 29,792</u>	<u>\$ 27,637</u>	<u>\$ 10,929</u>	<u>\$ 14,813</u>
Race days				
Live				
Horse	21	21	6	6
Greyhound	-	-	6	6
Total race days	<u>21</u>	<u>21</u>	<u>12</u>	<u>12</u>
Performances				
Live				
Horse	21	21	6	6
Greyhound	-	-	6	6
Total live performances	<u>21</u>	<u>21</u>	<u>12</u>	<u>12</u>
Simulcast				
Horse	51	38	-	-
Greyhound	-	-	-	-
Total simulcast performances	<u>51</u>	<u>38</u>	<u>-</u>	<u>-</u>
Total performances	<u>72</u>	<u>59</u>	<u>12</u>	<u>12</u>
Attendance				
Live/simulcast				
Horse	8,610	8,173	1,473	3,335
Greyhound	-	-	1,472	3,335
Total attendance	<u>8,610</u>	<u>8,173</u>	<u>2,945</u>	<u>6,670</u>



Track Statistics

For Calendar Years 2003 and 2004



Handle	Overall Totals	
	2003	2004
Live		
Horse	\$ 2,268,721	\$ 2,287,909
Greyhound	24,385,968	21,521,346
Total live handle	<u>26,654,689</u>	<u>23,809,254</u>
Simulcast		
Horse	47,439,794	45,363,133
Greyhound	27,581,009	25,714,329
Total simulcast handle	<u>75,020,803</u>	<u>71,077,462</u>
Total handle	<u>\$ 101,675,492</u>	<u>\$ 94,886,716</u>
Outbound Simulcast Handle		
Live Horse	\$ 4,060,189	\$ 4,072,722
Live Greyhound	5,095,735	6,342,713
Total Outbound Simulcast	<u>\$ 9,155,924</u>	<u>\$ 10,415,435</u>
Purses		
Live		
Horse	\$ 155,326	\$ 158,472
Greyhound	1,160,378	1,043,780
Total live purses	<u>1,315,704</u>	<u>1,202,252</u>
Simulcast		
Horse	1,686,485	1,612,596
Greyhound	2,672,213	2,517,560
Total simulcast purses	<u>4,358,698</u>	<u>4,130,156</u>
Total purses	<u>\$ 5,674,402</u>	<u>\$ 5,332,408</u>
Race days		
Live		
Horse	57	57
Greyhound	495	472
Total race days	<u>552</u>	<u>529</u>
Performances		
Live		
Horse	57	57
Greyhound	613	561
Total live performances	<u>670</u>	<u>618</u>
Simulcast		
Horse	9,221	8,837
Greyhound	10,959	10,880
Total simulcast performances	<u>20,180</u>	<u>19,717</u>
Total performances	<u>20,850</u>	<u>20,335</u>
Attendance		
Live/simulcast		
Horse	52,297	55,913
Greyhound	290,839	320,541
Total attendance	<u>343,136</u>	<u>376,454</u>



Track Statistics

For Calendar Years 2003 and 2004



	Woodlands Kansas City Kansas		Wichita Greyhound Park Valley Center, Kansas		Camptown Frontenac, KS
	2003	2004	2003	2004	n/a
Pari-mutuel tax					
Live					
Horse	\$ 63,560	\$ 64,225	\$ -	\$ -	\$ -
Greyhound	528,152	476,193	339,460	303,182	-
Total live pari-mutuel tax	<u>591,712</u>	<u>540,418</u>	<u>339,460</u>	<u>303,182</u>	<u>-</u>
Simulcast					
Horse	1,191,312	1,144,472	427,357	409,163	-
Greyhound	516,652	450,081	540,258	546,490	-
Total simulcast pari-mutuel tax	<u>1,707,964</u>	<u>1,594,553</u>	<u>967,615</u>	<u>955,653</u>	<u>-</u>
Total pari-mutuel tax	<u>\$ 2,299,676</u>	<u>\$ 2,134,971</u>	<u>\$ 1,307,075</u>	<u>\$ 1,258,835</u>	<u>\$ -</u>
Outs					
Live					
Horse	\$ 12,583	\$ 13,984	\$ -	\$ -	\$ -
Greyhound	104,312	n/a	90,043	n/a	-
Total live outs	<u>116,895</u>	<u>13,984</u>	<u>90,043</u>	<u>-</u>	<u>-</u>
Simulcast					
Horse	159,687	n/a	60,859	n/a	-
Greyhound	68,640	n/a	63,552	n/a	-
Total simulcast outs	<u>228,327</u>	<u>-</u>	<u>124,411</u>	<u>-</u>	<u>-</u>
Total outs	<u>\$ 345,222</u>	<u>\$ 13,984</u>	<u>\$ 214,454</u>	<u>\$ -</u>	<u>\$ -</u>
Breakage					
Live					
Horse	\$ 10,360	\$ 12,051	\$ -	\$ -	\$ -
Greyhound	53,908	45,208	24,428	21,471	-
Total live breakage	<u>64,268</u>	<u>57,259</u>	<u>24,428</u>	<u>21,471</u>	<u>-</u>
Simulcast					
Horse	176,221	168,857	46,164	47,371	-
Greyhound	29,857	25,174	21,933	21,917	-
Total simulcast breakage	<u>206,078</u>	<u>194,031</u>	<u>68,097</u>	<u>69,288</u>	<u>-</u>
Total breakage	<u>\$ 270,346</u>	<u>\$ 251,290</u>	<u>\$ 92,525</u>	<u>\$ 90,759</u>	<u>\$ -</u>
Admission tax					
Live/Simulcast					
Horse	n/a	n/a	n/a	n/a	n/a
Greyhound	-	-	-	-	-
Total admission tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other taxes & fees					
Daily license fees	\$ 62,000	\$ 62,200	\$ 71,600	\$ 72,400	-
Licensing	76,102	63,872	21,209	29,575	-
Fines	9,570	25,235	8,255	8,293	-
Local ad valorem tax	-	-	-	-	-
Total other taxes & fees	<u>\$ 147,672</u>	<u>\$ 151,307</u>	<u>\$ 101,064</u>	<u>\$ 110,268</u>	<u>\$ -</u>



Track Statistics
For Calendar Years 2003 and 2004



	Eureka Downs Eureka, Kansas		Anthony Downs Anthony, Kansas	
	2003	2004	2003	2004
Pari-mutuel tax				
Live				
Horse	\$ 10,255	\$ 9,747	\$ 3,851	\$ 5,263
Greyhound	-	-	2,424	3,221
Total live pari-mutuel tax	<u>10,255</u>	<u>9,747</u>	<u>6,275</u>	<u>8,484</u>
Simulcast				
Horse	5,015	4,469	-	-
Greyhound	-	-	-	-
Total simulcast pari-mutuel tax	<u>5,015</u>	<u>4,469</u>	<u>0</u>	<u>0</u>
Total pari-mutuel tax	<u>\$ 15,270</u>	<u>\$ 14,215</u>	<u>\$ 6,275</u>	<u>\$ 8,484</u>
Outs				
Live				
Horse	\$ 4,437	\$ 3,530	\$ 941	\$ 2,138
Greyhound	-	-	\$ 1,154	\$ 1,081
Total live outs	<u>4,437</u>	<u>3,530</u>	<u>2,095</u>	<u>3,218</u>
Simulcast				
Horse	1,108	1,511	-	-
Greyhound	-	-	-	-
Total simulcast outs	<u>1,108</u>	<u>1,511</u>	<u>-</u>	<u>-</u>
Total outs	<u>\$ 5,545</u>	<u>\$ 5,041</u>	<u>\$ 2,095</u>	<u>\$ 3,218</u>
Breakage				
Live				
Horse	\$ 3,280	\$ 2,808	\$ 1,043	\$ 1,426
Greyhound	-	-	363	486
Total live breakage	<u>3,280</u>	<u>2,808</u>	<u>1,406</u>	<u>1,912</u>
Simulcast				
Horse	958	920	-	-
Greyhound	-	-	-	-
Total simulcast breakage	<u>958</u>	<u>920</u>	<u>-</u>	<u>-</u>
Total breakage	<u>\$ 4,238</u>	<u>\$ 3,728</u>	<u>\$ 1,406</u>	<u>\$ 1,912</u>
Admission tax				
Live/Simulcast				
Horse	\$ 1,513	\$ 1,431	\$ 363	\$ 819
Greyhound	-	-	364	819
Total admission tax	<u>\$ 1,513</u>	<u>\$ 1,431</u>	<u>\$ 727</u>	<u>\$ 1,638</u>
Other taxes & fees				
Daily license fees	\$ 2,100	\$ 2,100	\$ 600	\$ 600
Licensing	7,914	8,235	1,216	1,478
Fines	3,200	4,300	550	430
Local ad valorem tax	1,722	1,635	589	1,334
Total other taxes & fees	<u>\$ 14,936</u>	<u>\$ 16,270</u>	<u>\$ 2,955</u>	<u>\$ 3,842</u>



Track Statistics

For Calendar Years 2003 and 2004



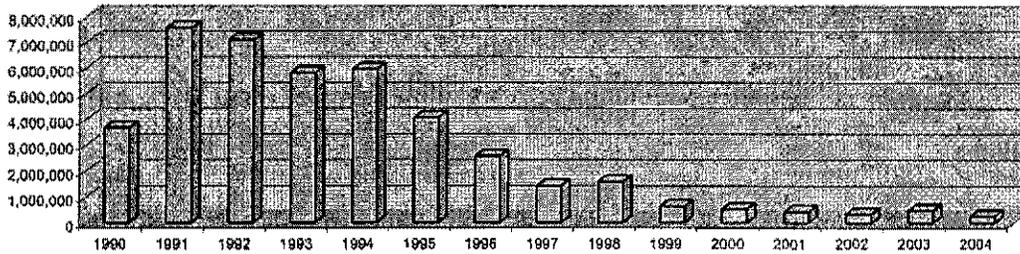
	Overall Totals	
	2003	2004
Parl-mutuel tax		
Live		
Horse	\$ 77,666	\$ 79,235
Greyhound	870,036	782,596
Total live pari-mutuel tax	<u>947,702</u>	<u>861,831</u>
Simulcast		
Horse	1,623,684	1,558,104
Greyhound	1,056,910	996,571
Total simulcast pari-mutuel tax	<u>2,680,594</u>	<u>2,554,675</u>
Total pari-mutuel tax	<u>\$ 3,628,296</u>	<u>\$ 3,416,505</u>
Outs		
Live		
Horse	\$ 17,961	\$ 19,652
Greyhound	195,509	n/a
Total live outs	<u>213,470</u>	<u>20,733</u>
Simulcast		
Horse	221,653	n/a
Greyhound	132,192	n/a
Total simulcast outs	<u>353,845</u>	<u>1,511</u>
Total outs	<u>\$ 567,315</u>	<u>\$ 22,243</u>
Breakage		
Live		
Horse	\$ 14,683	\$ 16,284
Greyhound	78,699	67,165
Total live breakage	<u>93,382</u>	<u>83,450</u>
Simulcast		
Horse	223,343	217,148
Greyhound	51,790	47,091
Total simulcast breakage	<u>275,133</u>	<u>264,239</u>
Total breakage	<u>\$ 368,515</u>	<u>\$ 347,689</u>
Admission tax		
Live/Simulcast		
Horse	\$ 1,876	\$ 2,251
Greyhound	364	819
Total admission tax	<u>\$ 2,240</u>	<u>\$ 3,070</u>
Other taxes & fees		
Daily license fees	\$ 136,300	\$ 137,300
Licensing	106,441	103,160
Fines	21,575	38,258
Local ad valorem tax	2,311	2,969
Total other taxes & fees	<u>\$ 266,627</u>	<u>\$ 281,687</u>



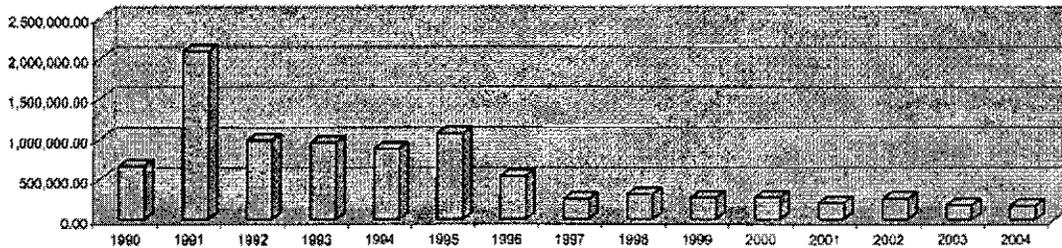
Benefits of Parimutuel Racing



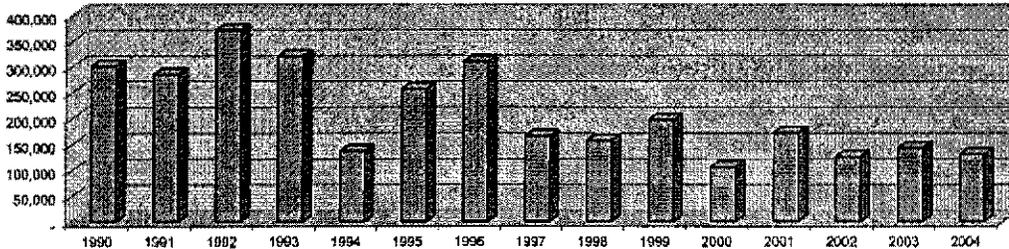
Transfers to State Gaming Revenue Fund



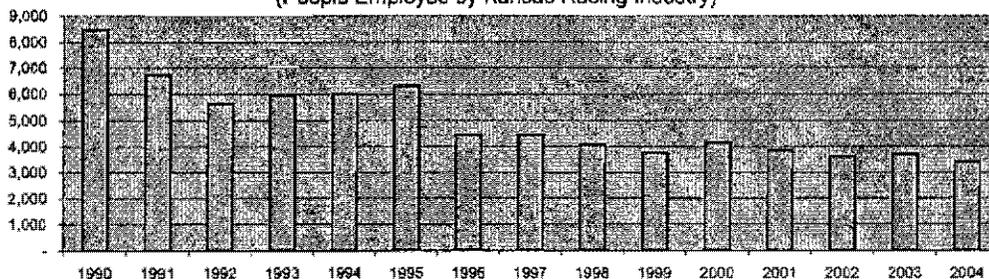
Charitable Contributions



Research Grants Funded



Occupational Licenses Issued (People Employed by Kansas Racing Industry)





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	
	<u>2003</u>	<u>2004</u>
TRAK East	\$ 75,878.59	\$ 75,501.57
Wichita Greyhound Charities, Inc.	\$105,404.00	\$ 94,311.42

TRAK East is associated with the Woodlands Race Course and Woodlands Kernel 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, INC.

(15 CONTRIBUTIONS)

Cancer Action, Inc.	\$ 5,500.00
Caritas Clinics, Inc.	4,700.00
Catholic Charities	7,234.57
Donnelly College	10,000.00
Family Service & Guidance Center of Topeka	6,000.00
Greyhound Support in Kansas City	4,000.00
Kaw Valley Center, Inc.	7,000.00
Leavenworth Road Association	5,000.00
National Multiple Sclerosis Society, Mid-America Chapter	2,500.00
SAFEHOME, Inc.	1,500.00
Salina Emergency Aid/Food Bank	3,000.00
The Capper Foundation	1,567.00
TLC for Children and Families	5,000.00
Wyandotte County Parks Foundation	7,500.00
Youth Opportunities Unlimited	5,000.00
Total	\$75,501.57



CHARITABLE CONTRIBUTIONS



WICHITA GREYHOUND CHARITIES, INC.

(32 CONTRIBUTIONS)

Boys and Girls Club of South Central Kansas	\$ 10,000.00
Breakthrough Club	1,000.00
CASA: A Voice for Children, Inc.	3,500.00
Catholic Charities, Inc.	2,082.92
Cerebral Palsy Research Foundation of Kansas	2,200.00
Dress for Success Wichita	3,700.00
Erin is Hope Foundation, Inc.	1,000.00
Exploration Place	2,900.00
Harvey County Habitat for Humanity	5,000.00
Heartspring	2,000.00
Hesston Bethel Performing Arts	1,000.00
The Kansas African American Museum	2,137.50
The Lord's Diner	5,633.00
Metropolitan Ballet of Topeka	4,375.00
Metropolitan Ballet of Wichita	4,375.00
Muscular Dystrophy Association	2,400.00
Music Theatre of Wichita, Inc.	3,200.00
National Conference for Community and Justice	2,500.00
The National MS Society	2,000.00
Newton Meals on Wheels, Inc.	1,000.00
Roots & Wings	2,000.00
South Central Kansas Economic Development District	2,500.00
TLC Greyhound Adoption	2,500.00
Urban League of Wichita	2,000.00
Wichita Area Girl Scouts	1,000.00
Wichita Asian Association	1,000.00
Wichita Community Foundation	3,000.00
The Wichita Convention & Sports Foundation	2,500.00
Wichita Jazz Festival, Inc.	2,000.00
Wichita Lifeline, Inc.	2,308.00
Wichita-Sedgwick County Arts and Humanities Council	9,500.00
Youth Horizons	<u>2,000.00</u>
Total	\$ 94,311.42