



2008 Annual Report

August 14, 2009

The Honorable Mark Parkinson
Governor, State of Kansas
Statehouse, Room 212-S
Topeka, Kansas 66612-1590

Dear Governor Parkinson,

This is the 2008 Annual Report of the Kansas Racing and Gaming Commission (KRGCC/commission). The report is a narrative and statistical summary of the KRGCC's regulatory responsibilities for calendar and fiscal year 2008.

2008 Activity – In Summary

Parimutuel Racing

Commercial Tracks

At the start of 2008, one commercial pari-mutuel racing facility remained operational in Kansas – The Woodlands, located in Kansas City. In 2008, the Woodlands was scheduled to run a greyhound meet consisting of 102 matinee performances, 163 twilight performances and 71 evening performances, and a horse meet, consisting of 32 racing days, with ten races per day, for a total of 299 live racing days. However, on July 22, 2008, Kansas Racing, LLC, the ownership and management group of the Woodlands, issued a letter to the Kansas Racing and Gaming Commission stating that the Woodlands would close on August 23, 2008. The Woodlands' last official racing day was August 23, 2008. It cancelled the horse meet entirely and did not run the full greyhound meet.

In addition to the Woodlands, Camptown Greyhound Park and Wichita Greyhound Park continued to have licenses to hold pari-mutuel racing events at their facilities. However, after August 23, none of the tracks were running any racing events. On September 9, 2008 the Kansas Racing and Gaming Commission issued a notice to cure to each of the racetracks, as well as the non-profit organizational licensees, as a result of the failure to run live horse and greyhound races, as their licenses require. A hearing on the notice was held on November 7, 2008 and on December 5, 2008. Following the final hearing, the Kansas Racing and Gaming Commission issued an Administrative Order extending each of the licensees' licenses until thirty days after the Sine Die close of the 2009 Kansas Legislative Session. At that time, if the track has not resumed "racing activities by providing proposed race dates and a re-opening plan to the Commission...its license will be automatically revoked by the Commission." As of the end of the calendar year, no re-opening plans or race dates have been received.

Fair Meets

K.S.A. 74-8813 and 74-8814 give the KRGC the authority to regulate fair meets in the state. In 2008, two fair meets were held, one at Anthony Downs and one at Eureka. In 2008, the Anthony meet was held for six days, July 11, 12, 13, 18, 19 and 20, with post times for live races at 5:30 pm on Fridays (July 11 and 18) and 2:00 pm on Saturdays and Sundays (July 12, 13, 19 and 20). The Eureka meet was held for six days, beginning on May 31, and continuing June 7, 14, 21, 28 and July 4. All live races had a post time of 1:30 pm.

Expanded Gaming

In 2007 the Kansas Legislature passed the Kansas Expanded Lottery Act, establishing four commercial casino licenses in four gaming zones. The act gave the Kansas Racing and Gaming Commission the responsibility for regulating the operation of expanded lottery gaming facilities in Kansas.

Review Board Activities

The Kansas Lottery Gaming Facility Review Board (Review Board) was organized under K.S.A. 74-8735. Under this section, the Review Board was placed within the Kansas Racing and Gaming Commission for staffing purposes.

The Review Board is comprised of seven members. The current membership is as follows:

Matt All, Chairman	Lawrence
Jim Bergfalk	Mission
Bob Boaldin	Elkhart
Garry Boston	Newton
Jack Brier	Topeka
Dean Ferrell	Topeka
Dr. Jackie Vietti	El Dorado

The purpose of the Review Board is to review the applications forwarded from the Lottery Commission to determine the “best possible contract” in the four gaming zones, and to forward that contract on to the Kansas Racing and Gaming Commission for approval. In the performance of this task the Review Board held 13 live meetings and 4 teleconferences, all of which were public meetings. The live meetings took place in six cities throughout the state from December 20, 2007 until September 26, 2008.

During the course of the Review Board’s work, the Board retained a team of consultants to assist the Board in evaluating the contracts. These consultants possessed expertise in areas such as gaming revenue projections, financial stability, fiscal impact analysis and ancillary development. The Board eventually hired Dr. William Eadington as a general consultant. Will Cummings and Richard Wells were retained to provide gaming revenue projections and gaming market studies. Meridian Business Advisors was hired to perform a fiscal impact

analysis for the local governments. Probe Strategic Solutions and Civic Economics were hired to analyze the ancillary development and determine what the cannibalization effects of the new facilities would be on existing businesses in the community. Finally, Dr. John Mills was hired to examine the financial stability of the manager applicants.

KRGC staff hosted, staffed and planned all Review Board meetings, as well as compiling all information that the Review Board requested during the process. In addition, KRGC staff processed all incoming correspondence for the Review Board and maintained (and continues to maintain) all records of Review Board activities.

On August 22, 2008 the Review Board selected Kansas Penn Gaming as the facility manager in the Southeast zone by a final vote of 5-2. Kansas Penn Gaming had proposed to invest \$225 million in its project phased in over 12 years to construct a casino with 900 slot machines at opening (expandable to 1500) and 30 table games. Kansas Penn Gaming was the only manager applicant in that zone. Kansas Penn Gaming subsequently withdrew its application as a facility manager.

Also on August 22, 2008, the Review Board selected Sumner Gaming Joint Venture as the facility manager in the South Central zone. Sumner Gaming Joint Venture received four votes, with Marvel Gaming receiving two votes and Penn Sumner receiving one. Sumner Gaming Joint Venture has proposed to invest \$535 million in a facility located in Mulvane. The facility would have 2,000 slot machines and 300 table game positions. Review Board consultants had an average gaming revenue projection of \$186 million in its first full year of operation, paying over \$40 million to the State in gaming taxes. On November 17, Sumner Gaming Joint Venture withdrew its management application, citing economic factors.

On September 19, 2008, the Review Board selected Kansas Entertainment as the facility manager in the Northeast zone. Kansas Entertainment received four votes, while Golden Gaming received three. The other applicant to make it through the entire process, Legends Sun, did not receive any votes. Kansas Entertainment has proposed to invest \$680 million in a facility located just off turn two at the Kansas Speedway in Kansas City. The facility would have 3,000 slot machines and 140 table games. Review Board consultants had an average gaming revenue projection of \$222 million in the first full year of operation in the permanent facility, paying nearly \$50 million to the State in gaming taxes. Kansas Entertainment had also committed to build a temporary facility, projected to open in 2009. However, on December 4, just one day before the Kansas Racing and Gaming Commission was set to take up its background report, Kansas Entertainment withdrew its application, citing the downturn in the economy.

On September 26, 2008, the Review Board approved Butler National as the gaming facility manager in the Southwest zone. Butler National received five votes, while Dodge City Resort and Gaming received two. Butler National has proposed to invest nearly \$93 million in a facility located on the west side of Dodge City. The facility would have 875 slot machines at opening, with 20 table games. The Review Board consultant team projects that this facility will generate an average of \$49 million in its first full year of full operations, paying over \$10 million to the State in gaming taxes. Butler National has also proposed a

temporary facility, slated to open late in 2009, branded as the Boot Hill Casino and Resort. Currently Boot Hill is actively building, As per its contract with the Lottery, Boot Hill is required to open no later than December 5, 2009.

The Review Board is now dormant and will remain as such until new bidders in the Southeast, South Central and Northeast gaming zones emerges. Presently, the Kansas Lottery has given notice that it will take proposals for the remaining zones until April 1, 2009.

Casino Regulation

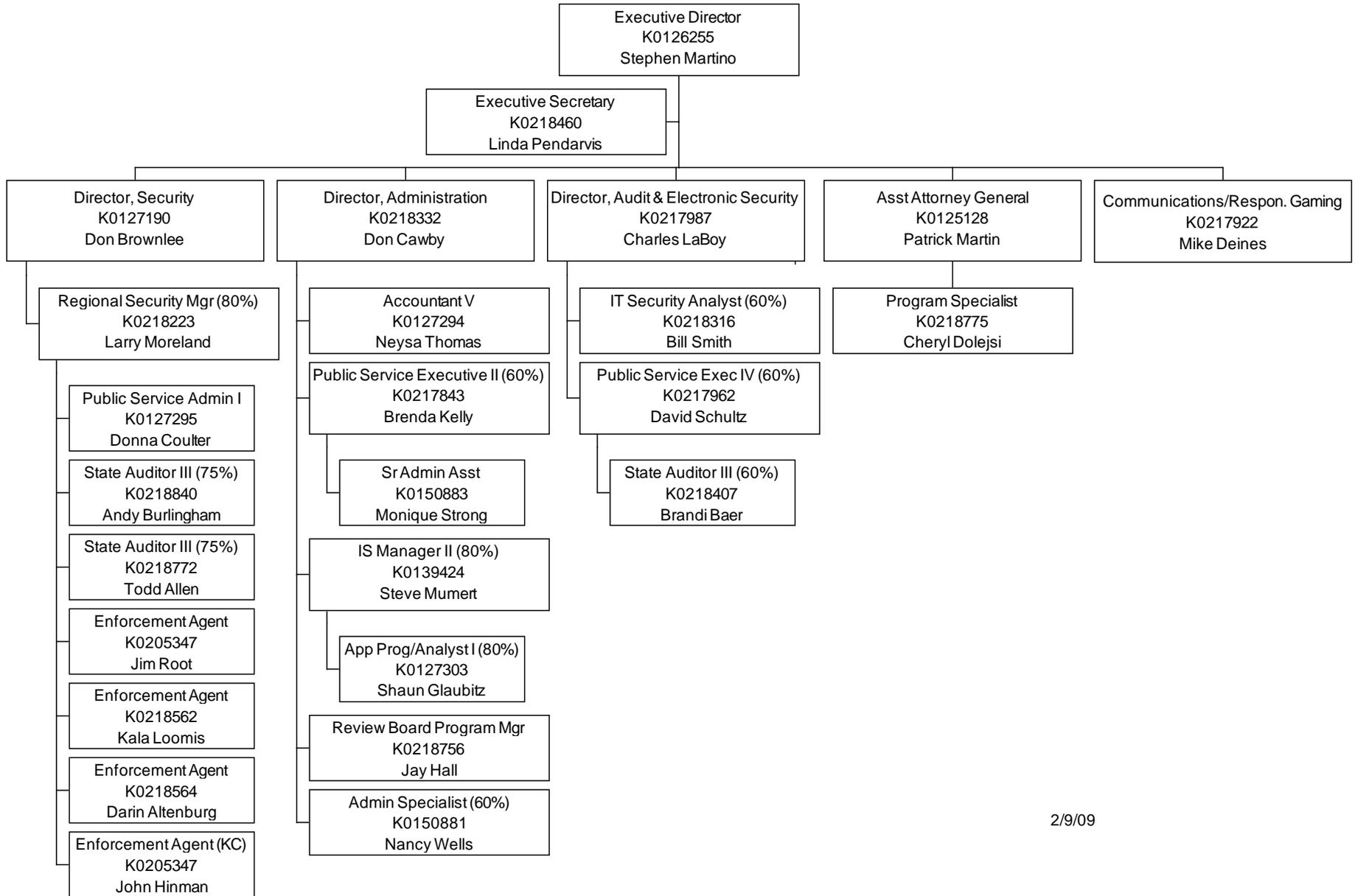
The Expanded Lottery Act tasks the Kansas Racing and Gaming Commission with constructing a regulatory structure for the regulation of gaming facilities. In anticipation of having temporary facilities opening in 2009, KRGC staff has worked diligently to establish appropriate regulations that will govern the fair and equitable operation of gaming in Kansas.

Beginning in 2007, KRGC staff designed 13 articles of regulations concerning gaming. These regulations covered areas such as Minimum Internal Controls, Security, Surveillance, Responsible Gaming, Certification, Licensing, Sanctions, Technical Standards and other regulations. In order to make the process of approving regulations more efficient and manageable, KRGC legal staff divided the proposed regulations into three waves, with four or five articles per wave.

On September 26, 2008, the KRGC legal staff held a public hearing for five articles of regulations (General Provisions, Minimum Internal Controls, Security, Surveillance and Responsible Gaming). A public hearing for the two remaining waves of articles was conducted on January 9, 2009.

As part of its regulatory activities, the KRGC Security Division spent much of 2008 conducting background investigations for the 11 applicants to the Lottery Gaming Facility Review Board. Following the selection of four facility managers, the Division continued investigations for Sumner Gaming, Kansas Entertainment and Butler National. As stated earlier, Sumner Gaming and Kansas Entertainment both withdrew their applications only a couple of months into the process.

Kansas Racing & Gaming Commission



Commissioners

Carol Sader, Chair	Prairie Village
Glenn Braun, Vice-Chair	Hays
William J. Falstad, Secretary	Independence
Kristine McKechnie	Arcadia
Barry Schwan	Wichita

Executive Staff

Stephen L. Martino	Executive Director
Linda Pendarvis	Commission Recording Secretary

Divisions & Units

Administration Division

Don Cawby, Director

Fiscal Office

Neysa Thomas, Chief Fiscal Officer

Human Resources Office

Brenda Kelly, Human Resources Manager

Information Technology Unit

Steve Mumert, IT Manager

Division of Audit & Electronic Security

Charles LaBoy, Director

Audit Unit

David Schultz, Chief Audit Officer

Electronic Security Unit

Bill Smith, Chief Electronic Security Inspector

Division of Communications & Responsible Gaming

Mike Deines, Director

Legal Division

Patrick Martin, Chief Counsel and Asst. Attorney General

Security & Licensing Division

Don Brownlee, Director

KRGC OPERATIONS

The Kansas Racing and Gaming Commission is comprised of seven operational units (Divisions) that provide for the regulation of racing and gaming in the State of Kansas.

Administration Division
Division of Animal Health *
Division of Audit & Electronic Security
Division of Communications & Responsible Gaming
Legal Division
Racing Division *
Security & Licensing Division

** currently inactive*

Administration

The Administration Division provides support services for the entire agency. These services include accounting, purchasing, budgeting, human resources, information technology, and records management. The Division is also responsible for managing space and facilities, travel coordination, legislative tracking and fiscal note responses, and producing formal reports and other correspondence for the agency.

Audit & Electronic Security

The Audit and Electronic Security Division is comprised of two sub-units, the audit unit and electronic security unit, each containing their own unique duties and functions. However, both work to accomplish the goals of ensuring that the parimutuel and expanded gaming industries are held to the highest accounting and internal control standards and that the electronic systems used in those industries are accurate, secure and reliable.

The Division is comprised of experts in their fields such as certified public accountants and certified information system security professionals who work diligently to ensure the commission has the best information available to make appropriate regulatory decisions. Services provided by the department include financial and compliance audits, certification of electronic gaming devices, information system security audits and consultation to the commission and the parimutuel and gaming industries in Kansas.

Communications & Responsible Gaming

The Division of Communications and Responsible Gaming handles a multitude of duties for the Commission. Its primary role in communications is to manage media calls and requests, draft and distribute news releases for the commission and handle any other media event for the agency. The Division is responsible for the development and maintenance of the agency website.

In the area of responsible gaming, the Division is responsible for both the creation and the daily operation of the state's voluntary exclusion program. This includes coordination with other entities to develop assessment criteria and responsible gaming education classes. The Division will also spearhead the newly formed Kansas Responsible Gaming Alliance by working with other state agencies and stakeholders to provide a comprehensive and cohesive approach to problem and responsible gaming.

Legal

The KRGC is statutorily assigned two assistant attorney generals "to assist it in all matters." From a legal perspective, the KRGC's work can generally be divided into three areas: administrative, criminal and civil. Administratively, the KRGC's attorneys research and prepare parimutuel and gaming regulations and also prosecute violations of those regulations in administrative hearings.

Because the KRGC is also a law enforcement agency, the KRGC's attorneys assist in criminal matters. Specifically, attorneys coordinate the KRGC's response to complaints and information related to illegal gaming issues and act as counsel for the agency's enforcement agents when necessary.

On civil issues, the KRGC's attorneys assume both litigation and transactional roles – that is, the attorneys prepare contracts and represent the agency in law suits. The attorneys also act as in-house counsel providing research, analysis and communication necessary to either represent the agency or resolve any legal issues it has.

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 and 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 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. The racing chemistry was performed under a contract with Center for Tox Services in Tempe, Arizona.

Racing

Parimutuel wagering and racing activities at each racetrack are 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 perform the following:

- 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; and
- submit and file a written report for each performance to the commission office.

Security & Licensing

Security personnel are vested with the power and authority of law enforcement officers in the execution of the duties vested in the Commission by provisions of the Parimutuel Racing Act and the Expanded Lottery Act. The division's goals are:

- to ensure the integrity of racing and gaming in Kansas
- to ensure racing and gaming sites are a safe entertainment venue for patrons and employees
- to be proactive and responsive to racing and gaming laws and regulations
- to protect the interests of the public and the State as they relate to racing and gaming

Security personnel work towards these goals by monitoring activities in the racing and gaming properties, and investigating criminal and regulatory violations of the acts. They serve as the on-site regulatory staff for the Kansas Racing and Gaming Commission (KRGCC) to ensure operations comply with Kansas law and Commission regulations.

Security personnel also conduct background investigations of KRGCC employees, management companies, racing and gaming facility employees, and vendors. Backgrounds are conducted to protect the public interest by maintaining a legitimate and viable gaming industry assuring honesty, good character and integrity of racing and gaming facility operators, employees, and vendors.

Licensing activities ensure the integrity of racing and gaming in Kansas and the qualifications of employees at a facility by identifying, licensing and fingerprinting all persons acquiring a license. Facility employees, owners of racing animals, and industry personnel participating in racing and gaming are required to obtain an occupation license or certification and undergo a background check before working for a facility or racing animals at a facility. In addition, licenses or certifications are granted to facility owners and managers, non-profit organizations, concessionaires, and equipment and services providers. All of these individuals and entities are subject to background investigations before a license is granted by the commission.

GAMING OPERATING REVENUES

Currently the Kansas Racing and Gaming Commission is operating on a loan of \$5.0 million. The deadline for repayment was extended to June 30, 2010 by 2009 SB 23. Once the facilities are approved, facility managers are billed for the accrued costs of regulation since July 1, 2007 when the implementation process began, plus interest on the loan. We expect that by the end of calendar 2009, we will have an operational casino in Dodge City and will have two additional approved casinos in Wyandotte and Sumner Counties, providing us with the ability to bill back for all accrued expenses and to repay the loan with interest by the statutory deadline.

Billing of Expenses

The 2007 Expanded Lottery Act only allows us to recoup regulatory expenses through reimbursement. In order to allow for cash flow once the loan is being repaid, we have created the following billing procedure to facilities.

1. For billings, we are providing each facility with an apportioned cost of regulatory expenses accrued from July 1, 2007.
2. We also generate an estimate of expenses for the upcoming quarter, including the anticipated direct expenses of each facility and the anticipated indirect expenses assigned by formula to the facility.
3. When payments are received, we will track the payments and actual expenses for each facility. Reports will be generated on a monthly basis to track the current status of funding and the anticipated overage/shortfall for each facility.
4. Approximately 30 days before the beginning of each quarter, we will provide a billing with a new estimate for the upcoming quarter, which will apply any overage/shortfall to the new payment.
5. The actual and estimated expenses included in billings include any background investigation deposits and expenses.
6. The estimated quarterly expenses will be based on the agency's budget but will be adjusted for any major changes in operations that may occur that could not have been anticipated or were the result of a policy change by the Commission. It should be expected that during the opening of gaming facilities estimates may vary considerably from actual expenditures should timing changes be made by a gaming facility regarding opening.
7. These expenses do not include any expenses of the Commission related to the staffing and operation of the Lottery Gaming Facility Review Board. Those have been paid for and tracked separately.

Direct Expenses

Facilities will be charged for any expenses accrued directly for that facility. These charges will include staff, equipment, and operational expenses accrued for activity at the facility. Direct charges also will be accrued for any central staff time or expenses to conduct investigations or audits for a specific facility. Licensing background investigations primarily will be conducted by security staff located at each facility.

Indirect Expenses

Indirect expenses are defined as administrative or centrally located expenses that benefit the entire operation or cannot be identified as an expense to a specific facility.

1. Assumptions. For purposes of this explanation, we are working with the original assumption that there will eventually be six gaming facilities.
2. The KRGC has adopted the following formula for the determination of overhead and general administrative expenses as apportioned between parimutuel and gaming facilities:
 - Overhead Split: 75% Gaming Fund, 25% Racing Fund.
 - For positions such as accounting, audit or other functions where time is spent different than the split above, such splits are changed on a position by position basis. All other personnel time or expenses utilize this split of funding.
 - Because no racing is occurring, all non-racing specific staff have been and will continue to be funded 100% from the Gaming Fund. The only remaining racing staff position still with the agency – director of racing – will be paid from the Racing Fund and will not be charged as a gaming expense.
3. The KRGC has adopted the following formula for determining a percentage for overhead and administrative expense in order to calculate each facilities share of the general, or indirect, gaming expenses for the agency.

Facility Gaming Revenue less State Portion					
-----	x 85%	+	1	x 15%	
Total Gaming Revenue less State Portion			Number of Facilities		

4. The following table details the resulting indirect percentages (calculated in the formula above) based upon an average of the Wells (midpoint) and Cummings estimates for lottery gaming facilities. We estimated gross gaming revenue to the race track gaming facilities at the Cummings estimated amount prior to the lottery gaming facility opening in that zone. The gaming revenues portion of the formula will be adjusted once facilities are operational and actual data can be used.

	Gross Gaming Revenue <u>(\$millions)</u>	Revenue After State Portion <u>(\$millions)</u>	Indirect <u>%</u>
Woodlands	25.4	10.2	4.78%
Camptown	24.1	9.6	4.66%
Cherokee	30.2	22.1	7.45%
Butler National (FO)	52.5	38.3	11.10%
Sumner Gaming (SU)	186.5	136.2	33.04%
KS Entertain. (WY)	222.7	162.6	38.97%

5. Should it become apparent that there will be less than six approved facilities by the time the operating loan is due to be repaid on June 30, 2010, the costs apportioned to non-approved facilities will be recalculated and billed to the currently approved facilities. This recalculation is likely to occur at the conclusion of the 2009 Legislative Session. Should a facility be approved after this recalculation has been performed and paid by the currently approved facilities, the new facility will be responsible for paying the appropriate apportioned costs from July 1, 2007, to June 30, 2010. That apportioned amount will be refunded back to the facilities that paid the additional amount, according to the same formula.



Racing and Gaming Commission Fund Activity
Fiscal Years 2007 and 2008



	<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 2007									
Beginning balance (7-1-06)	\$ 115,501	\$ 184,350	\$112,768	\$ 19,892	\$ 151,383	\$ 28,484	\$ 889	\$ 308,271	\$ 921,537
Prior period adjustments	-	-	-	-	-	-	-	-	-
<u>Receipts</u>									
Revenue	2,736,879	728,017	419,939	5,000	188,057	339,365	46	1,499,778	\$ 5,917,081
Operating transfer	-	-	-	-	-	-	-	-	-
General Fund transfer	-	-	-	-	-	-	-	-	0
<u>Disbursements</u>									
Operating expenditures	(2,437,712)	(735,072)	(430,219)	(2,396)	(121,867)	(341,943)	-	(1,573,359)	(5,642,567)
State Gaming Revenue Fund transfer	-	-	-	-	-	-	-	-	-
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Tourism Fund transfer	-	-	-	-	-	-	-	-	0
General Fund transfer	-	-	-	-	-	-	-	-	0
KSIP expenditures	-	-	-	-	-	-	-	-	-
Ending balance (6-30-07)	<u>\$ 414,668</u>	<u>\$ 177,295</u>	<u>\$102,488</u>	<u>\$ 22,496</u>	<u>\$ 217,573</u>	<u>\$ 25,906</u>	<u>\$ 935</u>	<u>\$ 234,690</u>	<u>\$ 1,196,050</u>
<hr/>									
FY 2008									
Beginning balance (7-1-07)	\$ 414,668	\$ 177,295	\$102,488	\$ 22,496	\$ 217,573	\$ 25,906	\$ 935	\$ 234,690	\$ 1,196,050
Prior period adjustments	-	-	-	-	-	-	-	-	0
<u>Receipts</u>									
Revenue	1,584,953	553,624	435,624	-	187,398	574,525	42	1,664,111	5,000,278
General Fund transfer	-	-	-	-	-	-	-	-	0
<u>Disbursements</u>									
Operating expenditures	(1,426,353)	(554,437)	(356,766)	(2,723)	(228,829)	(574,786)	-	(1,548,765)	(4,692,660)
State Gaming Revenue Fund transfer	-	-	-	-	-	-	-	-	-
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Promo & Develmt Fund transfer	-	-	-	-	(28,110)	-	-	-	(28,110)
General Fund transfer	-	-	-	-	-	-	-	-	0
KSIP expenditures	-	-	-	-	-	-	-	-	-
Ending balance (6-30-08)	<u>\$ 573,268</u>	<u>\$ 176,482</u>	<u>\$181,346</u>	<u>\$ 19,773</u>	<u>\$ 148,033</u>	<u>\$ 25,645</u>	<u>\$ 977</u>	<u>\$ 350,035</u>	<u>\$ 1,475,558</u>



Track Statistics

For Calendar Years 2007 and 2008



	Overall Totals	
	2007	2008
Pari-mutuel tax		
Live		
Horse	\$ 53,770	\$ 7,669
Greyhound	459,958	226,494
Total live pari-mutuel tax	<u>513,727</u>	<u>234,163</u>
Simulcast		
Horse	1,238,625	631,548
Greyhound	706,697	248,758
Total simulcast pari-mutuel tax	<u>1,945,321</u>	<u>880,307</u>
Total pari-mutuel tax	<u>\$ 2,459,049</u>	<u>\$ 1,114,470</u>
Outs		
Live		
Horse	\$ 24,348	\$ 3,878
Greyhound	101,346	43,927
Total live outs	<u>125,694</u>	<u>47,805</u>
Simulcast		
Horse	208,609	108,903
Greyhound	92,945	31,566
Total simulcast outs	<u>301,554</u>	<u>140,469</u>
Total outs	<u>\$ 427,248</u>	<u>\$ 188,273</u>
Breakage		
Live		
Horse	\$ 11,355	\$ 2,176
Greyhound	40,470	20,527
Total live breakage	<u>51,825</u>	<u>22,703</u>
Simulcast		
Horse	130,489	79,889
Greyhound	45,103	11,519
Total simulcast breakage	<u>175,592</u>	<u>91,409</u>
Total breakage	<u>\$ 227,417</u>	<u>\$ 114,112</u>
Admission tax		
Live/Simulcast		
Horse	\$ 1,060	\$ 1,004
Greyhound	378	428
Total admission tax	<u>\$ 1,438</u>	<u>\$ 1,432</u>
Other taxes & fees		
Daily license fees	\$ 114,500	\$ 41,400
Licensing	76,195	17,185
Fines	11,322	4,050
Local ad valorem tax	1,422	1,276
Total other taxes & fees	<u>\$ 203,439</u>	<u>\$ 63,911</u>

Kansas Racing and Gaming Commission
Parimutuel Handle
Fiscal Year 2001 - 2008

Fiscal Year	Live Handle				Total			
	Woodlands	Wichita	Camptown	County Fair				
2001	15,749,338	12,881,960	1,958,151	522,713	31,112,162			
2002	12,855,764	12,443,593	-	452,943	25,752,300	-17.23%		
2003	16,915,281	11,125,191	-	463,958	28,504,430	10.69%		
2004	15,826,584	9,244,343	-	464,357	25,535,284	-10.42%		
2005	14,120,418	6,621,750	-	422,838	21,165,006	-17.11%		
2006	11,570,396	4,922,320	-	388,002	16,880,717	-20.24%		
2007	10,292,032	3,117,065	-	313,215	13,722,312	-18.71%	-56%	
2008	6,093,009	-	-	258,230	6,351,239	-53.72%		
			Simulcast Handle					
	Woodlands	Wichita	Camptown	County Fair	Total			
2001	50,119,634	27,506,159	1,551,606	167,574	79,344,973			
2002	52,515,145	27,946,093	-	171,535	80,632,773	1.62%		
2003	51,979,997	27,832,659	-	156,837	79,969,493	-0.82%		
2004	46,758,861	26,125,386	-	137,828	73,022,075	-8.69%		
2005	43,129,520	23,914,085	-	121,359	67,164,964	-8.02%		
2006	40,930,631	21,813,172.7	-	106,323	62,850,127	-6.42%		
2007	37,546,292	16,728,625	-	68,108	54,343,025	-13.54%	-32%	
2008	25,119,506	-	-	-	25,119,506	-53.78%		
			Total Handle					
	Kansas City	Wichita	Camptown	County Fair	Total			
2001	65,868,972	40,388,119	3,509,757	690,287	110,457,135			
2002	65,370,909	40,389,686	-	624,478	106,385,073	-3.69%		
2003	68,895,278	38,957,850	-	620,795	108,473,923	1.96%		
2004	62,585,445	35,369,729	-	602,185	98,557,359	-9.14%		
2005	57,249,938	30,535,835	-	544,197	88,329,970	-10.38%		
2006	52,501,027	26,735,493	-	494,325	79,730,844	-9.74%		
2007	47,838,324	19,845,690	-	381,323	68,065,337	-14.63%	-38%	
2008	31,212,515	-	-	258,230	31,470,745	-53.76%		



CHARITABLE CONTRIBUTIONS

The Kansas pari-mutuel 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>2007</u>	<u>2008</u>
TRAK East	\$ 77,908.25	\$ 64,803.04

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

TRAK EAST, INC.

(16 CONTRIBUTIONS)

American Red Cross, Wyandotte County	\$3,038.00
Armourdale Renewal Association	4,000.00
Autism Society of the Heartland	5,000.00
Communities In Schools KCK/Wyandotte	5,000.00
Donnelly College	5,000.00
Easter Seals Capper Foundation	2,500.00
Family Service Guidance Center of Topeka, Inc.	2,549.95
Friends of Kaw Point Park	6,000.00
KCK Huggers, Inc./Special Olympics	2,000.00
Leavenworth Road Association	5,000.00
Rosedale Development Association	5,000.00
Salina Emergency Aid/Food Bank	4,115.09
Shepherd's Center of Kansas City, Kansas	5,000.00
Strawberry Hill Ethnic Cultural Society	2,800.00
The Kansas Jaycees' Cerebral Palsy Foundation, Inc.	4,300.00
The National Agriculture Center and Hall of Fame	<u>3,500.00</u>
Total	\$64,803.04



CHARITABLE CONTRIBUTIONS

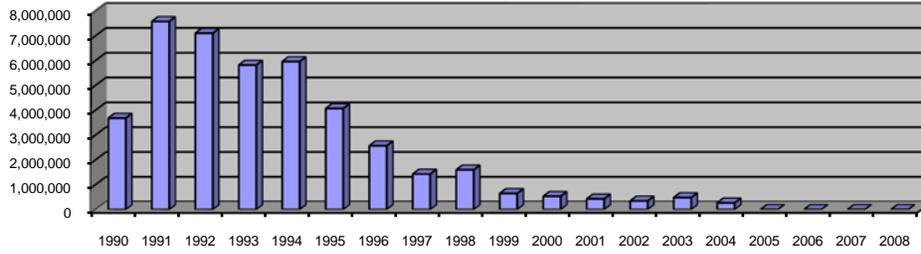




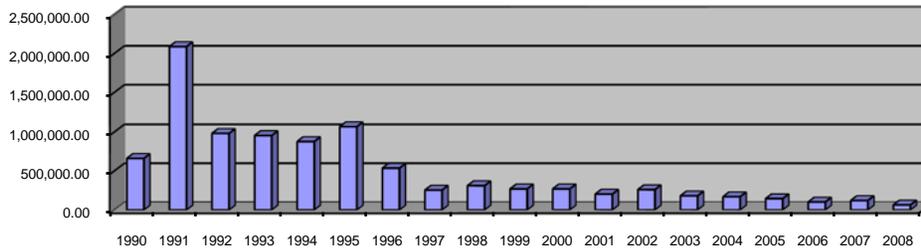
Benefits of Parimutuel Racing



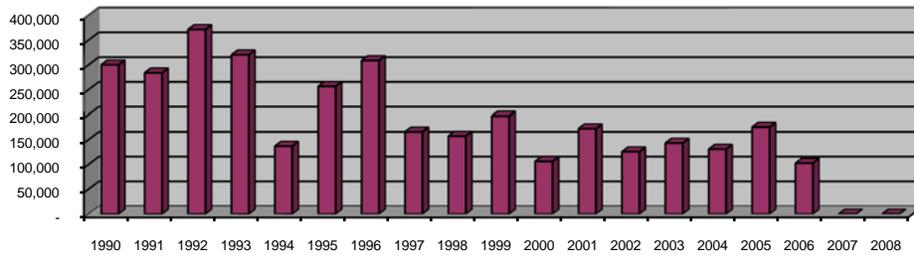
Transfers to State Gaming Revenue Fund



Charitable Contributions



Research Grants Funded



Race Days	1990	1991	1992	1993	1994	1995	1996
WDS							
Horse	76	75	63	63	60	45	20
Greyhound	213	214	240	240	299	300	250
WGP							
Greyhound	291	295	308	310	308	261	305
Eur							
Horse	38	0	0	0	20	20	20
Ant							
Horse	0	0	0	0	6	6	6
Greyhound	0	0	0	0	6	6	6
CGP							
Greyhound	0	0	0	0	0	147	0
County Fair Grants							
Anthony	-	-	-	-	179,345	176,746	185,000
Eureka	-	-	-	-	242,333	405,635	370,060

1997	1998	1999	2000	2001	2002	2003	2004	2005
22	21	21	26	26	25	30	30	26
287	289	306	258	256	257	250	243	237
319	320	284	263	263	254	239	223	254
20	20	21	20	20	20	21	21	19
6	6	6	6	6	6	6	6	6
6	6	6	6	6	6	6	6	6
0	0	0	60	0	0	0	0	0

174,300	160,000	138,480	150,000	158,000	170,517	171,778	168,000	162,500
407,652	461,600	500,000	526,000	600,000	568,390	630,000	532,000	487,500

2006	2007	2008
31	25	0
248	252	212
253	194	0
18	11	6
6	6	6
6	6	6
0	0	0
150,000	186,613	168,675
450,000	438,387	215,018