



Arizona Department of Gaming

**ANNUAL
REPORT**

Fiscal Year 2019

ANNUAL REPORT

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Statutory Requirements

In accordance with Arizona Revised Statutes (A.R.S.) § 5-601(G) and 5-104(P), the Arizona Department of Gaming (ADG) submits this consolidated annual report for Fiscal Year 2019. Pursuant to these statutes, ADG shall distribute the report to the Governor, the President of the Senate, Speaker of the House of Representatives, the Secretary of State, and each Tribe that has executed a compact with the state. ADG also will make this report available to the public online at azgaming.gov.



Arizona Department of Gaming

VISION

World-Class Gaming Regulation for a Stronger Arizona

MISSION

To ethically and effectively regulate gaming, horse racing, and unarmed combat sports, while ensuring that they are conducted in a socially responsible manner.

VALUES

We act with **integrity**; **Respect** one another and those we serve; Strive for **excellence**; Succeed through **diversity** and **teamwork**.

It is my privilege to submit to you the ADG Annual Report for Fiscal Year 2019. This report summarizes our work to serve and protect the public, including visitors to Arizona, as well as our permittees and licensees. We do this through enforcing Arizona law and the Arizona Tribal-State Gaming Compact, and supporting commerce and economic development. The activities and achievements presented herein reflect the quality and dedication of our employees and a collective focus to improve our service to Arizona's citizens, businesses, tribes, and visitors to our state by implementing the Arizona Management System (AMS).

Devoted professionals, ADG employees take tremendous pride in carrying out the agency's mission. Our priority is to safeguard the integrity and continued success of tribal gaming, racing, pari-mutuel/simulcast wagering, and unarmed combat sports. With this priority comes the substantial responsibility of providing education and treatment programs for people and families affected by problem gambling, ensuring the State receives its portion of tribal gaming contributions, and keeping athletes involved in the sports we regulate – human and equine – as safe as possible.

Fiscal Year 2019 brought with it several firsts. Most notably, was the record high tribal gaming contributions for the State of Arizona and its cities, towns and counties. These monies fund critical programs that directly benefit Arizonans' quality of life by supporting education, wildlife conservation and health, as well as boost our economy by providing jobs and enhancing and attracting visitors to our state.

Our ongoing commitment to government at the speed of business and our ability to innovate is continuing to benefit Arizona families, communities, individuals, businesses, and gaming tribes. We succeed by working hand-in-hand with our local, state, federal, and tribal partners, and collaborating with industry and other stakeholders.

In Fiscal Year 2019:

- Thousands of active and prospective tribal casino employees and vendors received required state certifications faster and with less regulatory burden and cost.



- Ever vigilant, our Intelligence Special Agents partnered with local law enforcement authorities to stop illegal gambling operations and protect our neighbors from other crimes they can attract.
- Our Division of Problem Gambling team assisted people and families in need through outpatient treatment and casino Self-Exclusion programs and services.
- ADG successfully supported the expansion of Arizona's racing industry with the return of live horse racing to Yavapai County and now, Arizona is one of the handful of states conducting year-round racing.
- Through high-quality regulation that promotes a business-friendly environment, ADG continued to attract industry-leading promoters to conduct unarmed combat sporting events statewide.

ADG appreciates the support and assistance it received during Fiscal Year 2019 and is committed to doing our part to keep our communities safe and healthy and our economy thriving. Driven by our dedication to professional service, our core values, and our commitment to the citizens and customers we serve, ADG will continue to strive to be a national model in all of our mission work.

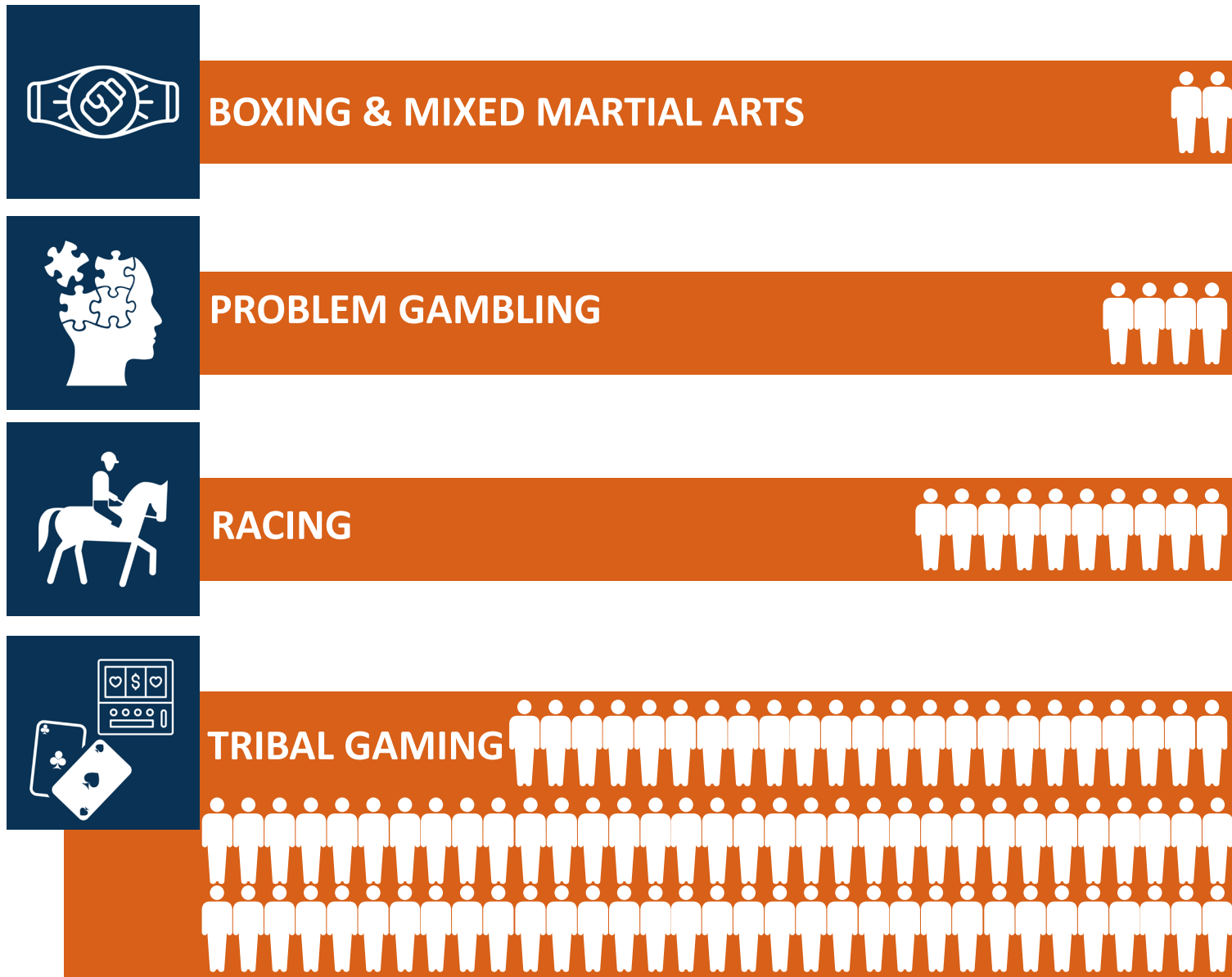
Ted Vogt
Director

Agency Overview

Established by the Arizona State Legislature in 1995, ADG is the state agency charged with regulating tribal gaming, racing, pari-mutuel/simulcast wagering, and unarmed combat sports. ADG also provides and supports prevention, education, and treatment programs for people and families affected by problem gambling through its Division of Problem Gambling and 24-hour confidential helpline, 1-800-NEXT-STEP.

ADG has deployed AMS to identify process improvement opportunities, develop goals, and create and implement action plans. By implementing this system of continuous improvement, ADG has achieved tangible results. ADG reviewed, monitored, and tracked its progress using the AMS Scorecard [See Appendix A]. Each metric on the Fiscal Year 2019 scorecard ties to one of ADG's strategic plan goals or objectives.

ADG is organized into the Office of Administration and four divisions: Tribal Gaming, Problem Gambling, Racing, and Boxing & Mixed Martial Arts. Each area has a unique set of responsibilities, funding sources/mechanisms, and budget in support of the agency's mission.



Fiscal Year 2019 Major Accomplishments

Administration

- Launched online payment portal allowing ADG customers to make secure, convenient payments 24 hours a day, seven days a week.

Racing

- Achieved 100 percent pre-race veterinary exams for race horses.
- Increased focus on safety measures contributed to a 34 percent reduction in racehorse fatalities.
- Created a 100 percent paperless inspection process for about 60 off-track betting sites.

Boxing & MMA

- Brought back a Boxing State Championship and created a first-ever Mixed Martial Arts State Championship.
- Event ticket sales from the first boxing State Championship title match held in more than a decade earned \$54,000+ to help fund unarmed combat sport regulation.
- Moved to 100 percent digital license identification badges for about 1,000 licensees.

Tribal Gaming

- Reported a record high \$111.3 million in tribal gaming contributions to the State of Arizona and its cities, towns and counties.
- Created a 100 percent paperless process for the approximate 9,000 annual state employee certification applicants.
- Seized a record ~ \$1.3 million in illegal gambling proceeds and other assets.

Problem Gambling

- Created the State's first-ever Problem Gambling Prevention Grant Program to fund qualifying organizations in developing and implementing problem gambling prevention strategies targeting at-risk seniors and youth.
- Revised the voluntary casino Self-Exclusion process to eliminate confusion among patrons, the State and Tribes, ensure the full duration of patron-selected period, and support accurate auditing and compliance reporting.

Office of Administration

With oversight from the Director, the ADG Office of Administration establishes the objectives and structure of the agency and, through the Deputy and Assistant Directors, leads its day-to-day operations. The Office of Administration oversees General Services, Finance, Legal Affairs, and Communications.

General Services

Finance

Legal Affairs

Communications

Office of Administration



General Services

Strives to serve employees and stakeholders with urgency, fairness, kindness, and continuous improvement. General Services includes include Human Resources, Information Technology, Reception, and the Office of Continuous Improvement, which oversees the deployment and development of AMS at ADG. Forward-thinking and employee engagement-minded, General Services uses problem solving and new technology to make ADG the best place to work in Arizona. Significant wins achieved in Fiscal Year 2019 include:

- Results
 - Moved servers to an upgraded data center
 - Migrated email system to Gmail
 - Enhanced cyber security
 - Launched online payment portal
 - Streamlined recruiting: 14 new hires
 - Created an Intranet to facilitate processes



Finance

Is responsible for the financial planning and administration of ADG's monies. Finance is comprised of budget, disbursements, accounts receivable, payroll, procurement, and facilities.



Legal Affairs

Acts as in-house counsel on all legal matters and regularly works with the assigned Attorney General's Office attorney in the areas of administrative law, policy and rule formulation, public records law, and gaming law. Legal Affairs also delivers in-house training to ADG staff regarding Arizona Tribal-State Gaming Compact compliance and public records. A new addition in Fiscal Year 2019, Legal Affairs hired a Public Records Administrator to handle public records requests and oversee proper records retention schedules. In Fiscal Year 2019, Legal Affairs fulfilled approximately 120 public records requests and took final steps to convert all ADG records to electronic format.



Communications

Serves as the bridge between ADG and the Arizona State Legislature, the news media, and community-at-large. Communications enhances public awareness and provides useful and timely information to support ADG's goals and foster respect for all. In Fiscal Year 2019, staff provided hundreds of Arizona residents and visitors with answers and resources relating to tribal gaming, charitable gambling, problem gambling, unarmed combat sports, racing, and pari-mutuel and simulcast wagering.

Tribal Gaming

Gaming in Arizona is governed by the Arizona Tribal-State Gaming Compact (Compact) between the State and all 22 federally recognized Arizona tribes. The Compact with each of Tribes is substantially identical, lasts for 10 years, and can be renewed for another decade and an additional three-year term. The Compact is also part of Arizona Law.

Currently, 16 Arizona Tribes operate 24 Class III casinos in the State. Another six Tribes do not have casinos but have slot machine rights that they may lease to other Tribes with casinos (transfer agreements).

**Regulated Tribal Casinos
& Locations**

Tribal Contributions

Audit

Machine Compliance

Games & Systems

Intelligence

State Certifications

Inspections & Investigations

Funding & Budget

COMPACTED TRIBES WITH CASINOS



Ak-Chin Indian Community
 • Harrah's Ak-Chin Casino



Cocopah Indian Tribe
 • Cocopah Casino



Colorado River Indian Tribes
 • Blue Water Casino



Fort McDowell Yavapai Nation
 • Fort McDowell Gaming Center



Fort Mojave Indian Tribe
 • Spirit Mountain Casino



Gila River Indian Community
 • Wild Horse Pass, Vee Quiva & Lone Butte Casinos



Navajo Nation
 • Twin Arrows Casino



Pascua Yaqui Tribe of Arizona
 • Casino of the Sun
 • Casino Del Sol



Quechan Indian Tribe
 • Paradise Casino



Salt River Pima-Maricopa Indian Community
 • Casino Arizona
 • Talking Stick Resort



San Carlos Apache Tribe
 • Apache Gold Casino
 • Apache Sky Casino



Tohono O'odham Nation
 • Desert Diamond Casinos (Tucson, Sahaurita & Why)



Tonto Apache Tribe
 • Mazatzal Casino



White Mountain Apache Tribe
 • Hon Dah Casino



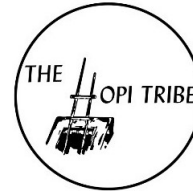
Yavapai-Apache Nation
 • Cliff Castle Casino



Yavapai-Prescott Indian Tribe
 • Yavapai Gaming Center
 • Bucky's Casino



Havasupai Indian Tribe



Hopi Tribe



Hualapai Indian Tribe



Kaibab Band of Paiute Indians



San Juan Southern Paiute Indian Tribe



Zuni Tribe

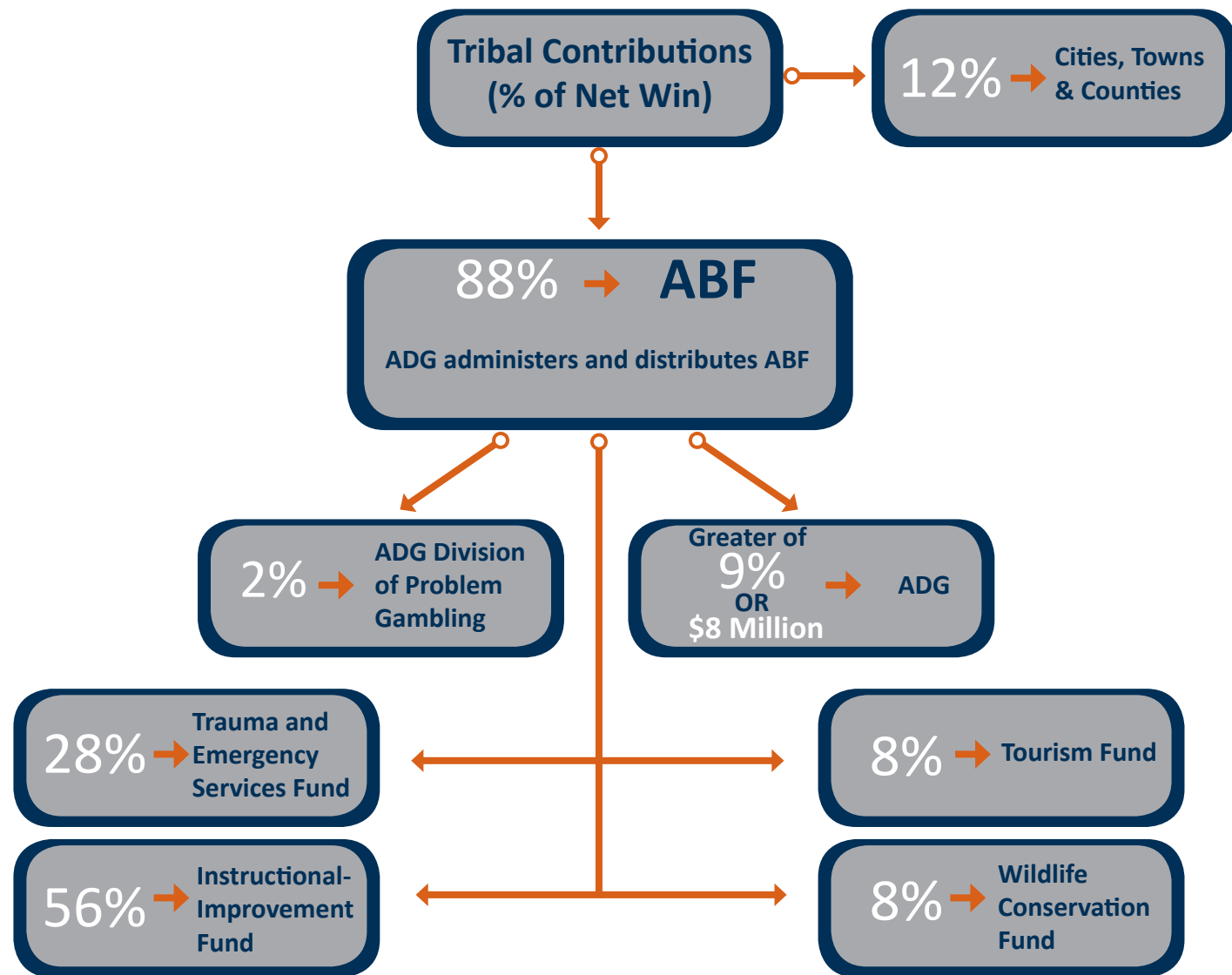
COMPACTED TRIBES WITHOUT CASINOS



*Locations in yellow denote a compacted tribe without a casino.

Tribal Contributions

Under the Arizona Tribal-State Gaming Compacts, Tribes that operate casinos contribute 1 to 8 percent of their Class III Net Win¹ on a quarterly basis to education, healthcare, and other programs that benefit Arizonans. Administered by ADG, 88 percent of a Tribe's total annual gaming contribution is paid to the Arizona Benefits Fund² (ABF), with the remaining 12 percent distributed by the Tribes directly to cities, towns and counties in Arizona. In addition to funding ADG's administrative, regulatory, and law enforcement activities, 2 percent of the tribal contributions distributed to ABF are dedicated and used for problem gambling education and treatment programs.



¹ Class III Net Win is the difference between gaming wins and losses before deducting casino operating costs. Contributions are determined on a sliding scale based on the amount of the Tribe's year-to-date Class III Net Win.
² A.R.S. § 5-601.02(H)(4)

Instructional Improvement Fund

Established by A.R.S. § 15-979 for use by school districts for classroom size reduction, teacher salary increases, dropout prevention programs, and instructional improvement programs.



Trauma & Emergency Services Fund

Established by A.R.S. § 36-2903.07 for reimbursement to Arizona hospitals for unrecovered trauma center readiness costs and unrecovered emergency services costs.



Arizona Wildlife Conservation Fund

Established by A.R.S. § 17-299 for the conservation, enhancement, and restoration of Arizona's diverse wildlife resources and habitats for present and future generations.

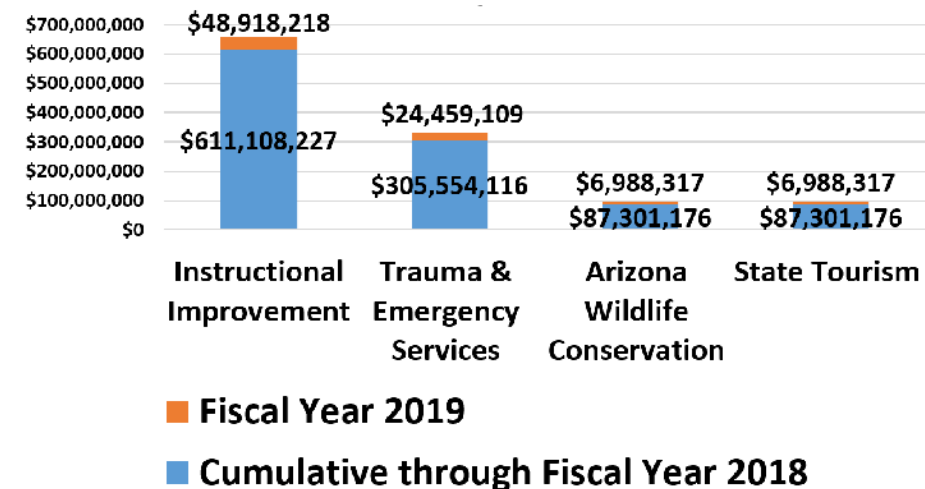


State Tourism Fund

Established by A.R.S. § 41-2306 to solely promote tourism within the State of Arizona.



Tribal Contributions to Key Arizona Benefits Fund Beneficiaries



Cumulative Tribal Contributions to ABF through Fiscal Year 2018: **\$1,237,390,704**

Fiscal Year 2019 Tribal Contributions to ABF: **\$98,152,088**

[See Appendix B – Annual Report of Tribal Contributions]

Tribal Gaming



Audit

ADG conducts annual on-site financial and procedural reviews of regulated casinos in Arizona to verify compliance with the Compact and its appendices. To ensure fairness of authorized gaming activities, an ADG Compact compliance review team checks hundreds of items ranging from validating gaming revenues and cash handling procedures, to video surveillance, to casino promotions. ADG audits casino books and records, electronic accounting and monitoring systems, and casino minimum internal control standards and procedures.

- Review
- Tribal Contributions
- Compact Compliance
- Internal Controls
- External Auditor Workpapers
- Transfer Agreements
- Track and Monitor Compact Violations

Tracking

ADG tracks the flow of money from the casino floor all the way to financial reports, including verifying timely and accurate payment of tribal contributions to the State.



Machine Compliance

ADG Machine Compliance technicians are committed to ensuring the integrity of gaming devices and accurate payouts for casino patrons, strive to be experts in their field, and regularly provide training, insight, and expertise to tribal gaming regulators, operators, manufacturers, independent testing labs, and consumers.

Under the Compacts, a maximum of 20,500 slot machines are allowed in the State, including Transfer Agreements (Tribes with Compacts may transfer their slot machines to other recognized tribes, allowing those that do not have casinos, or are located in remote areas, to receive gaming revenue). *[See Appendix C – Status of Tribal Gaming]*

- The Work
- Prior to a gaming device being placed into service, ADG technicians test and verify device hardware, software, and configuration to support the certification issued by an independent testing lab.
- After the machines are in play, ADG randomly inspects gaming devices on a prescribed basis to ensure they continue to perform according to manufacturer specifications and comply with strict regulatory standards set forth in the Compact.
- ADG technicians also certify gaming device modifications, conduct random inspections of existing gaming devices, and verify kiosks and electronic monitoring systems for compliance.

- Results
- 5,328 Random Inspections
- 4,332 Certifications
- 668 Casino Visits

Tribal Gaming

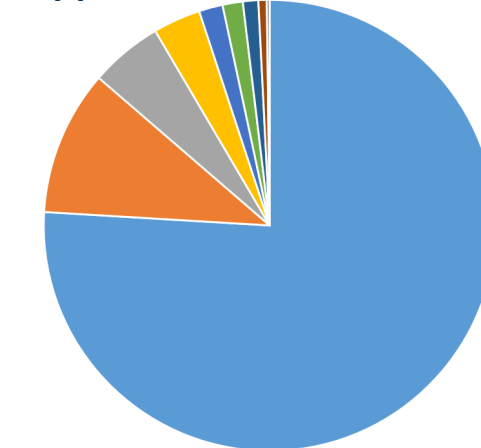


Games & Systems

To ensure that card games operate with high integrity and that lotteries, promotions, and tournaments are conducted fairly and honestly, the ADG Games & Systems team works diligently with tribal regulatory counterparts. *[See Appendix C – Status of Tribal Gaming]*

- Review & Approve
- New Poker & Table Games
- Existing Game Revisions
- Lotteries
- Promotions
- Tournaments
- Emerging Gaming Technology

**Fiscal Year 2019
Approved Tribal Submissions**



Promotions/Lotteries	1519
Jackpot Poker Tournaments	208
Slot Tournaments	104
New/Revised Blackjack	68
New/Revised Jackpot Poker	34
Blackjack Tournaments	29
New/Revised House-Banked Poker	22
Keno Tournaments	12
House-Banked Poker Tournaments	4



Intelligence

ADG Intelligence (Intel) Special Agents enforce the State's gambling laws by investigating reports of illegal gambling and ensuring involved individuals are prosecuted. In many cases, illegal gambling establishments attract additional crime and increased calls for service by local police departments. ADG Intel helps reduce crime in our neighborhoods by working in partnership with local law enforcement officers and attorneys to shut down and prosecute illegal gambling operations off-reservation, as well as assists tribal authorities with investigations, training, and intelligence on suspected criminal activities in their jurisdictions, as requested. ADG Intel also tracks suspicious currency, suspected gambling cheats, and persons excluded from casinos for criminal conduct.

- Results
- 135 Various Operations
- 111 Gambling Inquiries
- 52 Opened Illegal Gambling Investigations
- 35 Closed Illegal Gambling Investigations
- 9 Investigations Ending in Criminal Charges - Includes First for Unsanctioned Combat Sport Events

- Seized
- \$1,059,145 Illegal Gambling Proceeds
- \$293,000 Other Assets & Gaming Devices

State Certifications

Companies and individuals desiring to do business with or work at tribal casinos in Arizona must obtain a state certification from ADG. A cash-intensive industry, casino gaming is one of the most highly regulated industries in the country – involved companies and individuals are carefully scrutinized and held to extremely high standards.



- The Work**
- Personal/Criminal Background Checks
 - Fingerprints
 - Credit History Reports
 - Financial Background Screening
 - Work History

- Review**
- Any Criminal Cases or Civil Litigations
 - Education
 - Personal and Professional References
 - Tax Records

Cross-Jurisdictional Collaboration

ADG State Certification teams also process requests for information from gaming regulators across the nation and provide no-cost training to tribal counterparts in the areas of background and financial investigations, interviewing techniques, and fingerprinting.

Vendor Results

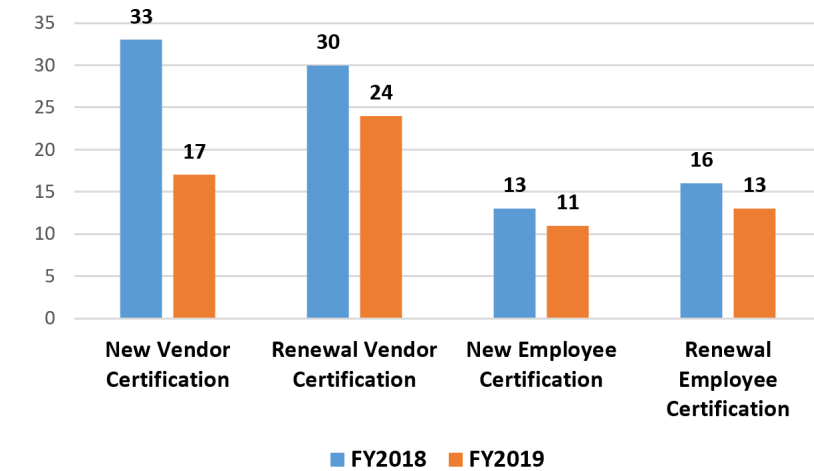
- 391 Total Applications Processed
- 296 Renewal Certifications
- 94 New Certifications
- 15 Denial/Revocations

Employee Results

- 9,472 Total Applications Processed
- 7,685 Renewal Certifications
- 1,037 Criminal History Checks (for 4b applicants)*
- 750 New Certifications
- 262 Change Requests
- 24 Denial/Revocations
- 23 Fee Waivers for Low-Income Applicants
- 13 Negative Recommendations

*Any Gaming Employee or Tribal Gaming Office Employee that is not an Enrolled Tribal Member is required to be certified by ADG.

Average State Certification Times:



Faster Certifications

For the thousands of active and prospective tribal casino employees and vendors, ADG continued to issue required state certifications faster and with less regulatory burden and cost. In Fiscal Year 2019, ADG reduced certification times for new and renewal vendor and employee applicants, and, for new employee certifications, achieved an all-time-low of eight days.

Tribal Gaming

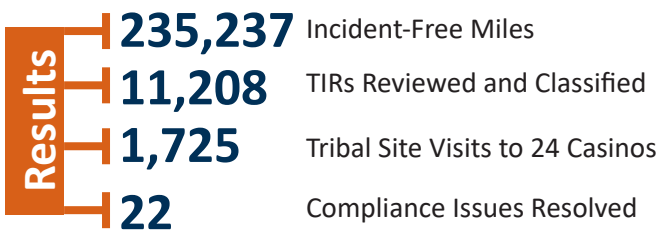


Inspections & Investigations

The ADG Investigations & Inspections (I & I) team monitors Compact compliance and helps ensure issues are addressed in a timely fashion by conducting daily on-site inspections of casino operations and investigating suspected Compact violations and non-compliance issues. The ADG I & I team also reviews Tribal Incident Reports (TIRs) to readily identify areas of concern and jointly work with tribal regulators to prevent issues from becoming widespread.

Comprised of Arizona Police Officers Standards & Training (AZPOST) certified Special Agents with extensive law enforcement knowledge and experience, the ADG I & I team's on-site presence at casinos increases public confidence in the integrity of Arizona gaming, ensures ADG is proactive in its regulatory obligations, and supports positive relations with tribal gaming regulatory counterparts.

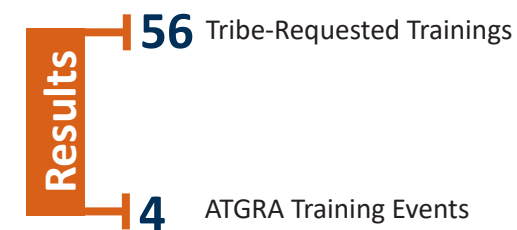
ADG I & I Special Agents also provide ongoing assistance to the ADG Intelligence team by serving search warrants, gathering evidence, conducting investigative interviews, and act as a liaison between Arizona casinos and law enforcement agencies in conducting criminal investigations.



I & I Trainings

While not required by the Compact, ADG I & I Special Agents provide free training sessions to tribal partners on more than 20 topics taught by subject matter experts from ADG, the gaming industry, and law enforcement, when requested. Topics like auditing, security, surveillance, and general casino operations, give participants knowledge and information to perform efficiently and create a safe and friendly work environment. Training participants include tribal regulators, gaming facility operators, other law enforcement jurisdictions, and the community.

The ADG I & I team also provides training sessions in conjunction with Arizona Tribal Gaming Regulators Alliance (ATGRA) events, including the annual New Agent Training Academy. Several ADG courses are certified as continuing education training credits for Arizona Law Enforcement Peace Officers, which assists individuals with meeting AZPOST annual training requirements. Based on positive feedback received from Tribes and participants, the ADG I & I team continues to expand its training offerings and provides more training sessions on more topics each year.



Tribal Gaming

Funding & Budget

Regulation of Tribal Gaming is funded by Arizona's gaming Tribes as set forth in the Compact, which includes a percentage of Class III Net Win and State Certification fees. Tribal Gaming does not receive any tax revenue or general fund monies to support its regulatory responsibilities.

Fiscal Year 2019 Revenue	Regulation	Certification
Total Revenue	\$8,835,085	\$2,038,401

Fiscal Year 2019 Expenditures	Regulation	Certification
Personal Services	4,256,989	1,018,085
Employee-Related Expenditures	1,625,476	413,806
Professional & Outside Services	750,557	21,860
In-State Travel	255,518	7,086
Out-of-State Travel	64,862	8,646
Other Operating Expenses	1,611,343	361,545
Equipment	136,618	0
Transfers	7,414	0
Total Expenditures	\$8,708,777	\$1,831,127

Problem Gambling

The ADG Division of Problem Gambling (DPG) provides and supports education, prevention, and treatment for people and families affected by problem gambling. To support socially responsible gaming in Arizona, DPG conducts community outreach to increase awareness about problem gambling and offers tools and resources for those in need, including:

- Exhibits and contacts at conferences and other events;
- Counseling services from contracted, specialized treatment providers and DPG's 24/7 confidential helpline, 1-800-NEXT-STEP; and
- A voluntary casino Self-Exclusion program, whereby patrons can choose to exclude themselves from Arizona Class III gaming casinos for a period of one, five or 10 years.



Problem Gambling



Prevention, Education & Outreach

Fiscal Year 2019 was a landmark year for DPG:

- Results**
- Arizona Governor Doug Ducey again recognized March as Arizona Problem Gambling Awareness Month.
 - Held 13th Annual Symposium on Problem Gambling: "Bridging the Gap from Awareness to Recovery," which targets behavioral health professionals, offers continuing education units, and is open to all interested stakeholders and the public.
 - Created the State's first-ever Problem Gambling Prevention Grant program targeting at-risk youth and seniors and partnered with the Arizona Criminal Justice Commission to successfully solicit qualified grant proposals.



Self-Exclusion

DPG Self-Exclusion staff work with gaming facilities on a daily basis to update the patron self-exclusion list.

- Results**
- 8,800** Total Enrolled Since Program Inception
 - 2,511** Active Self-Exclusions
 - 574** Enrolled in Fiscal Year 2019

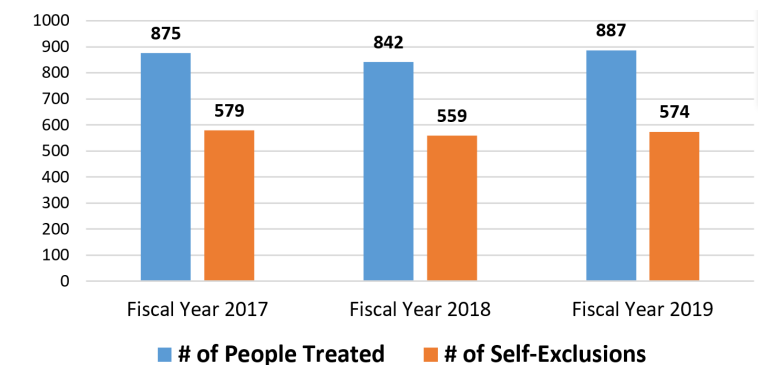


Treatment

DPG coordinates training of licensed counselors in Arizona, who work under contract to treat individuals with gambling-related issues. In Fiscal Year 2019 DPG:

- Results**
- \$1,297,163** Directly Towards Treatment
 - 17%** More Clients Served
 - 2** Clinical Provider Trainings

Treatment and Self-Exclusions



Problem Gambling

Funding & Budget

Per the 2002 General Election Ballot Proposition 202 (Indian Gaming Preservation and Self-Reliance Act), ADG shall use 2 percent of the tribal contributions made to the Arizona Benefits Fund to fund state and local programs for the prevention and treatment of, and education concerning, problem gambling.

Fiscal Year 2019 Revenue

Arizona Benefits Fund	1,963,042
Lottery Contribution	300,000
Total Revenue	\$2,263,042

Fiscal Year 2019 Expenditures

Personal Services	274,853
Employee-Related Expenditures	99,075
Professional & Outside Services	54,304
In-State Travel	8,128
Out-of-State Travel	12,536
Treatment Providers	1,288,204
Other Operating Expenses	299,013
Equipment	258
Transfers	0
Total Expenditures	\$2,036,372

Racing

The ADG Racing Division is responsible for the regulation and oversight of all live and simulcast horse racing along with all pari-mutuel horse and dog wagering conducted in the State of Arizona. As one of the handful of states that offers a year-round racing circuit, ADG enforces Arizona laws and regulations to protect racing participants and the wagering public and serves the horse and dog racing industries.

ADG works in collaboration with the Arizona Racing Commission, which issues permits, racing licenses, and approves off-track betting site locations and live horse race meet dates. In Fiscal Year 2019, ADG hosted 12 open public meetings of the Arizona Racing Commission.

Staffed with experienced professionals dedicated to the integrity of the sport, the ADG Racing team includes a veterinarian, experienced investigators, a pari-mutuel auditor, and nationally accredited stewards.





Regulatory Overview

To enforce laws and regulations and protect racing participants and the wagering public, ADG regulates and supervises all commercial and county live horse race meets, simulcast dog racing, and on- and off-track pari-mutuel wagering. Regulatory activities include: issuing permits and licenses and conducting background investigations, conducting licensing hearings and associated investigations, performing equine pre- and post-race testing, inspecting off-track betting sites, and collecting tax revenues.

Live Commercial Horse Race Meets

- Turf Paradise (10/2018 - 05/2019)
- Rillito Park (02/2019 - 03/2019)
- Arizona Downs (05/2019 - 09/2019)

Live County Horse Race Meets

- Santa Cruz County (05/2019)
- Cochise County (05/2019)

Simulcast Dog Race Meets

- American Greyhound Racing (07/2018 - 06/2019)
- Tucson Greyhound Park (07/2018 - 06/2019)

Off-Track Betting

At any given time, approximately 60 Off-Track Betting (OTB) sites operate statewide. Typically located in bars and restaurants, OTBs offer patrons an opportunity to wager on both dog and horse racing simulcasts. Additionally, three advanced deposit wagering permittees (see page 31) were authorized to provide horse racing telephone wagers.



Key Events

October 2018:

Turf Paradise opens its 63rd season of live horse racing.

January 2019:

The Arizona Racing Commission awards County Fair Racing Grants to return live horse racing to Arizona's rural communities: \$40,000 each to Santa Cruz County Fair & Rodeo Association and Cochise County Fair Association, which both successfully ran live race meets in Fiscal Year 2019.

February 2019:

Rillito Park Racetrack in Tucson conducts a 12-day live racing meet. In its 76th year, Rillito is run in partnership with the University of Arizona College of Agriculture & Life Sciences Race Track Industry Program, where students serve key roles in the management of the racetrack.

May 2019:

The grand opening of Arizona Downs marks the return of live racing to Prescott Valley, Arizona, after a nine-year hiatus.

The Arizona Racing Commission awards a Retired Race Horse Adoption Grant of \$1,380.50 to Equine Encore Foundation.

The State Legislature passes racing bills: SB1144 and HB2547.



Permitting

The Arizona Racing Commission awards permits for commercial and county fair horse racing, dog racing simulcast, and advanced deposit wagering. A.R.S. § 5-107 allows for permits to be issued for horse or harness racing and dog racing, and for no more than three-year terms. Once the initial permit is approved, an entity must renew its permit before it expires in order to continue operations.

Racing Permits

	Issued	Renewed	Pending
Fiscal Year 2018	2	0	0
Fiscal Year 2019	4	2	3

ADG's Racing Division issues 36 types of licenses, ranging from horse owners to track officials – 86 percent of Fiscal Year 2019 licenses fall into one of the “Top Five Categories” presented in the chart to the right.



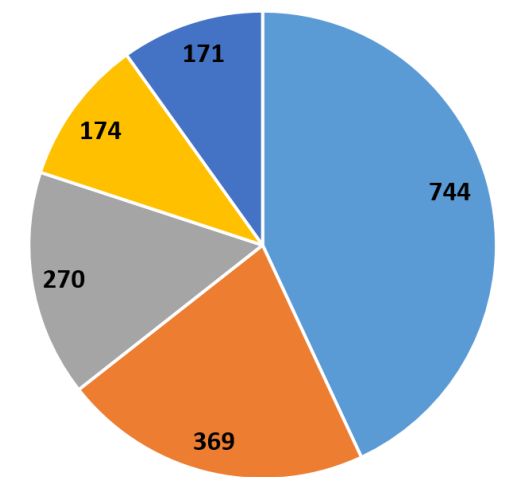
Licensing

ADG processes and investigates all license applications in a timely manner, while ensuring only eligible applicants receive licenses and in accordance with A.R.S. § 5-108.

Racing Licenses

	Issued	Denied	Total Revenue
Fiscal Year 2018	2,003	6	\$152,379
Fiscal Year 2019	2,629	31	\$240,386

Top Five Racing License Categories



■ Horse Owner ■ Groom ■ Occupational ■ Mutuel Tellers ■ Trainer/Owner



Investigations

ADG investigates possible violations of racing laws and rules and conducts a background investigation for each license applicant who submits fingerprints, as required by A.R.S. § 5-108. Fiscal Year 2019 figures reflect the total number of investigations conducted for incident and background investigations, which include processing of fingerprints and any resulting false applications.

2,536

Background Investigations

43

Incident Investigations



Stewards' Rulings

Arizona Administrative Code R19-2-121(E) requires the State to appoint two stewards and the permittee to appoint an additional steward. Known as the "Board of Stewards," these three are charged with regulating the conduct of officials and other licensees participating in a race meet.

Stewards' Rulings	Issued	Fines Levied
Fiscal Year 2018	110	\$27,264
Fiscal Year 2019	153	\$35,700

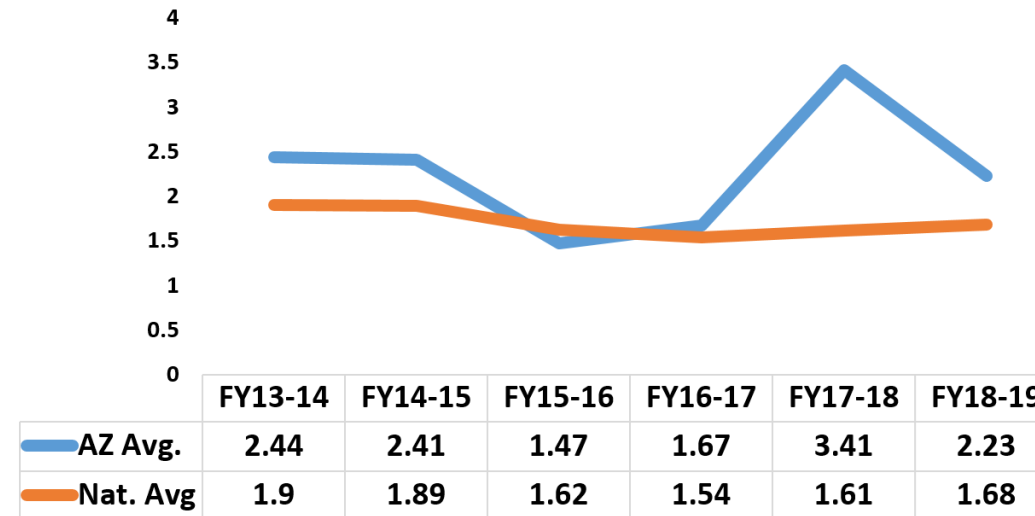
Monies generated from penalties to licensees and permittees for various rule infractions are transferred to the General Fund.



Equine Wellness & Injury Prevention

The safety of human and equine athletes is a top priority for ADG. In response to a sharp increase in equine fatalities over the last two years, ADG initiated an ongoing collaborative effort with Arizona's horse racing permittees and industry stakeholders to proactively address this issue. As part of this collaboration, an Equine Wellness Committee consisting of ADG personnel, the general managers of Arizona's race tracks and members of the Arizona Horseman's Benevolent & Protective Association meet monthly to review the latest injury prevention strategies. All race-related catastrophic injuries are sent for necropsies and the results are discussed in detail among Committee members, the horse's trainer, and other personnel associated with the animal.

Horse Racing Fatalities per 1000 Starts*



ADG and industry participants are committed to further lowering this number as new strategies and injury prevention methodologies are implemented.

*Arizona fatality data account for Thoroughbreds and Quarterhorses, whereas the National average is based solely on Thoroughbred data.

236

Pre-Race TCO2:
13% > Fiscal Year 2018

1,336

Post-Race Blood Tests:
20% > Fiscal Year 2018

1,052

Post-Race Urine Tests:
20% > Fiscal Year 2018

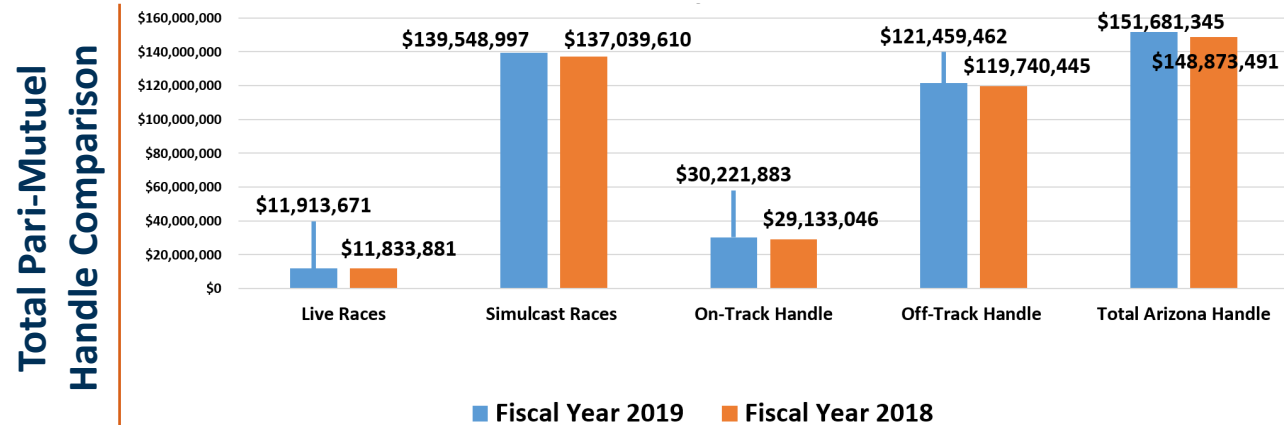
Racing



Pari-Mutuel Handle

[View pari-mutuel source data at Appendix D of this report.]

Arizona Pari-Mutuel Handle	Advanced Deposit Wagering	Commercial Horse	Commercial Dog	County Fair	Fiscal Year 2019	Fiscal Year 2018
Handle By Source						
Live Races	488,863	9,979,216	-	1,445,592	11,913,671	11,833,881
Simulcast Races	13,546,993	102,518,364	18,435,500	5,048,141	139,548,997	137,039,610
Teletracking	-	218,677	-	-	218,677	-
Total Pari-Mutuel Handle	\$14,035,856	\$112,716,257	\$18,435,500	\$6,493,733	\$151,681,345	\$148,873,491
Handle By Location						
On-Track	-	23,569,495	4,484,245	2,168,144	30,221,883	29,133,046
Off-Track	14,035,856	89,146,762	13,951,255	4,325,589	121,459,462	119,740,445
Total Pari-Mutuel Handle	\$14,035,856	\$112,716,257	\$18,435,500	\$6,493,733	\$151,681,345	\$148,873,491

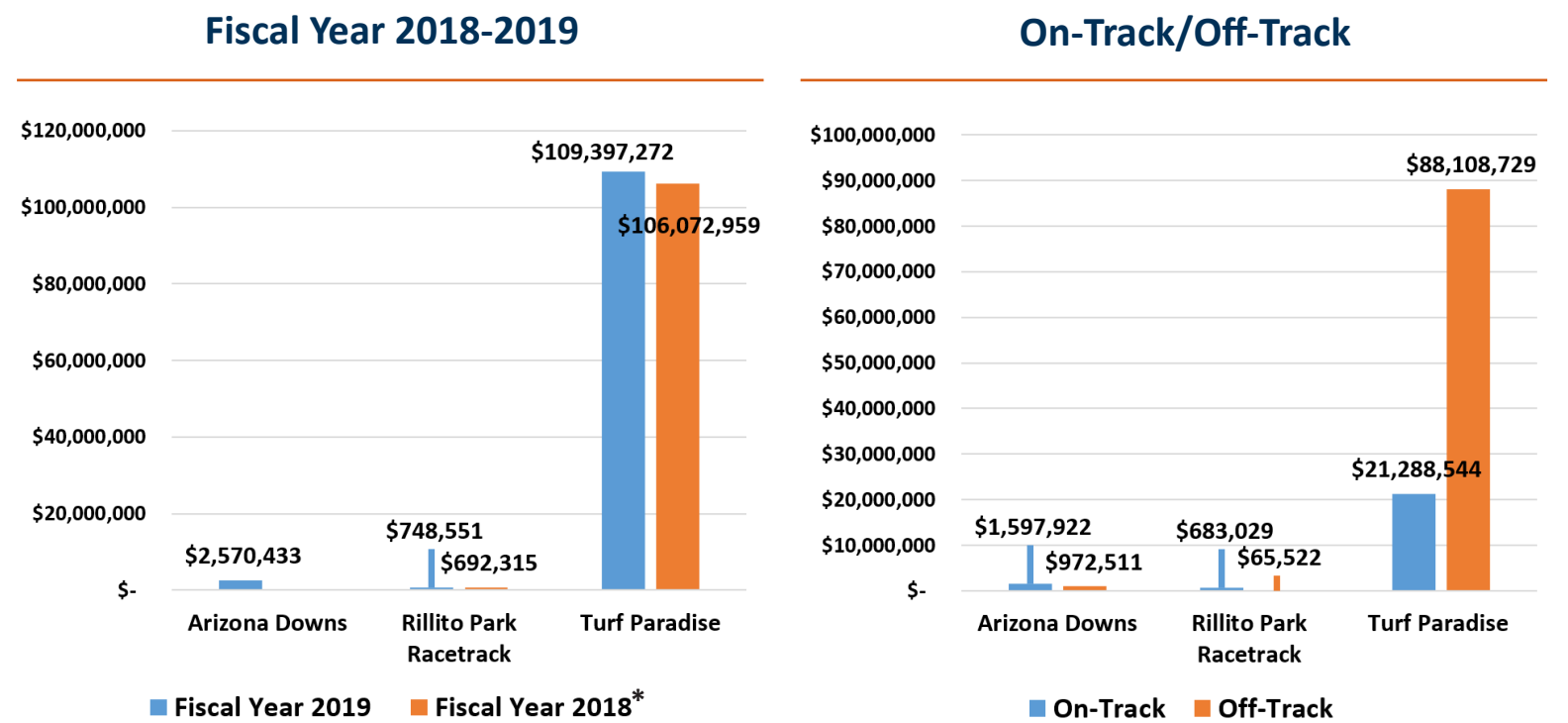


Racing

Commercial Horse Tracks

Arizona Pari-Mutuel Handle	Arizona Downs	Rillito Park Racetrack	Turf Paradise	Fiscal Year 2019	Fiscal Year 2018
Handle By Source					
Live Races	512,649	548,367	8,918,200	9,979,216	9,714,425
Simulcast Races	1,991,761	200,184	100,326,420	102,518,364	97,049,526
Teletracking	66,024	-	152,653	218,677	-
Total Pari-Mutuel Handle	\$2,570,433	\$748,551	\$109,397,272	\$112,716,257	\$106,763,951
Handle By Location					
On-Track	1,597,922	683,029	21,288,544	23,569,495	21,831,248
Off-Track	972,511	65,522	88,108,729	89,146,762	84,932,703
Total Pari-Mutuel Handle	\$2,570,433	\$748,551	\$109,397,272	\$112,716,257	\$106,763,951

Commercial Horse Tracks: Handle Comparison



*Arizona Downs did not run in Fiscal Year 2018

Racing

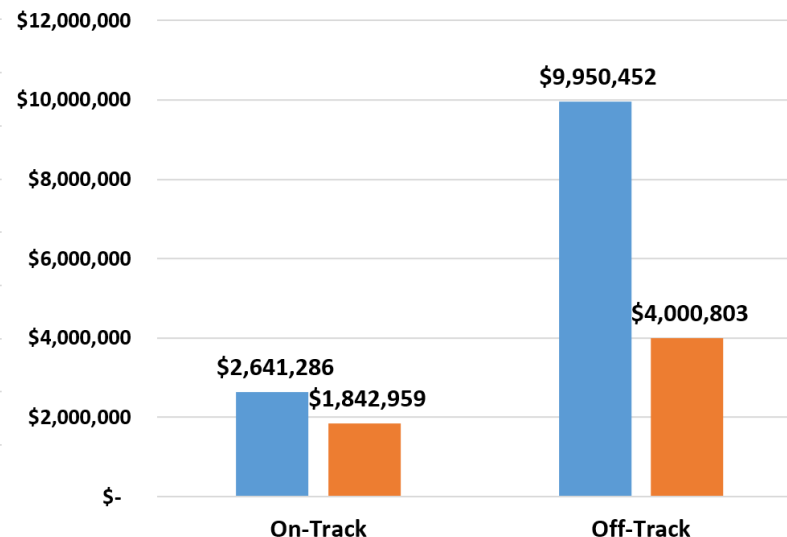
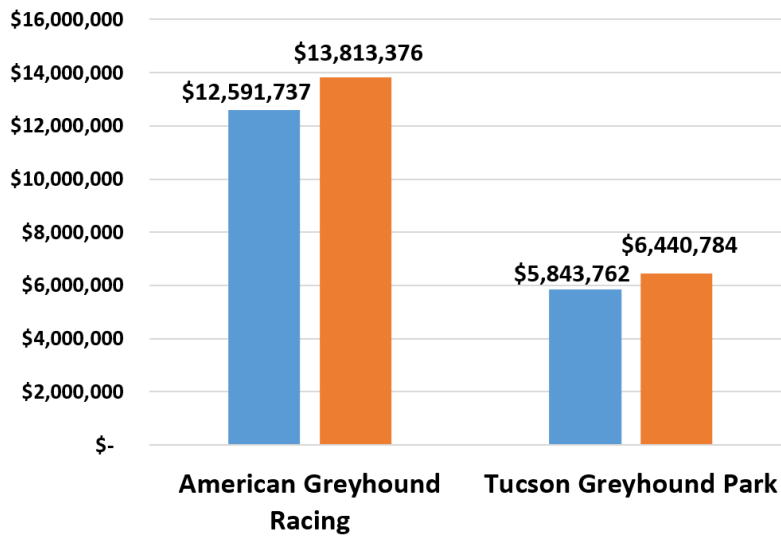
Commercial Greyhound

Arizona Pari-Mutuel Handle	American Greyhound Racing	Tucson Greyhound Park	Fiscal Year 2019	Fiscal Year 2018
Handle By Source				
Simulcast Races	12,591,737	5,843,762	18,435,500	20,254,160
Total Pari-Mutuel Handle	\$12,591,737	\$5,843,762	\$18,435,500	\$20,254,160
Handle By Location				
On-Track	2,641,286	1,842,959	4,484,245	4,788,867
Off-Track	9,950,452	4,000,803	13,951,255	15,465,293
Total Pari-Mutuel Handle	\$12,591,737	\$5,843,762	\$18,435,500	\$20,254,160

Commercial Greyhound: Handle Comparison

Fiscal Year 2018-2019

On-Track/Off-Track



■ Fiscal Year 2019 ■ Fiscal Year 2018

■ American Greyhound Racing ■ Tucson Greyhound Park

Racing

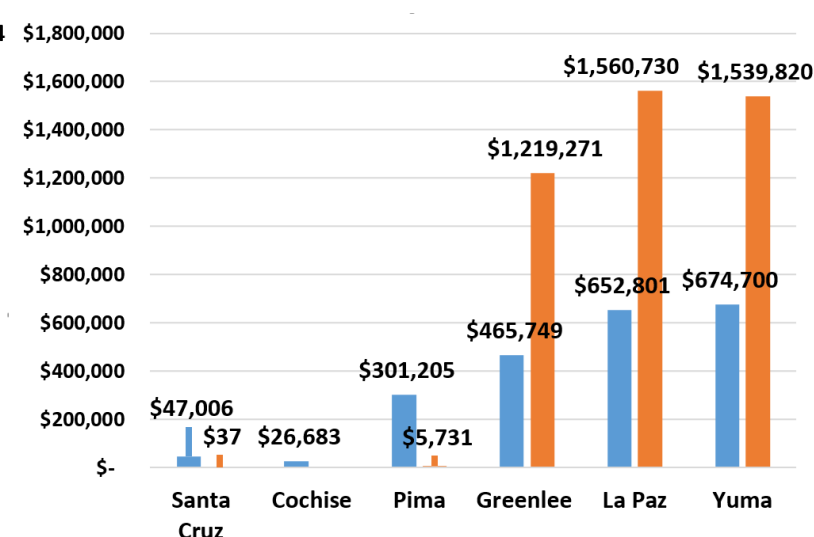
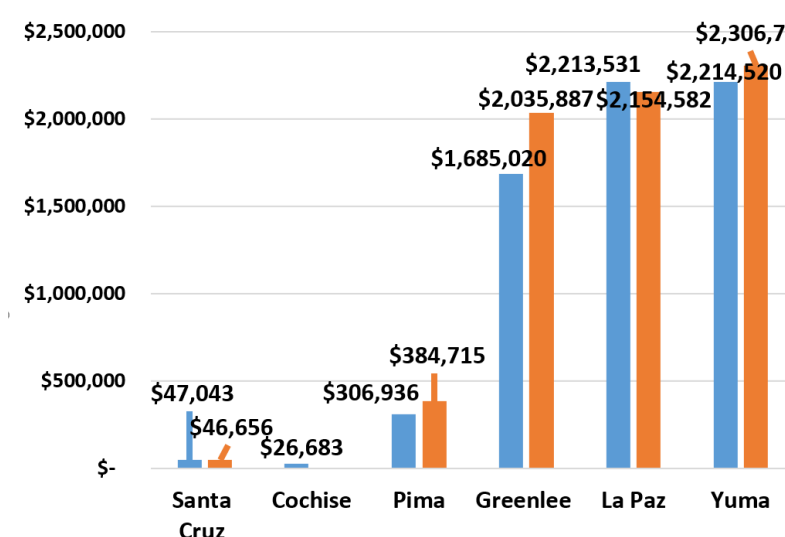
County Fair Races

Arizona Pari-Mutuel Handle	Santa Cruz County Fair and Rodeo Assoc.	Cochise County Fair Assoc.	Pima County Horse Racing Commission	Greenlee County Fair	La Paz County Fair Assoc.	Yuma County Fair Assoc.	Fiscal Year 2019	Fiscal Year 2018
Handle By Source								
Live Races	47,043	26,683	267,730	278,842	380,209	445,085	1,445,592	1,577,004
Simulcast Races	-	-	39,206	1,406,179	1,833,322	1,769,435	5,048,141	5,351,620
Total Pari-Mutuel Handle	\$47,043	\$26,683	\$306,936	\$1,685,020	\$2,213,531	\$2,214,520	\$6,493,733	\$6,928,624
Handle By Location								
On-Track	47,006	26,683	301,205	465,749	652,801	674,700	2,168,144	2,512,931
Off-Track	37	-	5,731	1,219,271	1,560,730	1,539,820	4,325,589	4,415,693
Total Pari-Mutuel Handle	\$47,043	\$26,683	\$306,936	\$1,685,020	\$2,213,531	\$2,214,520	\$6,493,733	\$6,928,624

County Fair Races: Handle Comparison

Fiscal Year 2018-2019

On-Track/Off-Track



■ Fiscal Year 2019 ■ Fiscal Year 2018*

*Cochise County did not run. Greenlee, La Paz, and Yuma ran at Turf Paradise.

■ On-Track ■ Off-Track**

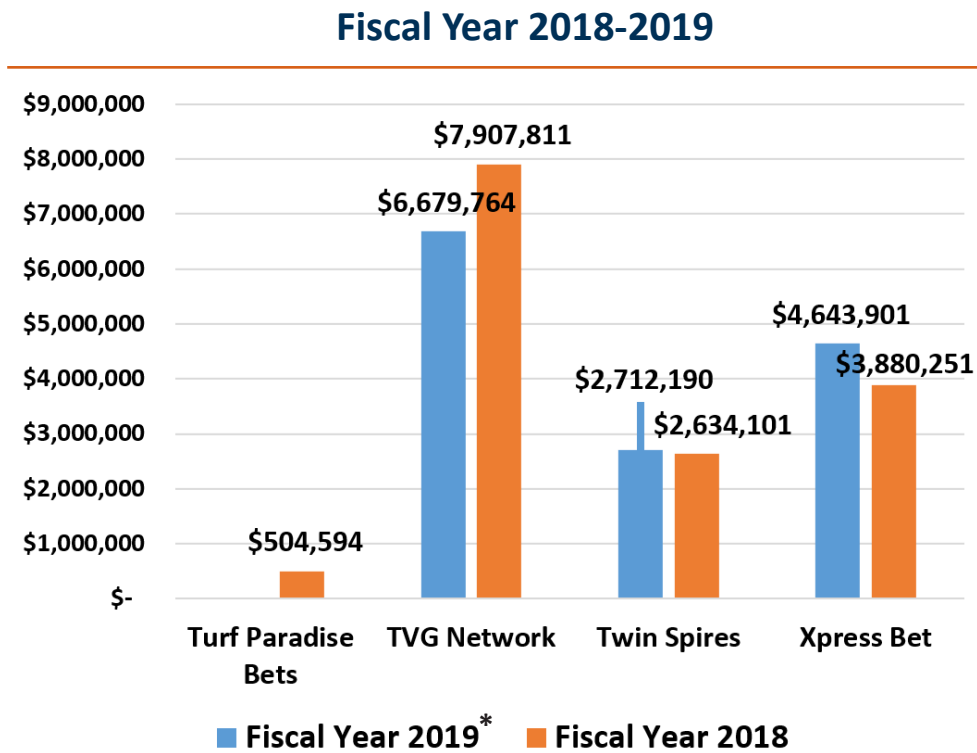
**Cochise County did not have an off-track handle.

Racing

Advanced Deposit Wagering Providers

Arizona Pari-Mutuel Handle	TVG Network	Twin Spires	Xpressbet	Fiscal Year 2019	Fiscal Year 2018
Handle By Source					
Live Races	249,527	65,512	173,824	488,863	542,452
Simulcast Races	6,430,238	2,646,678	4,470,077	13,546,993	14,384,304
Total Pari-Mutuel Handle	\$6,679,764	\$2,712,190	\$4,643,901	\$14,035,856	\$14,926,756

Advanced Deposit Wagering: Handle Comparison



*Turf Paradise Bets ceased taking wagers on January 8, 2018.

Advanced Deposit Wagering (ADW) is a system of betting where bettors are required to deposit monies into an account prior to placing a wager. In Arizona, ADW only is permitted via telephone.

Racing



State Revenues

The primary funding source for the ADG Racing Division is the Racing Regulatory Fund. Revenues into this fund include the Regulatory Wagering Assessment (RWA), licensing fees, pari-mutuel taxes, and racing assessments.

Hardship Tax Credit

Laws 2016, Chapter 247 eliminated the hardship tax credit, which is used to offset the amount of pari-mutuel tax owed by horse and greyhound racing tracks. To offset pari-mutuel tax in future years, horse tracks may use credits awarded prior to Chapter 247.

Commercial Horse Track	Allowable Hardship Tax Credit (as of 6/30/2018)	Fiscal Year 2019 Hardship Used or Transferred	Balance of Hardship Tax Credit (as of 6/30/19)
Turf Paradise	\$14,564	-	\$14,564
Rillito Racetrack	\$283,915	\$10,967	\$272,947

Capital Improvement Funds

In Fiscal Year 2019, no capital improvement funds were used pursuant to A.R.S. § 5-111.02 that would otherwise be State revenues.

A.R.S. § 5-111.02 allows a permittee to retain a percentage typically paid to the State, as a means of encouraging improvements of racing facilities for the benefit of the public, breeders, and horse owners, and to increase revenue to the State from the increase in pari-mutuel wagering resulting from capital improvements.

State Revenues	ADW	Commercial Horse	Commercial Dog	County Fair	Fiscal Year 2019	Fiscal Year 2018
RWA	\$70,179	\$1,215,898	\$92,177	\$77,661	\$1,455,916	\$1,485,059
Gross 2% Pari-Mutuel Live State Tax	\$9,777	\$203,964	-	\$28,941	\$242,683	\$236,678

Funding & Budget

Fiscal Year 2019 appropriation:

- \$1,901,100 operating budget;
- \$250,000 earmarked for Breeder's Awards; and
- \$1,779,500 pass through to the County Fairs Livestock and Agriculture Promotion Fund, administered by the Governor's Office.

The following table presents projected expenditures for Fiscal Year 2020, and actual expenditures for the three preceding fiscal years.

Operating Budget	Actual Expenditures			Expend. Plan Fiscal Year 2020
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	
Personal Services	1,154,900	706,600	859,635	1,153,000
Employee-Related Expenses	398,500	231,300	304,047	440,000
Professional & Outside Services	226,900	216,500	256,813	290,000
Travel - In-State	20,300	12,100	24,352	25,000
Travel - Out-of-State	4,800	5,300	11,398	15,000
Other Operating Expenditures	146,900	341,100	83,270	194,700
Equipment	98,600	3,000	489	1,000
Transfer Out	17,000	-	337,500	-
Operating Budget Subtotal	\$2,067,900	\$1,515,900	\$1,877,502	\$2,068,700
Special Line Items	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Expend. Plan Fiscal Year 2020
Arizona's Breeders Award - Governor's Office	200,000	0	0	0
Arizona Breeder's Award	36,500	250,000	250,000	250,000
County Fairs Livestock and Agriculture Promotion	1,779,500	1,779,500	1,779,500	2,509,500
Special Line Item Subtotal	\$2,016,000	\$2,029,500	\$2,029,500	\$2,759,500
Agency Total	\$4,083,900	\$3,545,500	\$3,907,002	\$5,011,900
Fund Sources	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Expend. Plan Fiscal Year 2020
General Fund	1,979,500	1,779,500	1,779,500	2,509,500
Racing Regulation Fund	2,104,400	1,765,900	2,127,502	2,502,400
Agency Total	\$4,083,900	\$3,545,500	\$3,907,002	\$5,011,900

Funding & Budget

Employee Statistics	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Expend. Plan Fiscal Year 2020
Full-Time Equivalent (FTE) - Avg.	12.67	13.4	10	10
Part-Time - Avg.	3.17	-	-	-
Temporary/Seasonal - Avg.	1.17	2	-	-
Contracted	12	5	9	9

Special Line Items

The Arizona Breeder's Award is funded through special line item allocations and a 5 percent source market fee paid by Advanced Deposit Wagering permittees. ADG distributes these monies on a quarterly basis to breeders whose Arizona-bred horses place first in Arizona races.

The County Fairs Livestock and Agricultural Promotion special line item is fully distributed by ADG to the Arizona Department of Agriculture.

Staffing

A.R.S. § 5-106 requires ADG to appoint:

1. A supervisor of Mutuels;
2. A.R.S. § 5-106 also requires the Division of Racing to employ two (2) persons qualified as stewards for all races, and three (3) persons qualified as stewards for races conducted by a county fair racing association;
3. Security Personnel (establish a Security Section); and
4. As many other employees as may be necessary for the enforcement of Arizona laws and rules relating to racing.



Recommendations

New legislation enacted during the 2019 Arizona legislative session – Senate Bill 1144 and House Bill 2547 – will require changes to Arizona racing going forward:



SB 1144

Arizona Horse Breeders' Fund

- Separate from and in addition to the Arizona Breeders' Award, this new fund allocates 1 percent of the in-state handle to a non-profit organization that represents a majority of the horse breeders in this Arizona. This money is distributed by the non-profit organization to breeders of a certified Arizona-bred horse that finishes first, second, or third in races in Arizona. Additionally, the non-profit can contribute up to \$25,000 annually to the Retired Racehorse Adoption Fund. The 1 percent allocation will be implemented over a three-year period, with the first year allocating 0.33 percent of the in-state handle, the second year allocating 0.66 percent, and the third year allocating the full 1 percent.

Ejection or Exclusion from a Racing Meeting

- A licensee may be ejected or excluded from any racing meeting if the Board of Stewards rules that the licensee's participation in the racing meeting is detrimental to the integrity of horse racing or interferes with the orderly conduct of horse racing. A licensee may appeal the ruling to the ADG Racing Director, and any party can appeal the Director's ruling to the Arizona Racing Commission.



HB 2547

Changes to Arizona Racing Simulcasts

- Counties with a population between 700,000 and 1,500,000 can now conduct wagering on dark day simulcasts without running the required 140 live race days, if agreed to in writing by the permittee and the recognized horsemen's organization that represents the participating horsemen, pending ADG approval.
- A permittee authorized to conduct live racing in a county with a population between 700,000 and 1,500,000 may own or lease up to six new off-track betting facilities in the respective county.
- Each commercial live-racing permittee is now required to offer simulcasts originating from their respective racetrack to all commercial live-racing permittees and off-track betting locations in Arizona. Additionally, any simulcast originating from outside Arizona must be offered to each Arizona commercial live-racing permittee. Each simulcast agreement is subject to approval by the Arizona Racing Commission, who shall approve simulcast agreements determined to be reasonable.

As pari-mutuel racing continues to evolve in Arizona, ADG will research opportunities to increase state revenues and provide recommendations to state leadership at that time.

Boxing & Mixed Martial Arts

ADG Boxing & Mixed Martial Arts (Boxing & MMA) regulates and supervises unarmed combat sporting events conducted in the State of Arizona to ensure the health and safety of participants and maintain public confidence. In addition to enforcing applicable laws and rules, ADG works with the Arizona Boxing & MMA Commission to license fighters, promoters, and event officials and supports open public meetings of the Commission. In Fiscal Year 2019, ADG hosted 15 open public meetings of the Arizona Boxing & MMA Commission.

Focus & Wins

Results

Funding & Budget

Boxing & Mixed Martial Arts



Focus & Wins

To support improved fighter safety, effective and efficient regulation, and foster and grow unarmed combat sports in Arizona, ADG focused on updating and revising policies, processes, and forms to support new rules promulgated during Fiscal Year 2018.

ADG received a Commendation from Governor Doug Ducey for eliminating physical identification cards for licensees and going 100 percent digital.

ADG revived Arizona's Boxing State Championship Title, honored the first Boxing State Champion since 2002, and created a new Mixed Martial Arts Title.



Results

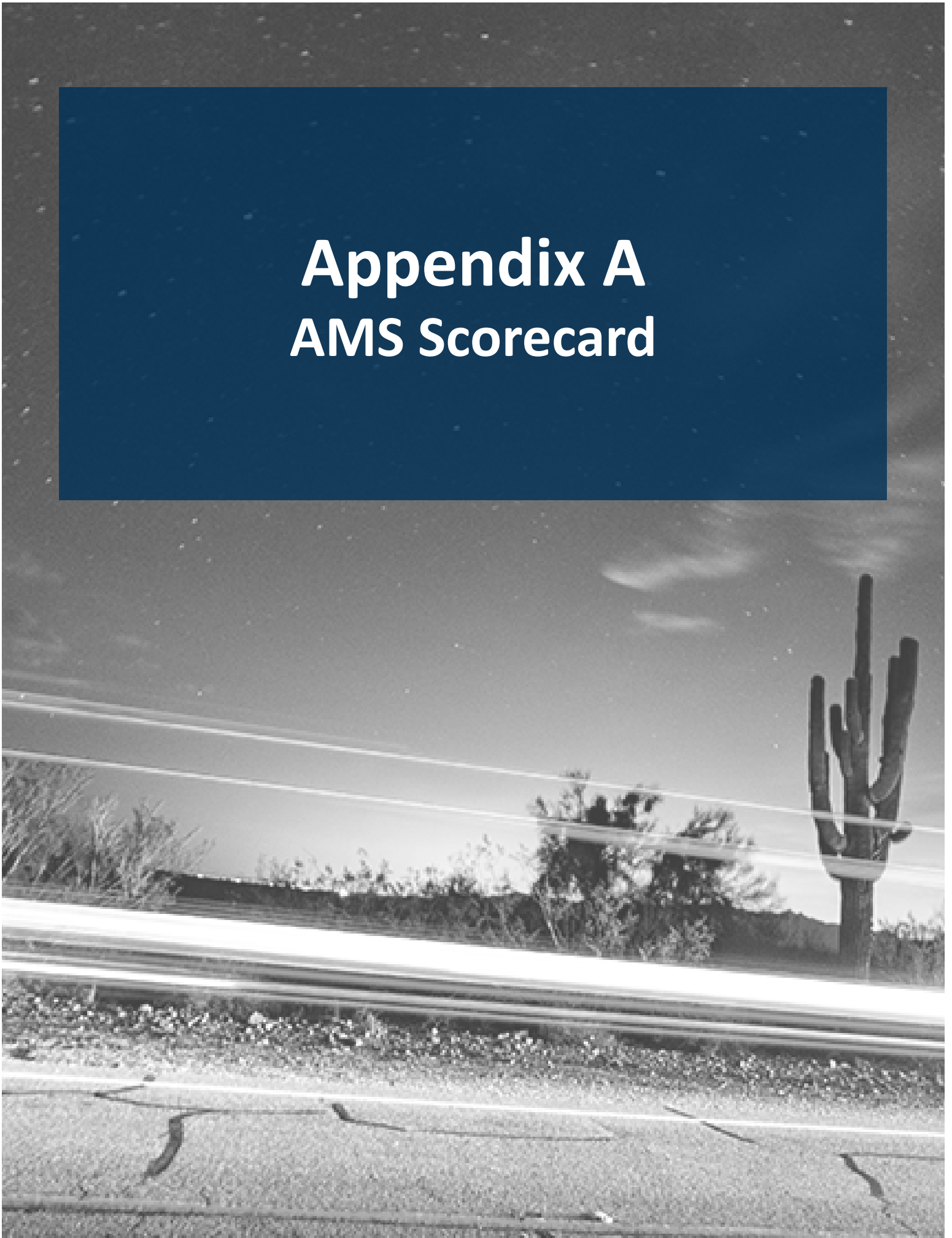


Funding & Budget

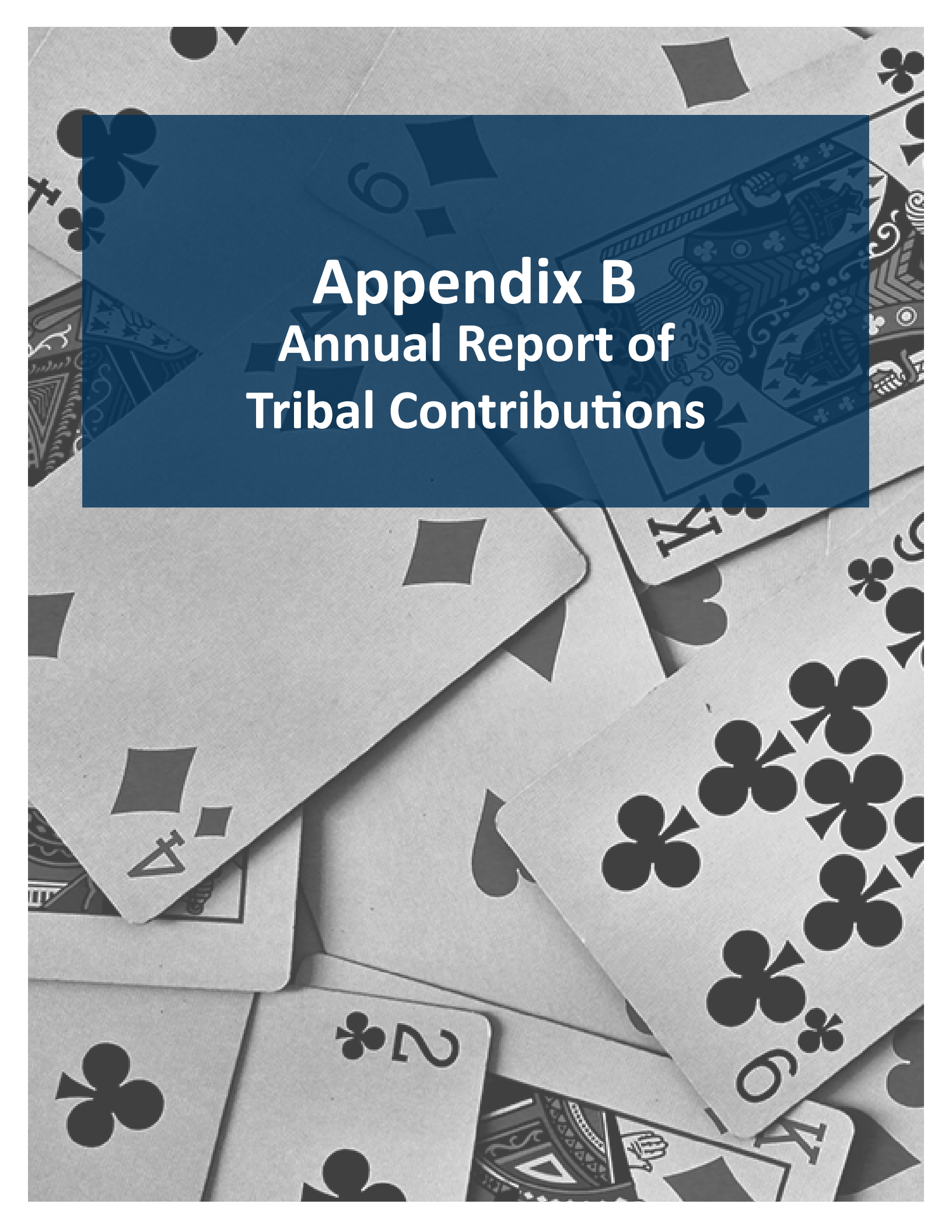
Funded by the Racing Regulation Fund, ADG Boxing & MMA contributes monies generated from event fees, tax levies, intergovernmental agreements, and associated licensing fees. Additionally, Laws 2018, Chapter 318 established the Unarmed Combat Subaccount within the Racing Regulation Fund. This subaccount helps fund Boxing & MMA and requires monies received from all sources, excluding license fees, to be deposited into the Subaccount.

Appendix A

AMS Scorecard



Performance Metric Title		Metric Owner		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Strategic Metrics															
GMA2247 Compact Compliance - Total # of noncompliant issues identified by Department	Multiple (See Compliance Tab)	Actual	6	9	41	21	24	9	6	12	25	29	16	19	
		Target	45	45	45	45	45	45	45	45	43	43	43	30	
GMA2248 Vendor Certification - New AB Lead Time	Brian J.	Actual	28										18		
		Target	45	45	45	45	45	45	45	45	43	43	43	25	
GMA2250 Vendor Certification - Renewal AB Lead Time	Brian J.	Actual	18	18	21	36	25	33	26	40	23	8	6	13	
		Target	25	25	25	25	25	25	25	25	23	23	23	15	
GMA2249 Vendor Certification - New D Lead Time	Brian J.	Actual	14	26	17	20	17	14	10	19	15	8	9	7	
		Target	25	25	25	25	25	25	25	25	20	20	20	15	
GMA2251 Vendor Certification - Renewal D Lead Time	Brian J.	Actual	14	14	17	18	13	13	10	12	16	10	9	6	
GMA2252 Vendor Certification - Temporary Certifications Lead Time	Brian J.	Actual	12	12	12	12	12	12	12	12	10	10	10	5	
		Target	11	6	7	4	6	6	5	4	3	2	4	2	
GMA2253 Employee Certification - New Lead Time	Mark C.	Actual	17	17	17	17	17	17	17	17	15	15	15	12	
		Target	10	13	13	16	12	9	10	12	13	8	8	7	
GMA2254 Employee Certification - Renewal Lead Time	Mark C.	Actual	22	14	15	18	13	12	11	13	15	9	9	9	
		Target	35	35	35	35	35	35	35	35	30	30	30	30	
GMA2255 Racing License Lead Time	Greg S.	Actual	16	27	16	23	25	32	35	20	22	28	18	25	
		Target	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	\$ 179,250	
GMA2818 Racing Expenditures	Donna C.	Actual	\$ 140,811	\$ 141,950	\$ 77,355	\$ 104,500	\$ 138,908	\$ 112,548	\$ 298,117	\$ 169,557	\$ 210,057	\$ 205,580	\$ 142,541	\$ 406,125	
GMA3164 Agency Breakthrough - # of Race Horse Fatalities per 1000 starts (All Tracks)	Greg S.	Actual				1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	1.61	
		Target				5.48	3.66	3.22	3.29	2.56	2.22	1.91	1.86	1.84	
GMA3163 Response Time (in days) to Verify Validity of Criminal Inquiries	Doug J.	Actual	10	10	10	10	10	10	10	10	5	5	5	2	
		Target	2.7	10.0	0.6	1.7	1.0	0.8	1	0.8	1.3	1	0	1.1	
GMA3165 # of employee ideas implemented	Caroline O.	Actual	3	3	3	3	3	3	3	3	3	3	3	2	
		Target	5	1	2	2	2	3	1	4	1	1	5	7	
GMA3166 Number of Violations missed by Officials per Boxing/MMA event	Francisco M.	Actual	1	1	1	1	1	1	1	1	1	1	1	1	
		Target		0.75	1.3	0.67	0.5			0	2	0	3	1	
GMA3167 % Project Complete - Consolidation of non compliance issues into one database	Warren N.	Actual	0%	0%	50%	50%	50%	100%							
		Target	0%	0%	50%	50%	50%	100%							
GMA3168 # of in-person problem gambling treatment providers	Elise M.	Actual	15	15	15	15	16	16	16	16	16	16	16	16	
		Target	15	15	16	16	16	16	16	16	16	16	16	16	
GMA3169 % Implemented - Problem Gambling Prevention Grant Program	Elise M.	Actual	20%	20%	20%	60%	40%	40%	43%	50%	50%	60%	75%	95%	
		Target	20%	20%	20%	60%	40%	40%	43%	50%	50%	60%	75%	95%	
GMA3170 Conduct pre-race horse exams for 100% of horses scheduled to run	Greg S.	Actual				100%	100%	100%	100%	100%	100%	100%	100%	100%	
		Target				100%	100%	100%	100%	100%	100%	100%	100%	100%	
GMA3171 % Implemented - Framework for Boxing/MMA state champion tournaments	Francisco M.	Actual	25%	25%	75%	75%									
		Target	23.5%	23.5%	23.5%	23.5%	29.4%	29.4%	35.3%	35.3%	41.2%	41.2%	47.1%	47.1%	
GMA3173 % of Services Online	Andrew H.	Actual	23.5%	23.5%	23.5%	29.4%	29.4%	29.4%	29.4%	29.4%	35.3%	35.3%	35.3%	35.3%	
		Target	8%	17%	25%	33%	42%	50%	58%	67%	75%	83%	92%	100%	
GMA3172 % of employees who have completed professional development training and/or education	Andrew H.	Actual	TBD	TBD	TBD	TBD	51%	64%	69%	69%	84%	90%	97%	100%	
GMA2257 Gaming Device Certification Report Delivery Lead Time	Bill R.	Actual	2.0	2.0	2.0	2.0	2.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
		Target	1.5	2.7	2.7	2.0	3.4	4.7	2.6	3.2	2.6	4.2	3.9	4.7	
GMA3174 Revenue earned from Boxing/MMA event sales	Donna C.	Actual	\$ 1,007	\$ -	\$ 14,834	\$ 2,026	\$ 1,382	\$ -	\$ 2,336	\$ -	\$ 51,913	\$ 366	\$ 8,785	\$ 6,819	
Operational Metrics															
GMA2811 # of MMA Events	Francisco M.	Actual	2	2	2	2	2	2	2	2	2	2	2	2	
		Target	1	2	2	2	2	0	0	2	2	0	3	1	
GMA2810 # of MMA Matches	Francisco M.	Actual	16	16	16	16	16	16	16	16	16	16	16	16	
		Target	13	20	20	22	24	0	0	22	20	0	30	6	
GMA2813 # of Boxing Events	Francisco M.	Actual	1	1	1	1	1	1	1	1	1	1	1	1	
		Target	0	2	1	1	0	0	0	1	1	1	2	0	
GMA2812 # of Boxing Matches	Francisco M.	Actual	8	8	8	8	8	8	8	8	5	5	5	5	
		Target	0	18	4	5	0	0	0	4	8	9	14	0	
GMA2815 Compact Compliance Review (CCR) Potential Issues List Delivery Lead Time	Russ J.	Actual	30	30	30	30	30	30	30	30	28	28	28	28	
		Target	22	26	27	25	26	21	20	21	25	27	18	28	
GMA2816 Initial Contact for New Game Request Lead Time	Andrea M.	Actual	7	7	7	7	7	7	7	7	5	5	5	5	
		Target	6	4	NA	7	2	NA	7	5	3	NA	7	NA	
GMA2817 Class 3 Gaming Tribal Contributions	Donna C.	Actual	\$27.4M			\$26.9M			\$16.7M			\$26.9M			
GMA2819 % Change in Tribal Contributions from Previous Year	Donna C.	Actual	4.4%			2.0%			8.1%			3.6%			
GMA2820 % Change in Class 3 Net Win from Previous Year	Donna C.	Actual	5.9%	1.4%	2.2%	0.2%	3.8%	3.0%	6.0%	3.4%	3.5%	2.8%	1.7%	7.4%	
GMA3175 # of Regrettable Attrition (transfers to other state agencies included)	Andrew H.	Actual	0.8	1.7	2.5	3.3	4.2	5.0	5.8	6.6	7.5	8.3	9.1	10.0	
		Target	1	1	1	2	2	2	2	3	4	4	4	4	
Statewide Reporting Metrics															
GMA3024 AMS Implementation Score	Andrew H.	Actual			3.3			3.2			3.3			3.4	
GMA3060 AMS Deployment %	Andrew H.	Actual			88%			91%			96%			95%	
GMA2988 # of Agency FTE Count	Andrew H.	Max	110	110	110	110	110	110	110	110	110	110	110	110	
		Actual	97	98	98	101	101	100	101	101	98	97	102	102	



Appendix B
Annual Report of
Tribal Contributions



September 3, 2019

The Honorable Douglas A. Ducey
Governor of Arizona
1700 W. Washington, 9th Floor
Phoenix, AZ 85007

The Honorable Karen Fann
President of the Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Russell Bowers
Speaker of the House of Representatives
1700 West Washington
Phoenix, AZ 85007

Dear Governor Ducey, President Fann, and Speaker Bowers:

In accordance with A.R.S. § 5-601.02(H)(1), which requires an annual report that includes "a statement of aggregate gross gaming revenue for all Indian tribes, aggregate revenues deposited in the Arizona Benefits Fund, including interest thereon, expenditures made from the Arizona Benefits Fund, and aggregate amounts contributed by all Indian tribes to cities, towns, and counties," the Arizona Department of Gaming ("ADG") is pleased to submit the following report on tribal contributions for Fiscal Year 2019.

Background

With the passage of Proposition 202, in November 2002, and the subsequent new Tribal-State Gaming Compacts, the gaming tribes in Arizona are to make tribal contributions to the State on a quarterly basis. Those contributions are based on each tribe's Class III Net Win¹. Eighty-eight percent (88%) of a Tribe's total annual contribution is paid to the Arizona Benefits Fund, which is administered by ADG. Pursuant to A.R.S. § 5-601.02(H)(3), monies in the Arizona Benefits Fund, including all investment earnings, are to be allocated as follows:

¹ According to A.R.S. § 5-601.02(I)(6)(b)(ii)(qq), the term "Class III Net Win" means "gross gaming revenue, which is the difference between gaming wins and losses, before deducting costs and expenses."

1. Eight million or nine percent (9%), whichever is greater, shall be used by ADG for reimbursement of administrative and regulatory expenses.
2. Two percent (2%) of the contributions made to the Arizona Benefits Fund are to be used by ADG to fund state and local programs, for the prevention and treatment of, and education concerning, problem gambling.

In accordance with the same statute, all other monies in the Arizona Benefits Fund, including all investment earnings that are not allocated to ADG as set forth above, are to be allocated in this manner:

- Fifty-six percent (56%) to be deposited in the Instructional Improvement Fund established by A.R.S. §15-979;
- Twenty-eight percent (28%) to be deposited in the Trauma and Emergency Services Fund established by A.R.S. § 36-2903.07;
- Eight percent (8%) to be deposited in the Arizona Wildlife Conservation Fund established by A.R.S. § 17-299; and
- Eight percent (8%) to be deposited in the Tourism Fund Account established by A.R.S. § 41-2306.

ADG promptly transfers these allocated monies to each of the foregoing funds on a quarterly basis.

In addition to the monies contributed into the Arizona Benefits Fund, the Indian tribes contribute twelve percent (12%) of their total annual contributions to cities, towns, and counties, pursuant to A.R.S. § 5-601.02(H)(4).

Report

The Arizona Department of Gaming reports the following for the period from July 1, 2018, to June 30, 2019:

- Aggregate Gross Gaming Revenue² - \$2,009,900,208
- Aggregate Revenues (Tribal contributions) deposited in the Arizona Benefits Fund, including interest thereon - \$98,152,088

² Gross gaming revenue is the difference between gaming wins and losses, before deducting costs and expenses. A.R.S. § 5-601.02(I)(6)(b)(ii)(qq).

The Honorable Douglas A. Ducey, Governor
The Honorable Karren Fann
The Honorable Russell Bowers
September 3, 2019
Page 3 of 3

Expenditures from the Arizona Benefits Fund are as follows:

Problem Gambling	\$ 1,963,042
Arizona Department of Gaming	\$ 8,835,085
Instructional Improvement Fund	\$48,918,218
Trauma and Emergency Services	\$24,459,109
Arizona Wildlife Conservation Fund	\$ 6,988,317
Tourism Fund Account	<u>\$ 6,988,317</u>
Total	\$98,152,088

The aggregate amounts contributed by all Indian tribes to cities, towns, and counties are \$13,149,406.

Please let me know if you have any questions concerning this report.

Sincerely,



Ted Vogt
Director

cc: Katie Hobbs, Secretary of State
Dr. Ted Hale, Archives and Records Management and Capitol Museum
Holly Henley, State Librarian and Director of Library Services



Appendix C

Status of Tribal Gaming

**ARIZONA DEPARTMENT OF GAMING
STATUS OF TRIBAL GAMING IN ARIZONA AS OF 7/1/19**

Ted Vogt, Director

Tribe	Location	Current # Sites	Casino Name	Effective Date of Current Compact	Date First Opened	Class III Gaming Devices	Class II Gaming Devices	Blackjack Tables	House Banked Poker Tables	Poker Tables	Live Keno	Bingo
Ak-Chin Indian Community *	Maricopa	1	Harrah's Ak-Chin Casino	2/5/03	Dec-94	1,135		13	6	6	Yes	Yes
Cocopah Indian Tribe	Somerton	1	Cocopah Casino	2/5/03	Nov-92	527		4	0	0	No	Yes
Colorado River Indian Tribes	Parker	1	Blue Water Casino	7/3/03	Mar-95	545		8	1	0	No	Yes
Ft. McDowell Yavapai Nation *	Fountain Hills	1	Ft. McDowell Casino	2/5/03	Jan-93	891		12	4	10	No	Yes
Fort Mojave Indian Tribe	Needles, CA	1	Spirit Mountain Casino	2/5/03	Apr-95	250		0	0	0	No	No
			Crossing Casino - closed 3/1/10		Aug-06	0		0	0	0	No	No
Gila River Indian Community	Sacaton	3	Gila River - Lone Butte	2/5/03	Jan-02	860		18	6	0	No	Yes
			Gila River - Vee Quiva		Dec-97	958		19	5	16	No	Yes
			Gila River - Wild Horse Pass		Nov-97	1,008		22	10	25	No	No
Navajo Nation	Window Rock	1	Twin Arrows Casino	2/5/03	May-13	1,086		8	4	0	No	Yes
Pascua Yaqui Tribe of Arizona *	Tucson	2	Casino del Sol	2/5/03	Oct-01	1,000		14	6	13	No	Yes
			Casino of the Sun		Mar-94	284	6	4	0	0	No	No
Pascua Yaqui - Class II Only **			Del Sol Marketplace		Jan-16	0	8	--	--	--	--	--
Quechan Indian Tribe	Yuma	1	Paradise Casino	2/5/03	Aug-96	474		0	0	0	No	Yes
Salt River-Pima Indian Community	Scottsdale	2	Casino Arizona	2/5/03	Aug-98	920		34	10	0	Yes	Yes
			Talking Stick Resort and Casino		Mar-99	813		41	10	47	Yes	No
San Carlos Apache Tribe	San Carlos	2	Apache Gold Casino	2/5/03	May-94	480		3	1	0	No	Yes
			Apache Sky Casino		Apr-17	301		3	1	0	No	No
Tohono O'odham Nation *	Sells	3	Desert Diamond - Tucson	2/5/03	Oct-93	1,109		18	6	8	Yes	Yes
			Desert Diamond - Sahuarita		Jul-01	563		6	2	0	Yes	No
			Desert Diamond - Why		Feb-99	58		0	0	0	No	No
Tohono O'odham - Class II Only **			Desert Diamond - West Valley		Dec-15	0	1,089	--	--	--	--	--
Tonto Apache Tribe	Payson	1	Mazatzal Casino	2/5/03	Sep-93	375		5	1	2	No	Yes
White Mountain Apache Tribe	Whiteriver	1	Hon-Dah Casino	2/5/03	Dec-93	820		2	0	4	No	No
Yavapai-Apache Nation	Camp Verde	1	Cliff Castle Casino	2/5/03	May-95	656		7	1	5	No	No
Yavapai-Prescott Indian Tribe	Prescott	2	Bucky's Casino - Prescott Resort	8/21/03	Nov-92	304		7	1	6	No	No
			Yavapai Gaming Center		Nov-92	237		0	0	0	No	No
	TOTALS:	24				15,654	1,103	248	75	142		

*Denotes urban Tribes, which are allowed a maximum of 119 combined table games. Rural Tribes are allowed a maximum of 90.

**Class II Facility only - not regulated by the Arizona Department of Gaming or Tribal-State Compacts.

Compacted Non-gaming Tribes

Tribe	Location	Effective Date of Current Compact	Casino Opening and Closing Dates	Current Gaming Device Allocation
Havasupai Indian Tribe	Supai	February 5, 2003		613
Hopi Tribe	Kykotsmovi	May 8, 2018		900
Hualapai Indian Tribe	Peach Springs	February 5, 2003	2/95 - 9/95	613
Kaibab-Paiute Tribe	Fredonia	February 5, 2003	8/94 - 9/96	613
San Juan Southern Paiute	Tuba City	August 26, 2003		613
Zuni Tribe	Zuni, NM	July 3, 2003		613



Appendix D

Racing Supporting Data

**ADVANCED DEPOSIT WAGERING, COMMERCIAL RACING, and COUNTY FAIR RACING
FYE 06/30/2019**

	ADW	Commercial Horse	Commercial Dog	County Fair	FY 2019	FY 2018
Race Days / Performances¹						
Live Race Days / Performances	411	140	0	19	570	596
Dark Day - Simulcast Only	677	575	724	0	1,976	1,805
Total Race Days	1,088	715	724	19	2,546	2,401
Number of Races						
Live AZ Races ²	3,595	1,120	0	147	4,862	4,819
Simulcast Races	385,228	109,565	110,118	2,155	607,066	604,352
Total Number of Races	388,823	110,685	110,118	2,302	611,928	609,171
Attendance						
On Track	0	270,730	43,565	40,622	354,917	376,709
Off Track	0	467,798	106,040	22,710	596,548	578,982
Total Attendance	0	738,528	149,605	63,332	951,465	955,691
Pari-Mutuel Handle						
Handle Breakdown by Source						
Live Handle - Taxable	\$ 488,863	\$ 9,979,216	\$ -	\$ 1,445,592	\$ 11,913,671	\$ 11,833,881
Simulcast Handle - Non-Taxable	\$ 13,546,993	\$ 102,518,364	\$ 18,435,500	\$ 5,048,141	\$ 139,548,997	\$ 137,039,610
Teletracking Handle - Taxable	\$ -	\$ 218,677	\$ -	\$ -	\$ 218,677	\$ -
Total Arizona Pari-Mutuel Handle	\$ 14,035,856	\$ 112,716,257	\$ 18,435,500	\$ 6,493,733	\$ 151,681,345	\$ 148,873,491
Handle Breakdown by Location						
On Track Handle	\$ -	\$ 23,569,495	\$ 4,484,245	\$ 2,168,144	\$ 30,221,883	\$ 29,133,046
Off Track Handle	\$ 14,035,856	\$ 89,146,762	\$ 13,951,255	\$ 4,325,589	\$ 121,459,462	\$ 119,740,445
Total Arizona Pari-Mutuel Handle³	\$ 14,035,856	\$ 112,716,257	\$ 18,435,500	\$ 6,493,733	\$ 151,681,345	\$ 148,873,491
Average Handle Per Race Day	\$ 12,901	\$ 157,645	\$ 25,463	\$ 341,775	\$ 59,576.33	\$ 62,005
Commingled (Export out of AZ)	\$ -	\$ 130,919,277	\$ -	\$ 9,143,816	\$ 140,063,093	\$ 143,689,587
State Revenues						
Regulatory Wagering Assessment (RWA)	\$ 70,179	\$ 1,215,898	\$ 92,177	\$ 77,661	\$ 1,455,916	\$ 1,485,059
Gross 2% Live Pari-Mutuel State Tax	\$ 9,777	\$ 203,964	\$ -	\$ 28,941	\$ 242,683	\$ 236,678
Revenue Withheld - Charity Days	\$ 165	\$ 7,369	\$ -	\$ -	\$ 7,534	\$ 7,857
Revenue Withheld - County Fair	\$ 660	\$ 227	\$ -	\$ 28,941	\$ 29,829	\$ 32,021
Hardship Tax Credit ^{4,5}	\$ 43	\$ 10,967	\$ -	\$ -	\$ 11,010	\$ 11,058
Net 2% Live Pari-Mutuel State Tax	\$ 8,909	\$ 185,401	\$ -	\$ -	\$ 194,310	\$ 185,742
Returned to Wagering Public	\$ 10,427,017	\$ 82,437,853	\$ 14,143,343	\$ 4,567,668	\$ 111,575,881	\$ 110,161,570
Settlement to/from Host	\$ 753,835	\$ 6,534,253	\$ 122,293	\$ 521,669	\$ 7,932,049	\$ 6,839,431
Track Mutuel Revenue						
Track/ADW Commission	\$ 2,790,081	\$ 23,167,830	\$ 4,140,594	\$ 1,328,490	\$ 31,426,995	\$ 30,968,396
Breakage	\$ 55,146	\$ 416,553	\$ 29,270	\$ 22,583	\$ 523,551	\$ 614,153
Capital Improvement Rebate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement AGP Non-Taxable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Track/ADW Revenue	\$ 2,845,226	\$ 23,584,383	\$ 4,169,864	\$ 1,351,072	\$ 31,950,546	\$ 31,582,549
Purses¹	\$ -	\$ 9,935,962	\$ -	\$ 622,394	\$ 10,558,356	\$ 10,381,450

¹ A.R.S. Title 5, 5-110 (H) - Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

² ADW Race Days show days with AZ live race betting and days with only simulcast betting.

³ Any differences with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment." All Pool Adjustments Net \$0.00 at the end of the year.

⁴ As of May 13, 2016, "Laws 2016, Chapter 247 eliminates the hardship tax credit which is used to offset the amount of pari-mutuel tax owed by greyhound and horse racing tracks. Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years. Greyhound tracks will be unable to use previously accrued credits due to the elimination of live dog racing by Laws 2016, Chapter 246." - FY 2017 Appropriations Report - Department of Gaming

⁵ Hardship Credit under ADW is Hardship credit taken on Rillito Live Handle. This amount was received by the Department from the ADWs and paid to Rillito Park

COMMERCIAL HORSE TRACKS
FYE 06/30/2019

	Arizona Downs	Rillito Park	Turf Paradise	FY 2019	FY 2018
Race Days / Performances¹					
Live Race Days / Performances	12	8	120	140	128
Dark Day - Simulcast Only	340	3	232	575	246
Total Race Days	352	11	352	715	374
Number of Races					
Live AZ Races	98	63	959	1,120	1,036
Simulcast Races	59,073	712	49,780	109,565	50,593
Total Number of Races	59,171	775	50,739	110,685	51,629
Attendance					
On Track	20,659	16,515	233,556	270,730	284,212
Off Track	5,600	0	462,198	467,798	446,169
Total Attendance	26,259	16,515	695,754	738,528	730,381
Pari-Mutuel Handle					
Handle Breakdown by Source					
Live Handle - Taxable	\$ 512,649	\$ 548,367	\$ 8,918,200	\$ 9,979,216	\$ 9,714,425
Simulcast Handle - Non-Taxable	\$ 1,991,761	\$ 200,184	\$ 100,326,420	\$ 102,518,364	\$ 97,049,526
Teletracking Handle - Taxable	\$ 66,024	\$ -	\$ 152,653	\$ 218,677	\$ -
Total Arizona Pari-Mutuel Handle²	\$ 2,570,433	\$ 748,551	\$ 109,397,272	\$ 112,716,257	\$ 106,763,951
Handle Breakdown by Location					
On Track Handle	\$ 1,597,922	\$ 683,029	\$ 21,288,544	\$ 23,569,495	\$ 21,831,248
Off Track Handle	\$ 972,511	\$ 65,522	\$ 88,108,729	\$ 89,146,762	\$ 84,932,703
Total By Location	\$ 2,570,433	\$ 748,551	\$ 109,397,272	\$ 112,716,257	\$ 106,763,951
Average Handle Per Race Day	\$ 7,302	\$ 68,050	\$ 310,788	\$ 157,645	\$ 285,465
Commingled (Export out of AZ)	\$ 1,283,436	\$ 454,934	\$ 129,180,906	\$ 130,919,277	\$ 132,322,363
State Revenues					
Regulatory Wagering Assessment (RWA)	\$ 19,184	\$ 6,007	\$ 1,190,707	\$ 1,215,898	\$ 1,256,992
Gross 2% Live Pari-Mutuel State Tax	\$ 11,573	\$ 10,967	\$ 181,424	\$ 203,964	\$ 194,289
Revenue Withheld - Charity Days	\$ -	\$ -	\$ 7,369	\$ 7,369	\$ 7,678
Revenue Withheld - County Fair ³	\$ 227	\$ -	\$ -	\$ 227	\$ -
Hardship Tax Credit ⁴	\$ -	\$ 10,967	\$ -	\$ 10,967	\$ 10,951
Net 2% Live Pari-Mutuel State Tax	\$ 11,346	\$ -	\$ 174,055	\$ 185,401	\$ 175,660
Returned to Wagering Public	\$ 1,898,369	\$ 474,099	\$ 80,065,384	\$ 82,437,853	\$ 78,056,602
Settlement to/from Host	\$ 123,890	\$ 84,274	\$ 6,326,090	\$ 6,534,253	\$ 5,914,167
Track Mutuel Revenue					
Track Commission	\$ 523,922	\$ 174,295	\$ 22,469,612	\$ 23,167,830	\$ 22,076,595
Breakage	\$ 12,757	\$ 4,915	\$ 398,881	\$ 416,553	\$ 477,201
Capital Improvement Rebate	\$ -	\$ -	\$ -	\$ -	\$ -
Total Track Revenue	\$ 536,680	\$ 179,211	\$ 22,868,493	\$ 23,584,383	\$ 22,553,796
Purses	\$ 258,437	\$ 87,871	\$ 9,589,654	\$ 9,935,962	\$ 9,693,670

¹ Race Days do not include County Fair Dates

² Any differences with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment." All Pool Adjustments Net \$0.00 at the end of the year.

³ Teletracking bets placed at other Tracks for County Fair races

⁴ As of May 13, 2016, "Credits awarded prior to Chapter 247 may still be used by horse racing tracks to offset pari-mutuel tax in future years." - FY 2017 Appropriations Report - Department of Gaming

COMMERCIAL GREYHOUND TRACKS
American Greyhound Racing and Tucson Greyhound Park
FYE 06/30/2019

	AGP	TGP	FY 2019	FY 2018
Race Days / Performances¹				
Dark Day - Simulcast Only	362	362	724	725
Total Race Days	362	362	724	725
Number of Races				
Simulcast Races	53,953	56,165	110,118	121,545
Total Number of Races	53,953	56,165	110,118	121,545
Attendance				
On Track	19,369	24,196	43,565	43,845
Off Track	49,912	56,128	106,040	109,784
Total Attendance	69,281	80,324	149,605	153,629
Pari-Mutuel Handle				
Handle Breakdown by Source				
Simulcast Races - <u>Non-Taxable</u>	\$ 12,591,737	\$ 5,843,762	\$ 18,435,500	\$ 20,254,160
Total Arizona Pari-Mutuel Handle²	\$ 12,591,737	\$ 5,843,762	\$ 18,435,500	\$ 20,254,160
Handle Breakdown by Location				
On Track Handle	\$ 2,641,286	\$ 1,842,959	\$ 4,484,245	\$ 4,788,867
Off Track Handle	\$ 9,950,452	\$ 4,000,803	\$ 13,951,255	\$ 15,465,293
Total Arizona Pari-Mutuel Handle²	\$ 12,591,737	\$ 5,843,762	\$ 18,435,500	\$ 20,254,160
Average Handle Per Race Day	\$ 34,784	\$ 16,143	\$ 25,463	\$ 27,937
State Revenues				
Regulatory Wagering Assessment (RWA)	\$ 62,959	\$ 29,219	\$ 92,177	\$ 101,271
Returned to Wagering Public	\$ 9,449,670	\$ 4,693,673	\$ 14,143,343	\$ 15,799,156
Settlement to/from Host	\$ 261,221	\$ (138,928)	\$ 122,293	\$ (110,364)
Track Mutuel Revenue				
Track Commission	\$ 2,860,066	\$ 1,280,528	\$ 4,140,594	\$ 4,536,032
Breakage	\$ 20,781	\$ 8,489	\$ 29,270	\$ 29,336
Capital Improvement Rebate	\$ -	\$ -	\$ -	\$ -
Capital Improvement AGP Non-Taxable	\$ -	\$ -	\$ -	\$ -
Total Track Revenue	\$ 2,880,847	\$ 1,289,017	\$ 4,169,864	\$ 4,565,368

¹ A.R.S. Title 5, 5-110 (H) - Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016.

² Any differences with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment."

COUNTY FAIR RACES
FYE 06/30/2019

	Santa Cruz County Fair & Rodeo Association	Cochise County Fair Association	Pima County Fair Horse Racing Comission	Greenlee County Fair	La Paz County Fair Association	Yuma County Fair Association	FY 2019 Total - All County Fair Racing	FY 2018 Total - All County Fair Racing
Race Days / Performances								
Live Race Days / Performances	2	2	4	3	4	4	19	18
Dark Day - Simulcast Only	0	0	0	0	0	0	0	0
Total Race Days	2	2	4	3	4	4	19	18
Number of Races								
Live AZ Races	15	12	31	25	32	32	147	143
Simulcast Races	0	0	280	580	637	658	2,155	2,351
Total Number of Races	15	12	311	605	669	690	2,302	2,494
Attendance								
On Track	2,257	2,763	7,183	5,881	11,035	11,503	40,622	48,652
Off Track	2	0	0	6,398	8,200	8,110	22,710	23,029
Total Attendance	2,259	2,763	7,183	12,279	19,235	19,613	63,332	71,681
Pari-Mutual Handle								
Handle Breakdown by Source								
Live Handle - Taxable	\$ 47,043	\$ 26,683	\$ 267,730	\$ 278,842	\$ 380,209	\$ 445,085	\$ 1,445,592	\$ 1,577,004
Simulcast Handle - Non-Taxable	\$ -	\$ -	\$ 39,206	\$ 1,406,179	\$ 1,833,322	\$ 1,769,435	\$ 5,048,141	\$ 5,351,620
Teletracking Handle - Taxable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Arizona Pari-Mutuel Handle¹	\$ 47,043	\$ 26,683	\$ 306,936	\$ 1,685,020	\$ 2,213,531	\$ 2,214,520	\$ 6,493,733	\$ 6,928,624
Handle Breakdown by Location								
On Track Handle	\$ 47,006	\$ 26,683	\$ 301,205	\$ 465,749	\$ 652,801	\$ 674,700	\$ 2,168,144	\$ 2,512,931
Off Track Handle	\$ 37	\$ -	\$ 5,731	\$ 1,219,271	\$ 1,560,730	\$ 1,539,820	\$ 4,325,589	\$ 4,415,693
Total By Location	\$ 47,043	\$ 26,683	\$ 306,936	\$ 1,685,020	\$ 2,213,531	\$ 2,214,520	\$ 6,493,733	\$ 6,928,624
Average Handle Per Race Day	\$ 23,522	\$ 13,342	\$ 76,734	\$ 561,673	\$ 553,383	\$ 553,630	\$ 341,775	\$ 384,924
Commingled (Export out of AZ)	\$ -	\$ -	\$ 207,555	\$ 2,572,267	\$ 2,932,207	\$ 3,431,786	\$ 9,143,816	\$ 11,367,224
State Revenues								
Regulatory Wagering Assessment (RWA)	\$ -	\$ -	\$ 2,567	\$ 21,231	\$ 25,685	\$ 28,177	\$ 77,661	\$ 52,162
Gross 2% Live Pari-Mutuel State Tax	\$ 941	\$ 534	\$ 5,355	\$ 5,577	\$ 7,604	\$ 8,931	\$ 28,941	\$ 31,540
Revenue Withheld - Charity Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Withheld - County Fair	\$ 941	\$ 534	\$ 5,355	\$ 5,577	\$ 7,604	\$ 8,931	\$ 28,941	\$ 31,210
Hardship Tax Credit ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107
Net 2% Live Pari-Mutuel State Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223
Returned to Wagering Public	\$ 34,346	\$ 19,516	\$ 192,047	\$ 1,231,982	\$ 1,536,726	\$ 1,553,051	\$ 4,567,668	\$ 4,988,186
Settlement to/from Host	\$ -	\$ -	\$ 34,235	\$ 128,199	\$ 223,086	\$ 136,148	\$ 521,669	\$ 437,545
Track Mututal Revenue								
Track Commission	\$ 11,341	\$ 6,443	\$ 73,695	\$ 339,379	\$ 449,283	\$ 448,349	\$ 1,328,490	\$ 1,416,786
Breakage	\$ 416	\$ 191	\$ 1,604	\$ 3,928	\$ 9,877	\$ 6,567	\$ 22,583	\$ 35,553
Capital Improvement Rebate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Track Revenue	\$ 11,756	\$ 6,634	\$ 75,299	\$ 343,307	\$ 459,160	\$ 454,916	\$ 1,351,072	\$ 1,452,339
Purses	\$ 5,670	\$ 3,221	\$ 37,564	\$ 159,286	\$ 200,064	\$ 216,588	\$ 622,394	\$ 687,780

¹ Any differences with Total AZ Pari-Mutuel Handle is due to "Pool Adjustment." All Pool Adjustments Net \$0.00 at the end of the year.

² Rillito Racing, Inc. Hardship Credit Taken

ADVANCE DEPOSIT WAGERING
FYE 06/30/2019

	TVG Network	Twin Spires	Xpressbet	FY 2019	FY 2018
Race Days / Performances¹					
Live Race Days / Performances	139	130	142	411	450
Dark Day - Simulcast Only	223	232	222	677	834
Total Wagering Days	362	362	364	1,088	1,284
Number of Races					
Live AZ Races	1,196	1,166	1,233	3,595	3,640
Simulcast Races ²	52,853	196,271	136,104	385,228	429,863
Total Number of Races	54,049	197,437	137,337	388,823	433,503
Pari-Mutuel Handle					
Handle Breakdown by Source					
Live Races - Taxable	\$ 249,527	\$ 65,512	\$ 173,824	\$ 488,863	\$ 542,452
Simulcast Races - Non-Taxable	\$ 6,430,238	\$ 2,646,678	\$ 4,470,077	\$ 13,546,993	\$ 14,384,304
Total Arizona Pari-Mutuel Handle	\$ 6,679,764	\$ 2,712,190	\$ 4,643,901	\$ 14,035,856	\$ 14,926,756
Average Handle Per Race Day	\$ 18,452	\$ 7,492	\$ 12,758	\$ 38,702	\$ 42,198
State Revenues					
Regulatory Wagering Assessment (RWA)	\$ 33,399	\$ 13,561	\$ 23,220	\$ 70,179	\$ 74,634
Gross 2% Live Pari-Mutuel State Tax	\$ 4,991	\$ 1,310	\$ 3,476	\$ 9,777	\$ 10,849
Revenue Withheld - Charity Days	\$ 120	\$ 17	\$ 28	\$ 165	\$ 179
Revenue Withheld - County Fair	\$ 331	\$ 90	\$ 239	\$ 660	\$ 811
Hardship Tax Credit - Rillito Park	\$ 18	\$ 14	\$ 10	\$ 43	\$ -
Net 2% Live Pari-Mutuel State Tax	\$ 4,521	\$ 1,189	\$ 3,199	\$ 8,909	\$ 9,859
Returned to Wagering Public	\$ 4,898,057	\$ 2,037,188	\$ 3,491,773	\$ 10,427,017	\$ 11,317,626
Settlement to/from Host	\$ 438,665	\$ 109,813	\$ 205,356	\$ 753,835	\$ 598,083
ADW Mututal Revenue					
ADW Commission	\$ 1,304,406	\$ 551,416	\$ 934,259	\$ 2,790,081	\$ 2,938,983
Breakage	\$ 33,645	\$ 12,464	\$ 9,036	\$ 55,146	\$ 72,063
Total ADW Revenue	\$ 1,338,052	\$ 563,879	\$ 943,295	\$ 2,845,226	\$ 3,011,046


¹ Race Days show days with AZ live race betting and days with only simulcast betting


² These races were offered for wagering by the ADW operator and may or may not have been offered in Arizona.


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