

ARIZONA DEPARTMENT OF RACING



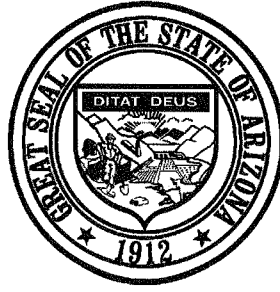
ANNUAL REPORT
FY-2012

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ARIZONA DEPARTMENT OF RACING

JANICE K. BREWER
GOVERNOR



WILLIAM J. WALSH
DIRECTOR

September 30, 2012

The Honorable Janice K. Brewer
Governor of the State of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Brewer:

It is my pleasure to submit the FY 2012 Arizona Department of Racing (ADOR) Annual Report. This report reflects statutory requirements as they relate to the Department's regulatory, fiscal, and administrative responsibilities.

During fiscal year 2012 the Department regulated and supervised live and simulcast horse and greyhound racing and pari-mutuel wagering at two commercial horse tracks, two greyhound tracks, two county fair racing meetings, and 63 teletrack locations throughout Arizona. The total pari-mutuel handle for all racing was \$170.7 million, an increase of \$1.5 million or 0.9% from the prior year. The total pari-mutuel tax receipts amounted to \$254,801, a decrease of 10.5% from the prior year.

The Boxing and Mixed Martial Arts Commission (BMMAC) supervised and regulated 12 boxing events and 26 mixed martial arts events in FY 2012. There were a total 276 individual bouts at these events. Of particular note, the BMMAC negotiated and put into effect its first intergovernmental agreement with the Salt River Pima Community resulting in the first mixed martial arts show conducted at Salt River Fields. The BMMAC oversaw nationally televised events in Parker and at Grand Canyon University, on ESPN and Showtime respectively. These latter events provided both economic benefits and positive publicity for these local communities and also the state of Arizona.

FY 2012 saw great changes for the Department both in management and in its source of funds. On December 31, 2011, Lonny Powell left the agency and was replaced by Bill Walsh, first in an interim position and later appointed as Department head. Both of the individuals oversaw the agency's transition to self-funding over a period two years. This legislatively-mandated change removed ADOR from dependence on the General Fund and moved it to 100% industry funding by FY 2013. The change allowed the agency to move forward in a more stable and effective manner while doing its part to ease the pressure on the growing demand for scarce state resources.

The Honorable Janice K. Brewer

September 30, 2012

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With the steadfast support and leadership of your administration, our objective is to continue building a modernized, responsive, customer-friendly and enhanced operation. We will continue to make every effort to regulate firmly and fairly while fostering productive, supportive and positive relationships throughout our government as well as our job- and agribusiness-intensive industry.

The Department and the industry continue to face challenges and will confront them together working to preserve and increase jobs to foster greater economic impact, contribute to tourism and agricultural development for the benefit of the citizens and communities throughout the state of Arizona.

The Racing Department is committed to performing all statutory and regulatory duties in a manner that brings respect to the State, agency and the industry. Your continued leadership and support is greatly appreciated.

Respectfully yours,

A handwritten signature in black ink, appearing to read "William J. Walsh", written in a cursive style.

William J. Walsh
Director

MEET THE DIRECTOR: WILLIAM J. WALSH



Governor Janice Brewer appointed William J. Walsh as Director of the Department of Racing in March 2012. As Director, Mr. Walsh is responsible for the regulation of pari-mutuel horse and greyhound racing in Arizona.

Mr. Walsh has more than four decades of professional experience in the racing industry. He began his career working as a pari-mutuel clerk in New York. He taught elementary school for several years, and then served as a Patrol and Placing Judge at Arlington Park in Arlington Heights, Illinois. He worked for the Horsemen's Benevolent & Protective Association (HBPA) in Rockville, Maryland, and in Spokane, Washington, followed by a stint as Executive Director of the Alabama Horsemen's Racing Association in Birmingham, Alabama. Mr. Walsh joined the Department of Racing in 1993, taking on the oversight of simulcasting and off-track wagering in Arizona, as well as rules development. Mr. Walsh has served as the Department's authorized public lobbyist and most recently, Chief Horse Steward/Supervisor of Officials & Wagering. In January, Governor Brewer appointed Bill as Interim Director due to the resignation of the Department's former Director, Lonny Powell.

Mr. Walsh earned his undergraduate and master's degrees from the State University of New York and completed the Race Track Industry Program at the University of Arizona, Tucson. Mr. Walsh is also accredited through the Senior Steward Racing Officials Accreditation Program, Lexington, Kentucky.

ARIZONA RACING COMMISSION

The Arizona Racing Commission was established in 1949 by the Arizona Legislature. The Racing Commission is responsible for issuing racing dates; preparing and adopting rules to govern racing meetings as may be required to protect and promote the safety and welfare of the animals participating in racing meetings; protecting and promoting public health, safety and the proper conduct of racing and pari-mutuel wagering; conducting hearings on applications for racing permits; reviewing applications for capital improvements at racetracks; and conducting hearings and other legal procedures on matters relating to racing licensees and the racing industry.

Arizona Revised Statutes § 5-102 authorizes a five-member Racing Commission, who shall be appointed by the Governor pursuant to A.R.S. § 38-211. Appointment is for a term of five years. The following Commissioners were serving on the Racing Commission during FY 2012.

Melvin McDonald, Jr. Chair



Melvin McDonald, Jr. Mr. McDonald, Vice-Chair, is a partner of the law firm of Jones, Skelton & Hochuli since 1985 and practices in the areas of criminal defense and major civil litigation. He is a former United States Attorney for the District of Arizona (1981-1985), a former Superior Court Judge for Maricopa County (1974-1981), and has taught Criminal Justice at Arizona State University. Mr. McDonald is admitted to practice in Arizona state and federal courts. He is a fellow with the American College of Trial Lawyers.

Burton S. Kruglick Vice-Chair



Burton S. Kruglick. Mr. Kruglick, former Racing Commission Chairman, has been active in Arizona government and politics for many years. He is a former Chairman of the Arizona Republican Party (1985-1991) and served as Co-Chair for Senator John McCain's presidential campaign. He has been appointed to several Commissions and Boards over the years and is an active participant in community and philanthropic organizations.

Erin Owens former Racing Commissioner Chair



Erin Owens. Ms. Owens was raised in a Thoroughbred breeding and racing family in Arizona. She spent many years as an official at many racetracks. Some of her positions included Steward, Director of Racing and Racing Secretary, all of which has extended her knowledge of the horse racing industry. For 10 years, Ms. Owens was a Director at the University of Phoenix where she also completed her Master's degree.

Jay C. McClintock

ARIZONA DEPARTMENT OF RACING
FY 2012 ANNUAL REPORT

ARIZONA RACING COMMISSION

Racing Commissioner



Jay C. McClintock. Mr. McClintock has worked as a financial advisor for Moran Financial Services since 2001 helping clients plan for investment and insurance needs to prepare for retirement, estate and complete financial planning. Mr. McClintock was a thoroughbred owner in Arizona, California, and Kentucky for over 15 years.

Rory S. Goreé Racing Commissioner



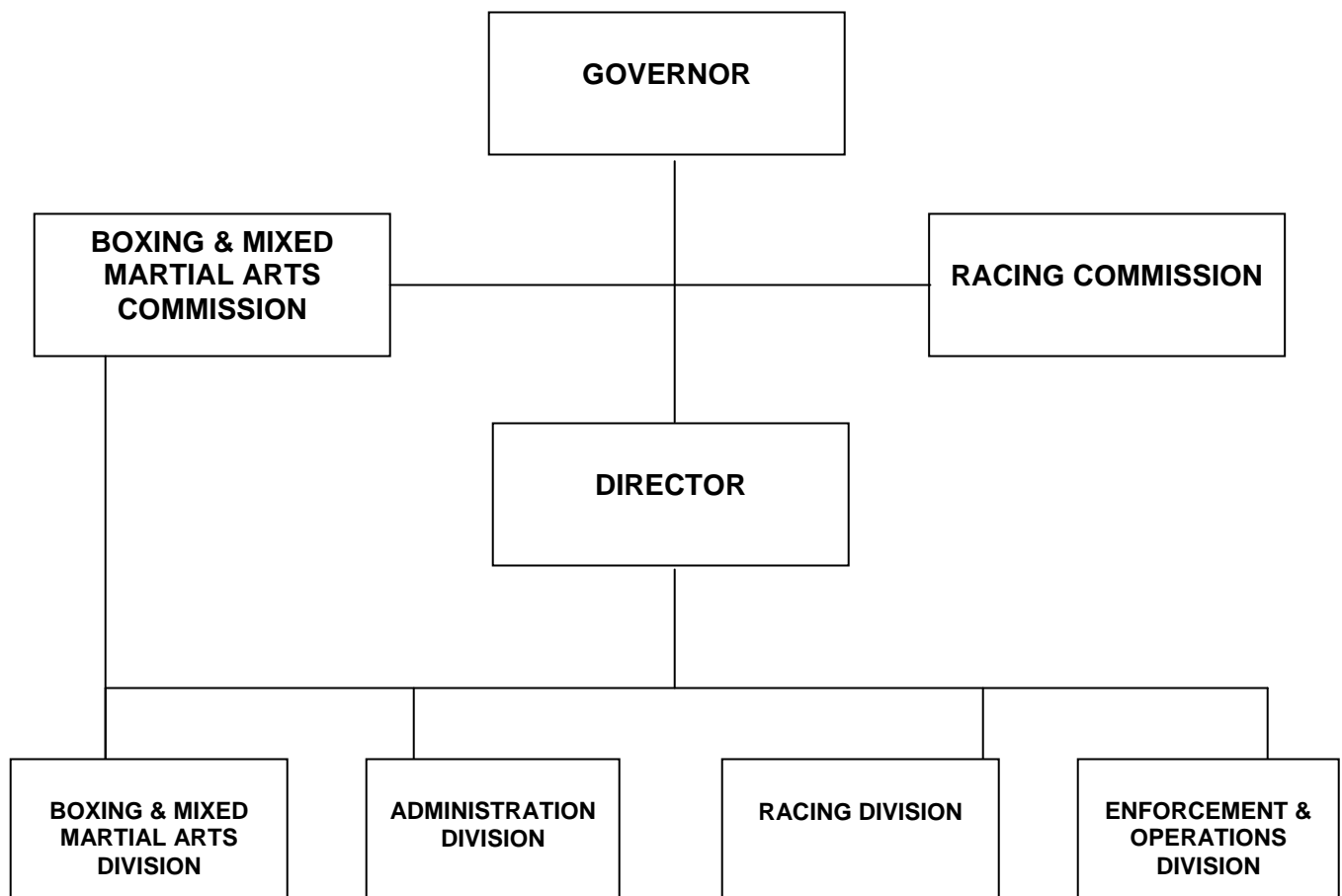
Rory S. Goreé. Mr. Goreé was honorably discharged from the United States Navy in 1993. After 10 years of service he discovered greyhounds. Since then Mr. Goreé has been involved in several capacities and positions working with the Greyhound Racing Industry and greyhound adoption and has been invited to speak at numerous greyhound adoption events as well as university, veterinarian and racing symposiums across the country and at both the American Greyhound Track Operators Association and the Association of Racing Commissioners conferences. Mr. Goreé served on the Arizona Department of Racing's committee to review and recommend greyhound racing welfare related rules. When not involved with greyhounds Mr. Goreé works as an Information Security Analyst specializing in SAP.

The following are the terms of the current Commission members:

<u>Name</u>	<u>Member Designation</u>	<u>Expiration Date</u>
A. Melvin McDonald	Public	01/21/2013
Burton S. Kruglick	Public	01/20/2014
Erin Owens	Horse Racing Industry	01/19/2015
Jay C. McClintock	Public	01/18/2016
Rory S. Goreé	Greyhound Racing Industry	01/16/2017

Department of Racing

The primary mission of the Department of Racing is to regulate and supervise pari-mutuel horse and greyhound racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. In addition, the Department regulates and supervises boxing and mixed martial arts events conducted in Arizona to protect participants in these events.



Racing Regulation Summary

The Department of Racing's regulatory responsibilities ensure that all participants and permittees involved in commercial horse racing, greyhound racing, and county fair horse racing operate and perform in compliance with applicable Arizona statutes, rules and regulations. This is accomplished through the investigation and licensing activities of the Department.

Investigations

The Department investigates all possible violations of racing laws and rules. Investigation numbers listed below reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications. A background investigation is conducted for each license applicant who submits fingerprints as required by Department policy.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of incident investigations	120	215	47
Number of background investigations	1,104	844	1,175
Total number of investigations conducted	1,224	1,059	1,222

Types of Investigations

<u>Offenses</u>	<u>Total</u>	<u>Referred</u>	<u>No Violation</u>
False application	6	6	0
Disorderly conduct/assault	6	2	4
Human drug -testing	11	6	5
Kennel inspection	4	0	4
Whelping inspection	8	0	8
Vehicle inspection	1	0	1
License denial/ineligible	1	1	0
Information only	10	0	10
Total	47	15	32

Licensing

The Department processes and investigates all license applications in a timely manner while ensuring only those eligible receive licenses.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of licenses issued	2,971	3,721	1,676
Number of licenses denied	2	2	1
Number of licenses revoked	6	6	0

Racing Regulation

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. The Stewards may impose civil penalties up to \$1,000, license suspensions up to 60 days, and refer matters to the Director with recommendations of further action, including license revocation.

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Total rulings issued	463	370	265
Total Stewards Rulings Appealed	4	10	12
Percentage of Stewards' rulings upheld on appeal to the Director	72%	90%	92%

Director

The Director may conduct hearings on appeals of Stewards' referrals or may assign a case that has been appealed or referred to the Arizona Office of Administrative Hearings. The Administrative Law Judge provides the Director findings of fact, conclusions of law and a proposed order. The Director may accept or modify any decision proposed by the Judge. The table below summarizes hearings and cases by the Director, the Office of Administrative Hearings, and the Racing Commission.

<u>Summary of Hearings and Orders</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Director's hearings	61	90	43
Administrative Law Judge hearings	5	7	0
Racing Commission hearings	3	0	4
Total number of Director's orders*	47	99	43
Percentage of orders upheld on appeal to the Commission**	100%	n/a	100%

*Does not include orders for action taken such as stays, reinstatements, cases dismissed, etc.

** Includes orders that were modified

Drug/Alcohol Testing

The Department of Racing is authorized to require persons licensed to submit to testing when there is reason to believe they may be under the influence of or unlawfully in possession of any prohibited substance regulated by Title 13, Chapter 34, or has consumed alcohol in violation of A.A.C. R19-2-112(8) or (10) or R19-2-311(9).

<u>Testing Summary</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Human Drug Tests	35	20	11
Positive Drug Tests	6	4	6
Licensee Refused to Test	2	5	1
Percent Positive	17%	20%	55%
Breath/Alcohol Tests	7	1	0
Positive Breath/Alcohol Tests	0	0	0
Percent Positive	0%	0%	0%

Racing Regulation

Horse & Dog Drug Testing

The Department contracts with independent laboratories for the analysis of horse urine and blood samples and dog urine samples. This analysis is required to enforce the rules of racing that prohibit animals from racing while under the influence of foreign substances.

<u>Testing Summary</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Horse Drug Testing			
Number total equine drug tests	1455	838	1998
Number positive equine drug tests	37	37	72
Percent positive equine drug tests	2.54%	4%	4%
Dog Drug Testing			
Number total canine drug tests	1668	1087	2130
Number positive canine drug tests	1	0	10
Percent positive canine drug tests	0.06%	0%	0.47%
Totals			
Total drug tests	3123	1925	4128
Number total positive drug tests	38	37	82
Percent total positive drug tests	1.2%	2%	2%

Teletracking

The Department of Racing has the authority to approve applications for teletracking (off-track betting) permits, license teletracking sites and their personnel, and monitor compliance for both operational and technical requirements. Turf Paradise, American Greyhound Racing, Inc. and Tucson Greyhound Park each held teletracking permits approved by the Arizona Racing Commission to operate off-track wagering sites in FY 2012. A total of 63 off-track-betting sites were authorized to support both greyhound and horse racing in Arizona.

The total handle generated by commercial and county fair racing for teletracking was \$129.8 million. This included \$106.3 million for horse racing and \$23.4 million for greyhound racing. The State of Arizona received \$126,460 in revenue from the teletracking handle, all of which was generated from the Turf Paradise handle at off-track sites.

The handle at teletracking facilities increased 3.2% during FY 2012 when compared to the prior year.

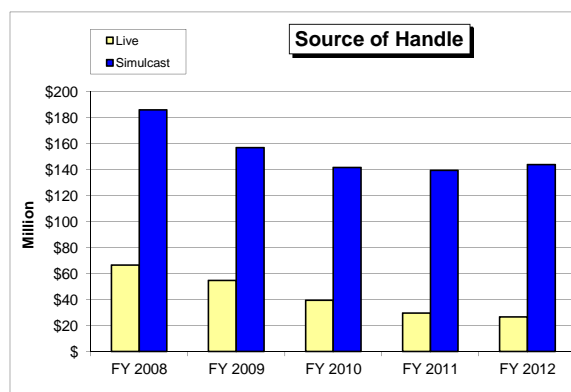
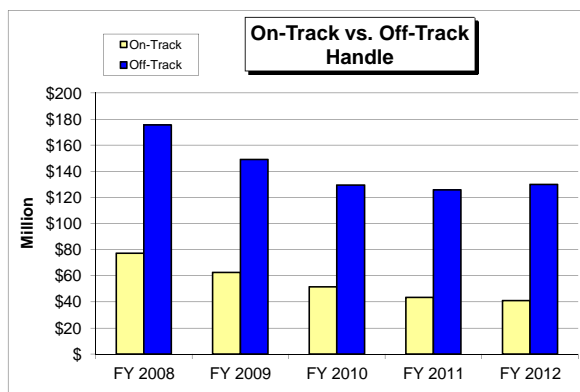
LICENSES BY CATEGORY

CATEGORY	HORSES				GREYHOUNDS			GRAND TOTAL
	COUNTY FAIR	RILLITO PARK	TURF PARADISE	TOTAL	AMERICAN GREYHOUND	TUCSON GREYHOUND	TOTAL	
APPRENTICE JOCKEY			5	5			0	5
ASSISTANT STARTER/VALET	1			1			0	1
ASSISTANT TRAINER			6	6			0	6
AUTHORIZED AGENT-FULL				0			0	0
AUTHORIZED AGENT-PARTIAL			49	49		2	2	51
COMBINATION RBO (RACING & BREEDING)				0			0	0
COOLOUT				0		8	8	8
COUNTY FAIR MGR, TREASURER	2		1	3			0	3
DUPLICATE LICENSE	13	1	85	99		17	17	116
EXERCISE RIDER	1		54	55			0	55
GREYHOUND HAULER				0			0	0
GROOM	20	7	416	443			0	443
JOCKEY	3	1	41	45			0	45
JOCKEY AGENT			4	4			0	4
MUTUEL (INCLUDING OTB)	9	3	38	50	5	18	23	73
OCCUPATIONAL	20		58	78	3	15	18	96
OFFICIAL	1		1	2		5	5	7
OTB (OWNERS, MANAGERS)			16	16	1		1	17
OUTRIDER				0			0	0
OWNER	22	19	413	454		26	26	480
OWNER-TRAINER	2	1	31	34			0	34
PADDOCK EMPLOYEE				0		22	22	22
PLATER/FARRIER			3	3			0	3
PONY PERSON	5	1	19	25			0	25
RBO (KENNEL/RACING OR BREEDING)				0		2	2	2
SECURITY EMPLOYEE	8	1	18	27		6	6	33
STABLE		1	37	38			0	38
TEMPORARY CLAIM TO OWNER			2	2			0	2
TRACK (LIVE RACING)		1	1	2		1	1	3
TRACK (NO LIVE RACING)				0	2		2	2
TRACK GM, ASST GM, CFO				0	2		2	2
TRACK OWNER (10% + OWNER)				0	1		1	1
TRAINER		1	36	37		2	2	39
VENDOR-TOTE COMPANY				0	1		1	1
VENDOR EMPLOYEES			35	35	15		15	50
VENDOR - ALL OTHERS	1		4	5			0	5
VETERINARIAN			4	4			0	4
LICENSES ISSUED	108	37	1,377	1,522	30	124	154	1,676
FINGERPRINTS TAKEN	79	25	948	1,052	17	73	90	1,142
LICENSING FEES	\$7,521	\$6,457	\$120,529	\$134,507	\$5,510	\$9,653	\$15,163	149,670
FINGERPRINT FEES	\$2,256	\$690	\$26,988	\$29,934	\$472	\$2,012	\$2,484	32,418
TOTAL FEES	\$9,777	\$7,147	\$147,517	\$164,441	\$5,982	\$11,665	\$17,647	182,088

COMMERCIAL AND COUNTY FAIR RACING
Commercial Horse, Greyhound and County Fair Racing

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	852	840	685	516	478
Dark Day-Simulcast only	744	740	717	659	629
Total Race Days	1,596	1,580	1,402	1,175	1,107
Total Live Performances (Matinee & Evening)	852	840	685	516	478
<u>Number of Races</u>					
Live Races	10,205	10,793	8,353	5,957	5,770
Simulcast Races	287,415	269,318	234,679	190,857	184,589
Total Number of Races	297,620	280,111	243,032	196,814	190,359
<u>Attendance</u>					
On-Track	693,553	652,807	578,212	483,787	461,642
Off-Track	892,026	771,745	692,624	697,574	714,776
Total Attendance	1,585,579	1,424,552	1,270,836	1,181,361	1,176,418
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$158,359	\$133,970	\$129,064	\$143,970	\$154,199
Breakdown by location					
On-Track Handle	\$77,268,017	\$62,574,674	\$51,550,249	\$43,479,479	\$40,907,185
Off-Track Handle	\$175,472,915	\$149,097,386	\$129,397,125	\$125,685,106	\$129,790,965
Breakdown by source					
Live Races	\$66,643,403	\$54,856,192	\$39,392,293	\$29,734,049	\$26,758,799
Simulcast Races	186,097,529	156,815,868	141,555,081	139,430,537	143,939,351
Total Pari-Mutuel Handle	\$252,740,932	\$211,672,059	\$180,947,374	\$169,164,585	\$170,698,149
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$193,921,658	\$162,095,753	\$138,400,642	\$128,364,878	\$128,888,265
<u>State Pari-Mutuel Revenues</u>	\$429,592	\$326,590	\$314,021	\$284,807	\$254,801
<u>Track Mutuel Revenues</u>					
Track Commission	\$51,074,270	\$42,834,032	\$37,013,892	\$35,132,296	\$35,622,231
Capital Improvement Rebate	100,037	80,474	68,254	32,506	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	51,415	40,641	13,438	8,203	7,413
Hardship Tax Credit	1,768,623	1,497,803	835,919	472,604	507,099
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	1,026,555	857,514	746,129	697,899	706,906
Total Track Revenues	\$54,020,900	\$45,310,464	\$38,677,632	\$36,343,507	\$36,843,649
<u>Purses</u>	\$22,246,607	\$18,902,895	\$15,997,406	\$13,980,881	\$13,147,561

Racetrack Trends at a Glance



Commercial Racing

The Department of Racing regulates and supervises all commercial horse and greyhound racing meetings and pari-mutuel wagering conducted on- and off-track in Arizona to enforce laws and regulations and to protect racing participants and the wagering public.

In FY 2012, the Arizona Racing Commission approved three-year commercial and teletracking permits for Tucson Greyhound Racing, Inc. TP Racing, L.L.L.P. filed renewal applications for commercial racing and teletracking for the years 2013, 2014 and 2015. On June 22, 2012, the Racing Commission approved a temporary permit for TP Racing which will remain in effect during the permit application background investigation and until such time as the Commission has made a final determination to approve or deny the application for a commercial racing permit. The Yavapai County Fair Association renewal application review was closed by the Racing Commission on April 11, 2012 due to the applicant's failure to file a substantively complete application package. Yavapai Downs did not open for racing in May 2011 and subsequently filed for bankruptcy in July 2011. The Bankruptcy Court is currently seeking a buyer for the racetrack property.

Commercial Racing Permittees, Tracks and Permit Terms

<u>Permittee</u>	<u>Track</u>	<u>Permit Term</u>
American Greyhound Racing, Inc.	Apache Greyhound Park	01/01/11 - 12/31/13
American Greyhound Racing, Inc.	Phoenix Greyhound Park	01/01/11 - 12/31/13
Pima County Horsemen's Association	Rillito Park	01/01/11 - 12/31/13
Tucson Greyhound Park, Inc.	Tucson Greyhound Park	01/01/11 - 12/31/13
TP Racing, L.L.L.P.	Turf Paradise Race Course	*06/01/12 - 05/31/15
Yavapai County Fair Association	Yavapai Downs at Prescott Valley	**05/26/07 - 09/04/09

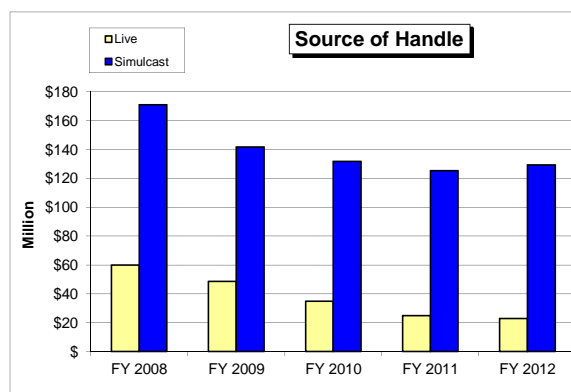
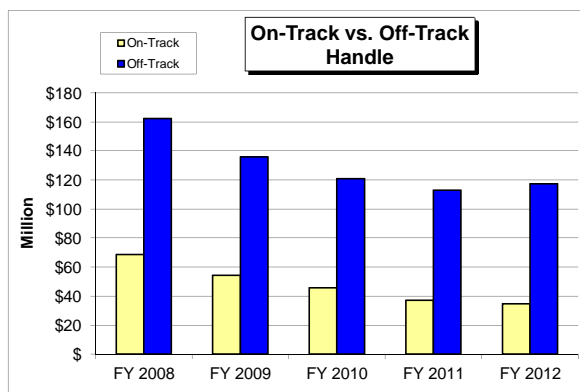
* application pending

** application review closed

COMMERCIAL TRACKS
Commercial Horse and Greyhound Racing

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	788	775	631	472	448
Dark Day-Simulcast only	742	738	717	657	629
Total Race Days	1,530	1,513	1,348	1,129	1,077
Total Live Performances (Matinee & Evening)	788	775	631	472	448
<u>Number of Races</u>					
Live Races	9,637	10,229	7,885	5,569	5,512
Simulcast Races	283,889	265,027	230,939	185,332	179,763
Total Number of Races	293,526	275,256	238,824	190,901	185,275
<u>Attendance</u>					
On-Track	547,912	491,439	448,235	372,327	365,423
Off-Track	822,795	702,087	646,780	631,095	649,698
Total Attendance	1,370,707	1,193,526	1,095,015	1,003,422	1,015,121
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$150,869	\$125,708	\$123,583	\$132,991	\$141,289
Breakdown by location					
On-Track Handle	\$68,590,356	\$54,334,827	\$45,779,534	\$37,092,808	\$34,743,092
Off-Track Handle	\$162,238,621	\$135,862,133	\$120,810,375	\$113,053,837	\$117,425,663
Breakdown by source					
Live Races	\$59,962,992	\$48,594,826	\$34,862,474	\$24,868,205	\$22,919,478
Simulcast Races	170,865,985	141,602,133	131,727,434	125,278,440	129,249,277
Total Pari-Mutuel Handle	\$230,828,978	\$190,196,960	\$166,589,908	\$150,146,645	\$152,168,755
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$177,373,642	\$145,736,829	\$127,231,702	\$113,849,638	\$114,479,892
State Pari-Mutuel Revenues	\$429,592	\$326,590	\$314,021	\$284,807	\$254,801
<u>Track Mutuel Revenues</u>					
Track Commission	\$46,717,237	\$38,540,728	\$34,129,931	\$31,226,891	\$31,871,941
Capital Improvement Rebate	100,037	80,474	68,254	32,506	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	51,415	40,641	13,438	8,203	7,413
Hardship Tax Credit	1,768,623	1,497,803	835,919	472,604	507,099
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	917,242	752,862	677,382	602,667	614,212
Total Track Revenues	\$49,554,554	\$40,912,508	\$35,724,923	\$32,342,871	\$33,000,664
Purses	\$19,323,512	\$16,208,760	\$14,033,433	\$12,063,670	\$11,571,752

Racetrack Trends at a Glance



Commercial Horse Racing

The Department of Racing is responsible for regulating and supervising all commercial horse racing meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of incident investigations	90	174	25
Number of background investigations	914	719	973
Total number of investigations conducted	1,004	893	998

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of licenses issued	2415	2761	1414
Number of licenses denied	2	2	1
Number of licenses revoked	4	4	2

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of rulings issued	362	340	164
Total steward rulings appealed	2	8	9
Percentage of rulings upheld on appeal to the Director	72%	88%	89%
<u>Rulings by Track</u>			
Rillito Park	0	0	19
Turf Paradise	263	274	145
Yavapai Downs	99	66	0

Commercial Horse Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director, and if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of Director's hearings	39	81	31
Number of Administrative Law Judge hearings	5	5	0
Number of Racing Commission hearings	3	0	3
Total number of Director's orders *	29	87	31
Percentage of orders upheld on appeal to the Commission	100%	n/a	100%
<u>Orders by Track</u>			
Rillito Park	n/a	n/a	0
Turf Paradise	21	32	31
Yavapai Downs	8	55	0

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.

Breeders & Stallion Awards

When monies are available, the Department promotes horse breeding in Arizona through the administration and distribution of funds available through Breeders and Stallion Awards Programs. No monies were appropriated for these funds in FY 2011 and FY 2012.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of active registered breeders	92	88	79
Percentage of registered breeders winning awards	4%	n/a	n/a
Number of registered horses	7,230	*4,114	*3,681
Percentage of registered horses winning awards	1.0%	n/a	n/a
Quarter Horse Breeders' Awards	\$53,585	n/a	n/a
Thoroughbred Breeders' Awards	\$221,970	n/a	n/a
Stallion Awards	\$39,162	n/a	n/a

*Database purged of horses certified more than 14 years ago

Racehorse Adoption

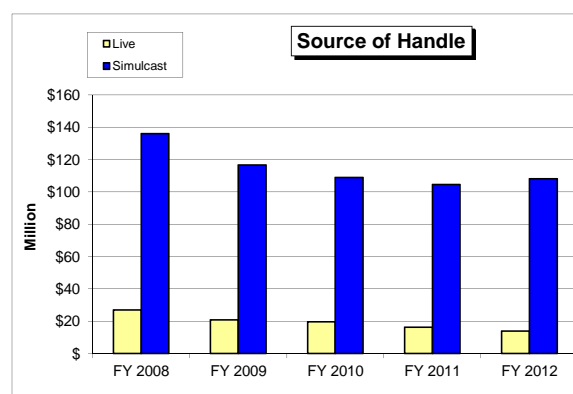
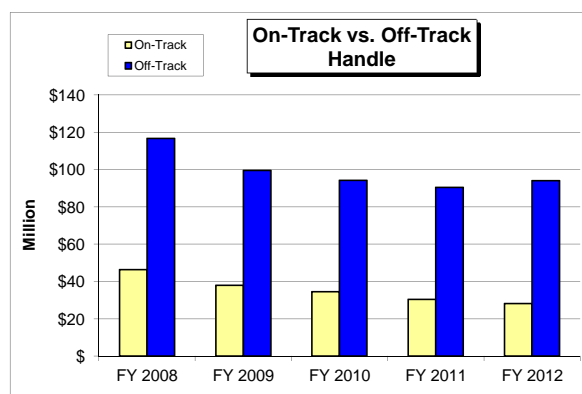
The Department provides grants to non-profit organizations to promote the adoption of retired racehorses in Arizona. The funds for this program are generated from a surcharge against all civil penalties assessed in connection with horseracing in Arizona. The program went into effect in 2005 and the first award was made in 2006.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of grants awarded	1	1	2
Amount of grants awarded	\$1,244	\$1,483	\$1,796

COMMERCIAL HORSE TRACKS
Rillito Park, Turf Paradise, Yavapai Downs

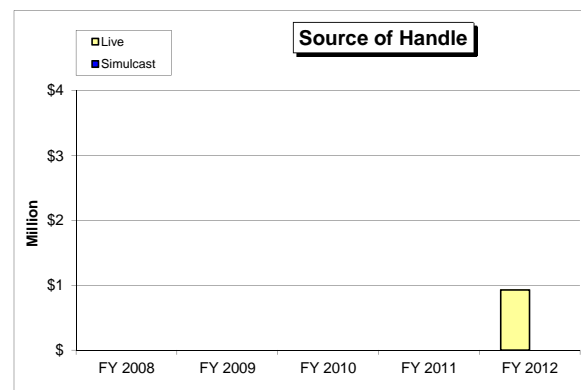
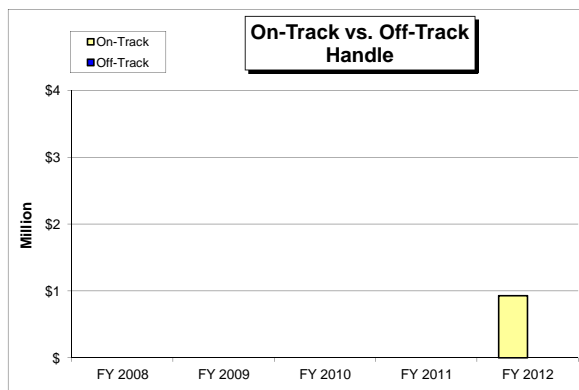
<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances (including 3 Charity Days)</u>					
Live Race Days	188	181	181	162	142
Dark Day-Simulcast only	252	251	261	242	208
Total Race Days	440	432	442	404	350
Total Live Performances (Matinee & Evening)	188	181	181	162	142
<u>Number of Races</u>					
Live Races	1,706	1,620	1,624	1,452	1,268
Simulcast Races	50,688	50,382	57,041	58,139	52,344
Total Number of Races	52,394	52,002	58,665	59,591	53,612
<u>Attendance</u>					
On-Track	324,079	289,381	290,388	272,810	293,403
Off-Track	614,599	523,798	496,143	476,156	494,570
Total Attendance	938,678	813,179	786,531	748,966	787,973
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$370,672	\$318,135	\$290,986	\$298,956	\$349,028
Breakdown by location					
On-Track Handle	\$46,415,601	\$37,880,820	\$34,441,647	\$30,361,770	\$28,181,407
Off-Track Handle	\$116,680,191	\$99,553,421	\$94,173,951	\$90,416,538	\$93,978,514
Breakdown by source					
Live Races	\$27,094,443	\$20,777,540	\$19,594,567	\$16,275,398	\$14,036,164
Simulcast Races	136,001,349	116,656,700	109,021,031	104,502,909	108,123,757
Total Pari-Mutuel Handle	\$163,095,792	\$137,434,240	\$128,615,598	\$120,778,307	\$122,159,921
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$125,299,914	\$105,457,399	\$98,157,491	\$91,338,754	\$91,407,944
<u>State Pari-Mutuel Revenues</u>	\$429,592	\$326,590	\$314,021	\$284,807	\$254,801
<u>Track Mutuel Revenues</u>					
Track Commission	\$32,744,518	\$27,789,057	\$26,094,321	\$24,787,523	\$25,325,994
Capital Improvement Rebate	100,037	80,474	68,254	32,506	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	12,268	8,494	9,623	8,203	7,413
Hardship Tax Credit	0	0	0	0	18,516
Breakage	759,954	629,086	586,731	535,899	549,871
Total Track Revenues	\$33,616,777	\$28,507,112	\$26,758,929	\$25,364,130	\$25,901,795
<u>Purses</u>	\$15,828,636	\$13,448,044	\$12,474,952	\$11,254,252	\$10,572,243

Racetrack Trends at a Glance



<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	-	-	-	-	12
Dark Day-Simulcast Only	-	-	-	-	-
Total Race Days	-	-	-	-	12
Total Live Performances	-	-	-	-	12
<u>Number of Races</u>					
Live Races	-	-	-	-	99
Simulcast Races	-	-	-	-	-
Total Number of Races	-	-	-	-	99
<u>Attendance</u>					
On-Track	-	-	-	-	42,685
Off-Track	-	-	-	-	-
Total Attendance	-	-	-	-	42,685
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$0	\$0	\$0	\$0	\$77,151
Breakdown by location					
On-Track Handle	\$0	\$0	\$0	\$0	\$925,817
Off-Track Handle	0	0	0	0	\$0
Breakdown by source					
Live Races	\$0	\$0	\$0	\$0	\$925,817
Simulcast Races	0	0	0	0	0
Total Pari-Mutuel Handle	\$0	\$0	\$0	\$0	\$925,817
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$0	\$0	\$0	\$0	\$698,817
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$0	\$0	\$0	\$0	\$200,925
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement-Non Taxable	0	0	0	0	0
Charity Day	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	18,516
Breakage	0	0	0	0	7,559
Total Track Revenues	\$0	\$0	\$0	\$0	\$227,000
Purses	\$0	\$0	\$0	\$0	

Racetrack Trends at a Glance



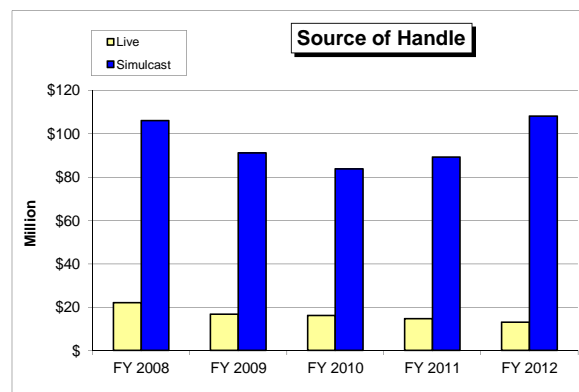
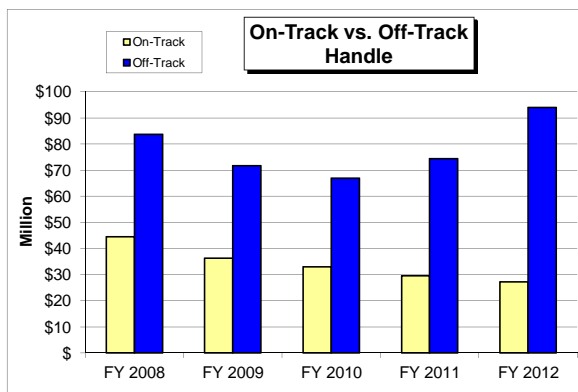
1501 West Bell Road
Phoenix, Arizona 85023

TURF PARADISE
TP Racing, L.L.P.

FY 2012 Racing Dates:
July 1, 2011 - June 30, 2012

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances (including 3 Charity Days)</u>					
Live Race Days	133	131	129	132	130
Dark Day-Simulcast only	212	208	214	207	208
Total Race Days	345	339	343	339	338
Total Live Performances (Matinee & Evening)	133	131	129	132	130
<u>Number of Races</u>					
Live Races	1,211	1,175	1,164	1,187	1,169
Simulcast Races	46,485	46,112	50,334	51,979	52,344
Total Number of Races	47,696	47,287	51,498	53,166	53,513
<u>Attendance</u>					
On-Track	281,137	255,374	258,241	253,595	250,718
Off-Track	441,130	376,924	352,858	392,026	494,570
Total Attendance	722,267	632,298	611,099	645,621	745,288
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$371,605	\$318,577	\$291,383	\$306,587	\$358,681
Breakdown by location					
On-Track Handle	\$44,483,207	\$36,350,503	\$32,995,111	\$29,500,978	\$27,255,590
Off-Track Handle	\$83,720,553	\$71,646,948	\$66,949,360	\$74,431,872	\$93,978,514
Breakdown by source					
Live Races	\$22,092,609	\$16,753,833	\$16,181,894	\$14,650,115	\$13,110,347
Simulcast Races	106,111,151	91,243,618	83,762,576	89,282,734	108,123,757
Total Pari-Mutuel Handle	\$128,203,760	\$107,997,451	\$99,944,470	\$103,932,849	\$121,234,104
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$98,508,381	\$83,068,015	\$76,074,976	\$78,526,009	\$90,709,127
<u>State Pari-Mutuel Revenues</u>	\$429,592	\$326,590	\$314,021	\$284,807	\$254,801
<u>Track Mutuel Revenues</u>					
Track Commission	\$25,770,861	\$21,843,282	\$20,257,041	\$21,331,382	\$25,125,069
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	12,268	8,494	9,623	8,203	7,413
Hardship Tax Credit	0	0	0	0	0
Breakage	605,819	500,393	458,532	462,766	542,313
Total Track Revenues	\$26,388,947	\$22,352,169	\$20,725,197	\$21,802,351	\$25,674,795
<u>Purses</u>	\$13,008,498	\$11,053,240	\$9,941,897	\$9,874,607	\$10,572,243

Racetrack Trends at a Glance



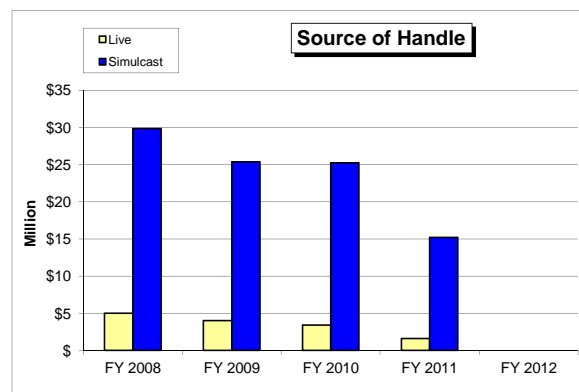
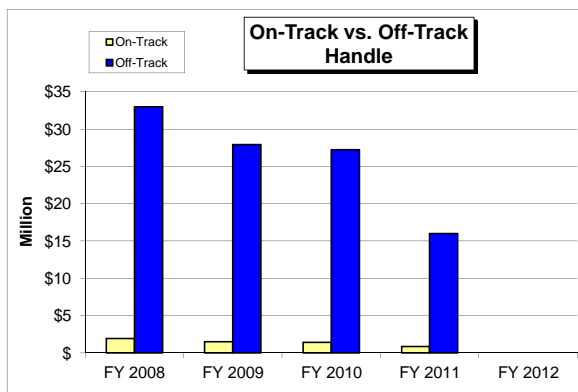
10501 Hwy. 89A
Prescott Valley, Arizona 86314

YAVAPAI DOWNS
Yavapai County Fair Association

FY 2012 Racing Dates:
None

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances (including 4 Charity Days)</u>					
Live Race Days	55	50	52	30	-
Dark Day-Simulcast only	40	43	47	35	-
Total Race Days	95	93	99	65	-
Total Live Performances (Matinee & Evening)	55	50	52	30	-
<u>Number of Races</u>					
Live Races	495	445	460	265	-
Simulcast Races	4,203	4,270	6,707	6,160	-
Total Number of Races	4,698	4,715	7,167	6,425	-
<u>Attendance</u>					
On-Track	42,942	34,007	32,147	19,215	-
Off-Track	173,469	146,874	143,285	84,130	-
Total Attendance	216,411	180,881	175,432	103,345	-
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$367,285	\$316,525	\$289,607	\$259,161	\$0
Breakdown by location					
On-Track Handle	\$1,932,394	\$1,530,316	\$1,446,536	\$860,792	\$0
Off-Track Handle	\$32,959,639	\$27,906,473	\$27,224,591	\$15,984,666	\$0
Breakdown by source					
Live Races	\$5,001,835	\$4,023,707	\$3,412,672	\$1,625,284	\$0
Simulcast Races	29,890,198	25,413,082	25,258,455	15,220,175	0
Total Pari-Mutuel Handle	\$34,892,032	\$29,436,790	\$28,671,127	\$16,845,458	\$0
<u>DISTRIBUTION OF REVENUES</u>					
<u>Returned to Wagering Public</u>	\$26,791,533	\$22,389,384	\$22,082,514	\$12,812,745	\$0
<u>State Pari-Mutuel Revenues</u>	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$6,973,658	\$5,945,775	\$5,837,279	\$3,456,141	\$0
Capital Improvement Rebate	100,037	80,474	68,254	32,506	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
Breakage	154,136	128,693	128,199	73,133	0
Total Track Revenues	\$7,227,830	\$6,154,943	\$6,033,732	\$3,561,780	\$0
<u>Purses</u>	\$2,820,139	\$2,394,804	\$2,533,056	\$1,379,645	\$0

Racetrack Trends at a Glance



County Fair Racing

The Department of Racing is responsible for regulating and supervising all county fair horse racing meetings, providing staff to operate race meetings, conducting investigations, issuing licenses, conducting equine and human drug testing, overseeing wagering, conducting hearings on investigation referrals, and collecting revenues for the State.

When funding is available, County Fair racing receives funding from the County Fair Racing Fund and the County Fair Racing Betterment Fund. No monies have been appropriated for these funds since FY 2010. Only two fairs conducted live racing in FY 2012.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of incident investigations	12	27	2
Number of background investigations	75	78	108
Total number of investigations conducted	87	105	110

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of licenses issued	390	436	108
Number of licenses denied	0	0	0
Number of licenses revoked	0	0	0

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of Stewards' rulings issued	11	0	4
Total Stewards' rulings appealed	1	0	2
Percentage of Stewards' rulings upheld on appeal to the Director	0%	n/a	100%

Rulings by Track

Apache County Fair, St. Johns	1	0	0
Cochise County Fair, Douglas	6	0	0
Coconino County Fair, Flagstaff	0	0	0
Gila County Fair, Globe	0	0	0
Graham County Fair, Safford	0	0	0
Greenlee County Fair, Duncan	1	0	0
Mohave County Fair, Kingman	0	0	0
Pima County Fair, Rillito Park in Tucson	2	0	4
Santa Cruz County Fair, Sonoita	1	0	0

County Fair Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director and, if not satisfied with the Director's order, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

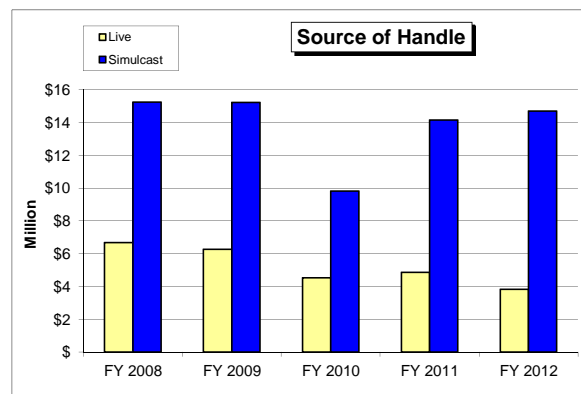
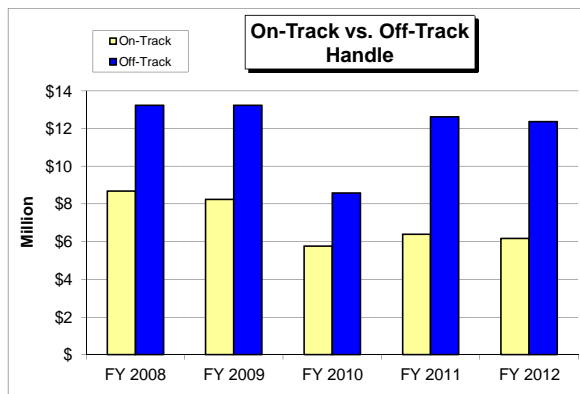
<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of Director's hearings	3	4	2
Number of Administrative Law Judge hearings	0	0	0
Number of Racing Commission hearings	0	0	0
Total number of Director's orders*	3	5	2
Percentage of orders upheld on appeal to the Commission	N/A	N/A	N/A
<u>Orders by Track</u>			
Apache County Fair, St. Johns	0	0	0
Cochise County Fair, Douglas	0	3	0
Coconino County Fair, Flagstaff	1	0	0
Gila County Fair, Globe	0	0	0
Graham County Fair, Safford	1	1	0
Greenlee County Fair, Duncan	0	1	0
Mohave County Fair, Kingman	0	0	0
Pima County Fair, Rillito Park in Tucson	1	0	2
Santa Cruz County Fair, Sonoita	0	0	0

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.

COUNTY FAIR TRACKS
County Fair Racing at Fairs and Commercial Tracks

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	64	65	54	44	30
Dark Day-Simulcast Only	2	2	-	2	-
Total Race Days	66	67	54	46	30
Total Live Performances	64	65	54	44	30
<u>Number of Races</u>					
Live Races	568	564	468	388	258
Simulcast Races	3,526	4,291	3,740	5,525	4,826
Total Number of Races	4,094	4,855	4,208	5,913	5,084
<u>Attendance</u>					
On-Track	145,641	161,368	129,977	111,460	96,219
Off-Track	69,231	69,658	45,844	66,479	65,078
Total Attendance	214,872	231,026	175,821	177,939	161,297
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$331,999	\$320,524	\$265,879	\$413,433	\$617,646
Breakdown by location					
On-Track Handle	\$8,677,661	\$8,239,847	\$5,770,715	\$6,386,671	\$6,164,093
Off-Track Handle	\$13,234,294	\$13,235,253	\$8,586,751	\$12,631,269	\$12,365,302
Breakdown by source					
Live Races	\$6,680,411	\$6,261,365	\$4,529,820	\$4,865,844	\$3,839,321
Simulcast Races	15,231,544	15,213,734	9,827,646	14,152,097	14,690,073
Total Pari-Mutuel Handle	\$21,911,955	\$21,475,100	\$14,357,466	\$19,017,940	\$18,529,394
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$16,548,016	\$16,358,923	\$11,168,940	\$14,515,240	\$14,408,373
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$4,357,033	\$4,293,304	\$2,883,962	\$3,905,405	\$3,750,291
Breakage	109,312	104,652	68,748	95,232	92,694
Total Track Revenues	\$4,466,346	\$4,397,956	\$2,952,709	\$4,000,637	\$3,842,985
Purses	\$2,923,095	\$2,694,134	\$1,963,973	\$1,917,210	\$1,575,809

Racetrack Trends at a Glance



COUNTY FAIR RACING
Schedule and Statistics
FY 2012

	<u>Race Days</u>	<u>Live Races</u>	<u>Simulcast Races</u>	<u>Total Handle</u>	<u>Simulcast Handle</u>	<u>Attendance</u>	<u>Returned to Public</u>	<u>Track Commission</u>	<u>Breakage to Track</u>	<u>Purses</u>
Fairs at Non-Commercial Tracks										
Santa Cruz County Fair at Sonoita May 5, 6, 2012	2	16	-	\$ 79,305	\$ -	\$ 6,000	\$ 59,925	\$ 16,926	\$ 868	\$ 8,463
Subtotal - Fairs at Non-Commercial Tracks	2	16	0	\$79,305	\$0	\$6,000	\$59,925	\$16,926	\$868	\$8,463
Fairs at Commercial Tracks										
La Paz County Fair at Phoenix (Turf Paradise) January 13, 14, 20, 21, 28, 2011	4	36	740	\$ 2,505,381	\$ 1,958,039	19,937	\$ 1,923,449	\$ 515,698	\$ 11,922	\$ 233,840
Pima County Fair at Tucson (Rillito Park) January 28, 29, February 11, 12, 2012	4	32	-	382,742	-	19,629	289,153	82,996	2,938	41,498
Pinal County Fair at Phoenix (Turf Paradise) February 10, 11, 12, 20, 2012	4	36	676	2,590,387	2,046,975	18,960	1,982,130	531,067	14,230	246,375
Maricopa County Fair at Phoenix (Turf Paradise) February 18, 19, 25, 26, 2012	4	36	768	2,787,825	2,142,617	21,367	2,161,173	573,703	15,402	246,709
Navajo County Fair at Phoenix (Turf Paradise) March 3, 4, 10, 11, 2012	4	36	852	2,786,352	2,258,205	20,421	2,085,530	574,894	14,674	244,337
Yuma County Fair at Phoenix (Turf Paradise) March 17, 18, 24, 25, 2012	4	28	803	2,452,302	1,963,028	20,334	1,804,736	504,622	12,198	211,661
Coconino County Fair at Phoenix (Turf Paradise) April 28, 29, May 4, 5, 2012	4	38	987	4,945,100	4,321,208	34,649	4,102,277	950,384	20,463	342,927
Subtotal - Fairs at Commercial Tracks	28	242	4,826	\$18,450,089	\$14,690,073	\$155,297	\$14,348,448	\$3,733,365	\$91,827	\$1,567,346
Total - All County Fair Racing	30	258	4,826	\$18,529,394	\$14,690,073	\$161,297	\$14,408,373	\$3,750,291	\$92,694	\$1,575,809

Commercial Greyhound Racing

The Department of Racing is responsible for regulating and supervising all commercial greyhound racing meetings, conducting investigations, issuing licenses, conducting greyhound drug testing, overseeing wagering, hearing appeals of decisions, conducting hearings on investigation referrals and race incidents, collecting revenues for the State, and distributing awards to program recipients.

Investigations

Investigation numbers listed below reflect the total number of investigations conducted for every incident, inspection, and background investigation, which includes processing of fingerprints and any resulting false applications.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of incident investigations	18	14	16
Number of background investigations	115	47	94
Total number of investigations conducted	133	61	110

Licensing

The Department issues licenses to participate in racing to those who are qualified and eligible.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of licenses issued	166	524	154
Number of licenses denied	0	0	0
Number of licenses revoked	2	1	0

Stewards

The Board of Stewards is present on the permittee grounds on each day entries are being taken or racing is being conducted, representing the Department in all matters pertaining to the enforcement and interpretation of the rules adopted by the Department. All races are observed and supervised to ensure that all participants comply with the rules of racing.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of Stewards' rulings issued	90	30	97
Total Stewards' rulings appealed	1	2	1
Percentage of Stewards' rulings upheld on appeal to the Director	100%	100%	100%
<u>Rulings by Track</u>			
Phoenix Greyhound Park	*18	n/a	n/a
Tucson Greyhound Park	71	2	97

* PGP last day of live racing was December 19, 2009

Commercial Greyhound Racing

Director

The Director of the Department is required by statute to review all rulings issued by the Stewards. Individual licensees may also appeal a Stewards' ruling to the Director and, if not satisfied with the Director's ruling, to the Racing Commission. The Office of Administrative Hearings also hears matters referred by the Director.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of Director's hearings	19	5	10
Number of Administrative Law Judge hearings	0	2	0
Number of Racing Commission hearings	0	0	1
Total number of Director's orders *	15	7	10
Percentage of orders upheld on appeal to the Commission	N/A	N/A	100%
<u>Orders by Track</u>			
Apache Greyhound Park	0	0	0
Phoenix Greyhound Park	**6	**1	N/A
Tucson Greyhound Park	9	6	10

* Does not include orders for action such as stays, reinstatements, cases dismissed, etc.
 **PGP last day of live racing was December 19, 2009

Inspections

The Department inspects greyhound farms, kennels, vehicles that haul greyhounds and other operations after the facilities have satisfied requirements.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of facility licenses issued	6	4	2
Number of inspections conducted at facilities	25	24	4
Percentage of inspections resulting in violations and disciplinary action	0%	0%	0%
Number of whelping inspections	68	10	8
Number of vehicle inspections	25	24	1

Breeders' Awards

When monies are available, the Department promotes greyhound breeding in Arizona through the administration and distribution of funds available through the Breeders' Awards Program. No monies were appropriated for this fund in FY 2011 and 2012.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Amount of awards	\$77,227	n/a	n/a
Percentage of breeders winning awards	21%	n/a	n/a
Number of greyhounds earning awards	1,027	n/a	n/a
Number of registered greyhounds	10,959	2,642	2,496

Greyhound Adoption

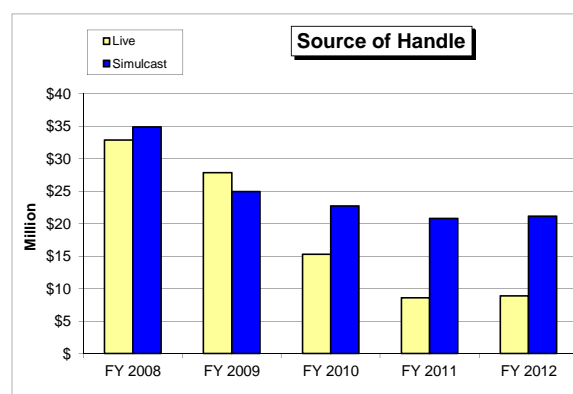
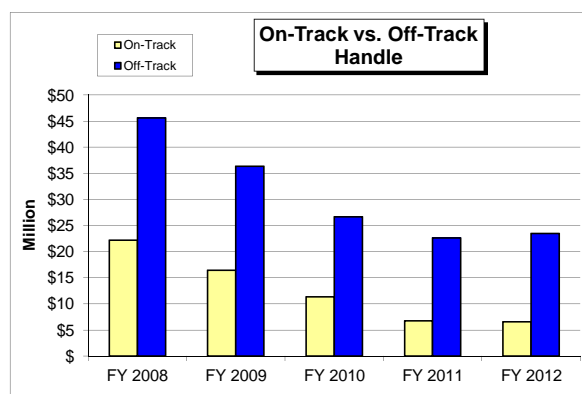
The Department provides grants to non-profit organizations to promote the adoption of retired racing greyhounds as domestic pets. This fund receives 100% of all fees collected from licensing greyhound racing kennels, breeding farms and other operations where greyhounds are raised for racing purposes. In FY 2012 the fund received \$349. These monies will carry forward to FY 2013 for a larger grant.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of grants awarded	3	2	0
Amount of grants awarded	\$375	\$600	0

COMMERCIAL GREYHOUND TRACKS
 Apache Greyhound, Phoenix Greyhound, Tucson Greyhound

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	600	594	450	310	306
Dark Day-Simulcast only	490	487	456	415	421
Total Race Days	1,090	1,081	906	725	727
Total Live Performances (Matinee & Evening)	600	594	450	310	306
<u>Number of Races</u>					
Live Races	7,931	8,609	6,261	4,117	4,244
Simulcast Races	233,201	214,645	173,898	127,193	127,419
Total Number of Races	241,132	223,254	180,159	131,310	131,663
<u>Attendance</u>					
On-Track	223,833	202,058	157,847	99,517	72,020
Off-Track	208,196	178,289	150,637	154,939	155,128
Total Attendance	432,029	380,347	308,484	254,456	227,148
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$62,141	\$48,809	\$41,914	\$40,508	\$41,278
Breakdown by location					
On-Track Handle	\$22,174,756	\$16,454,007	\$11,337,887	\$6,731,038	\$6,561,685
Off-Track Handle	\$45,558,430	\$36,308,712	\$26,636,424	\$22,637,299	\$23,447,149
Breakdown by source					
Live Races	\$32,868,549	\$27,817,286	\$15,267,907	\$8,592,807	\$8,883,314
Simulcast Races	34,864,637	24,945,433	22,706,403	20,775,531	21,125,521
Total Pari-Mutuel Handle	\$67,733,186	\$52,762,719	\$37,974,311	\$29,368,337	\$30,008,835
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$52,073,727	\$40,279,431	\$29,074,212	\$22,510,885	\$23,071,947
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$13,972,719	\$10,751,671	\$8,035,610	\$6,439,368	\$6,545,947
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	39,147	32,148	3,815	0	0
Hardship Tax Credit	1,768,623	1,497,803	835,919	472,604	488,582
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	157,288	123,775	90,650	66,769	64,341
Total Track Revenues	\$15,937,777	\$12,405,397	\$8,965,995	\$6,978,740	\$7,098,870
Purses	\$3,494,876	\$2,760,716	\$1,558,481	\$809,418	\$999,509

Racetrack Trends at a Glance



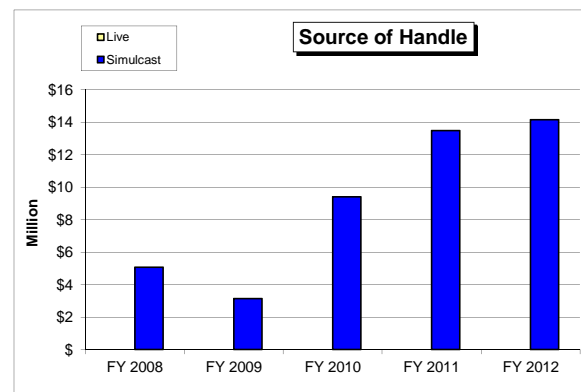
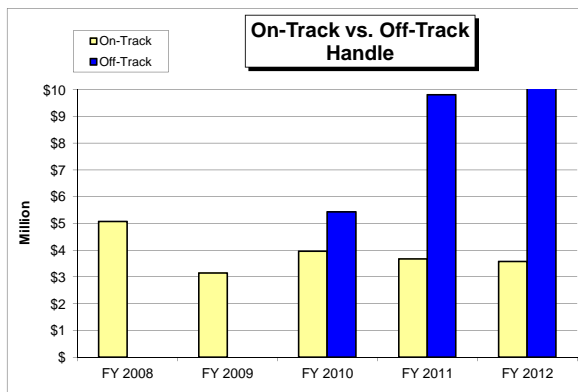
2551 West Apache Trail
Apache Junction, Arizona 85220

APACHE GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2012 Racing Dates:
July 1, 2011 - June 30, 2012

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	-	-	-	-	-
Dark Day-Simulcast only	363	362	362	362	363
Total Race Days	363	362	362	362	363
Total Live Performances (Matinee & Evening)	-	-	-	-	-
<u>Number of Races</u>					
Live Races	-	-	-	-	-
Simulcast Races	73,490	71,625	72,965	63,197	65,975
Total Number of Races	73,490	71,625	72,965	63,197	65,975
<u>Attendance</u>					
On-Track	79,013	78,565	78,698	71,772	41,147
Off-Track	-	-	41,406	79,709	72,155
Total Attendance	79,013	78,565	120,104	151,481	113,302
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$13,957	\$8,702	\$25,949	\$37,247	\$38,963
Breakdown by location					
On-Track Handle	\$5,066,332	\$3,150,048	\$3,963,410	\$3,670,711	\$3,574,994
Off-Track Handle	\$0	\$0	\$5,430,189	\$9,812,658	\$10,568,497
Breakdown by source					
Live Races	\$0	\$0	\$0	\$0	\$0
Simulcast Races	5,066,332	3,150,048	9,393,598	13,483,368	14,143,491
Total Pari-Mutuel Handle	\$5,066,332	\$3,150,048	\$9,393,598	\$13,483,368	\$14,143,491
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$3,886,753	\$2,402,290	\$7,002,240	\$10,148,935	\$10,686,939
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$1,192,917	\$732,497	\$2,216,286	\$3,173,539	\$3,295,119
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	0	0	0	0	0
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	8,235	6,572	21,773	31,895	31,016
Total Track Revenues	\$1,201,152	\$739,069	\$2,238,059	\$3,205,434	\$3,326,135
Purses	\$228,396	\$147,643	\$78,122	\$0	\$0

Racetrack Trends at a Glance



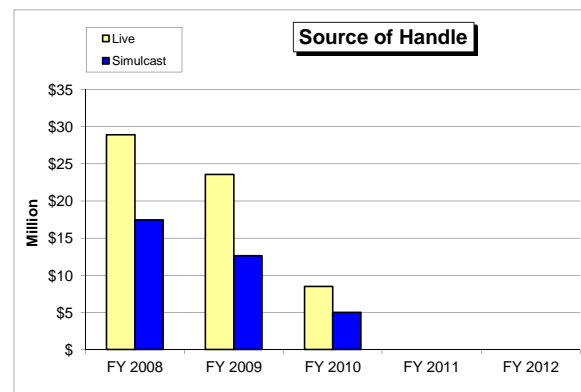
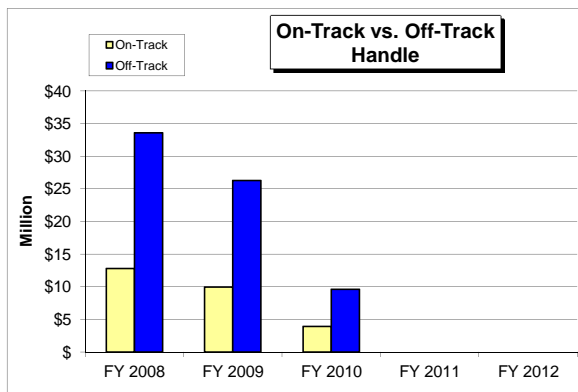
3801 East Washington Street
Phoenix, Arizona 85036

PHOENIX GREYHOUND PARK
American Greyhound Racing, Inc.

FY 2012 Racing Dates:
None

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	348	338	168	-	-
Dark Day-Simulcast only	15	20	13	-	-
Total Race Days	363	358	181	-	-
Total Live Performances (Matinee & Evening)	348	338	168	-	-
<u>Number of Races</u>					
Live Races	5,019	5,422	2,399	-	-
Simulcast Races	70,116	64,302	31,413	-	-
Total Number of Races	75,135	69,724	33,812	-	-
<u>Attendance</u>					
On-Track	106,100	93,234	43,059	-	-
Off-Track	127,862	103,594	43,962	-	-
Total Attendance	233,962	196,828	87,021	-	-
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$127,816	\$101,228	\$74,824	\$0	\$0
Breakdown by location					
On-Track Handle	\$12,822,684	\$9,945,695	\$3,935,117	\$0	\$0
Off-Track Handle	\$33,574,550	\$26,294,053	\$9,608,030	\$0	\$0
Breakdown by source					
Live Races	\$28,922,407	\$23,585,459	\$8,507,773	\$0	\$0
Simulcast Races	17,474,827	12,654,289	5,035,374	0	0
Total Pari-Mutuel Handle	\$46,397,234	\$36,239,748	\$13,543,147	\$0	\$0
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$35,372,281	\$27,301,010	\$10,241,002		
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	\$9,151,719	\$7,113,441	\$2,663,706	\$0	\$0
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Capital Improvement AGP Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	39,147	32,148	3,815	0	0
Hardship Tax Credit	1,551,585	1,265,053	464,112	0	0
AGP-Hardship Tax (Transferred to PGP)	0	0	0	0	0
Breakage	115,733	89,620	36,144	0	0
Total Track Revenues	\$10,858,184	\$8,500,261	\$3,167,778	\$0	\$0
Purses	\$2,545,527	\$1,997,810	\$744,968	\$0	\$0

Racetrack Trends at a Glance



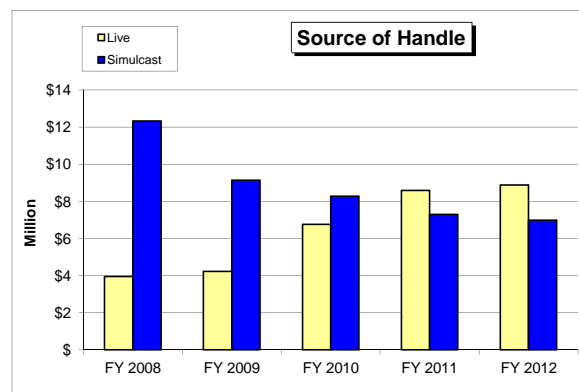
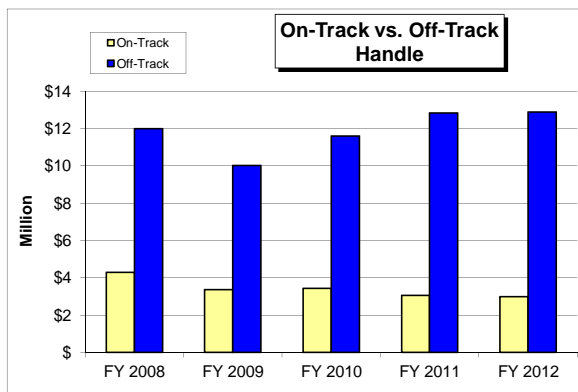
2601 South Third Avenue
Tucson, Arizona 85713

TUCSON GREYHOUND PARK
Tucson Greyhound Park, Inc.

FY 2012 Racing Dates:
July 1, 2011 - June 30, 2012

<u>RACING STATISTICS</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<u>Race Days/Performances</u>					
Live Race Days	252	256	282	310	306
Dark Day-Simulcast only	112	105	81	53	58
Total Race Days	364	361	363	363	364
Total Live Performances (Matinee & Evening)	252	256	282	310	306
<u>Number of Races</u>					
Live Races	2,912	3,187	3,862	4,117	4,244
Simulcast Races	89,595	78,718	69,520	63,996	61,444
Total Number of Races	92,507	81,905	73,382	68,113	65,688
<u>Attendance</u>					
On-Track	38,720	30,259	36,090	27,745	30,873
Off-Track	80,334	74,695	65,269	75,230	82,973
Total Attendance	119,054	104,954	101,359	102,975	113,846
<u>Pari-Mutuel Handle</u>					
Average Handle per Race Day	\$44,697	\$37,044	\$41,426	\$43,760	\$43,586
Breakdown by location					
On-Track Handle	\$4,285,739	\$3,358,264	\$3,439,361	\$3,060,328	\$2,986,691
Off-Track Handle	\$11,983,880	\$10,014,659	\$11,598,205	\$12,824,642	\$12,878,652
Breakdown by source					
Live Races	\$3,946,142	\$4,231,828	\$6,760,135	\$8,592,807	\$8,883,314
Simulcast Races	12,323,477	9,141,096	8,277,431	7,292,163	6,982,030
Total Pari-Mutuel Handle	\$16,269,619	\$13,372,923	\$15,037,565	\$15,884,969	\$15,865,343
<u>DISTRIBUTION OF REVENUES</u>					
Returned to Wagering Public	\$12,814,693	\$10,576,130	\$11,830,969	\$12,361,949	\$12,385,008
State Pari-Mutuel Revenues	\$0	\$0	\$0	\$0	\$0
<u>Track Mutuel Revenues</u>					
Track Commission	3,628,084	2,905,733	3,155,618	3,265,829	3,250,828
Capital Improvement Rebate	0	0	0	0	0
Capital Improvement Non-Taxable	0	0	0	0	0
Charity Days-Revenues Withheld	0	0	0	0	0
Hardship Tax Credit	217,037	232,750	371,807	472,604	488,582
Breakage	33,320	27,583	32,734	34,873	33,325
Total Track Revenues	\$3,878,441	\$3,166,066	\$3,560,158	\$3,773,306	\$3,772,735
Purses	\$720,953	\$615,264	\$735,391	\$809,418	\$999,509

Racetrack Trends at a Glance



Arizona Boxing & Mixed Martial Arts Commission

Arizona State Boxing and MMA Commission

Commissioners

Scott B. Fletcher – **Chairman**. Mr. Fletcher was appointed to the Boxing Commission on February 23, 2011. His Boxing Commission term expires on January 20, 2014.

Joe Pennington – **Commissioner**. Mr. Pennington was appointed to the Boxing Commission on January 18, 2010. His Boxing Commission term expires on January 21, 2013.

Michael Preston Green – **Commissioner**. Mr. Green was appointed to the Boxing Commission on June 16, 2012. His Boxing Commission term expires on January 16, 2015.

Executive Director

Dennis R. O'Connell – Mr. O'Connell was appointed as the Boxing Executive Director on September 21, 2009.

Boxing and Mixed Martial Arts Regulation

The Boxing and MMA Commission regulates and supervises boxing and mixed martial arts events conducted in Arizona to protect the participants in these events and to ensure compliance with the applicable laws and regulations.

In 1992, the Arizona Department of Racing assumed responsibility for the financial administration of the Arizona State Boxing Commission. (Note: In July 2010 the name was changed to the Arizona State Boxing and MMA Commission). In this capacity, the Department collects and deposits State receipts associated with the sports. The Department collects a fee of four percent of the gross receipts after deduction of any federal, state, and local taxes generated from regulated events held on non-tribal land.

Additionally, the Boxing and MMA Commission has entered into intergovernmental agreements with certain Tribal organizations to supervise events conducted on Tribal land. The Arizona State Boxing and MMA Commission receives an average of \$2,000 per event subject to these agreements. During FY 2012, the Boxing and MMA Commission regulated 14 of these events and collected \$28,000 for their regulation. The revenues collected for taxes were deposited into the General Fund while revenues from IGA fees went into the Boxing and MMA fund.

Sanctioned Events

The Boxing and MMA Commission ensures that all events under Commission jurisdiction held in the State are sanctioned by the Arizona State Boxing and MMA Commission and that all participants are duly licensed.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Percent of bouts without serious injury to contestants	100%	100%	100%
Number of events sanctioned	26	24	32
Number of bouts	257	221	276

Licensing

The Boxing and MMA Commission issues licenses to contestants, officials, cornermen, promoters, managers and trainers who are qualified and eligible. Licenses are denied for those who do not meet applicable requirements or are statutorily prohibited from participating.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of licenses issued	560	685	753
Percent of licenses issued for all applications	99%	98%	98%
<u>Revenue Summary</u>			
Taxes	\$10,700	\$25,805	\$14,702
License Fees	7,655	11,795	21,835
Fines	0	0	100
Unarmed Combat Fees	20,000	17,000	20,000
Other (Tribal Agreements)	27,000	28,000	28,000
Total Revenue Collected	\$65,355	\$82,600	\$84,637

Investigations

The Boxing and MMA Commission investigates all allegations of statutory and rule violations that may harm the athlete or the public.

<u>Performance Measures</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Number of investigations conducted	1	0	0
Percent of investigations resulting in disciplinary action	100%	N/A	N/A

Financial Information

Department of Racing Budget

The Department of Racing is no longer using General Fund monies for its day-to-day operations. Beginning in FY 2013, employees' salaries and benefits are all paid with monies in the new Racing Regulation Fund. Revenues in this fund come primarily from the regulatory wagering assessment. All other operational expenses, including drug testing, are also paid with monies in the Regulation Fund. We expect to receive enough revenue in the Regulation Fund to cover the \$2.8 million appropriation from the fund.

The Department has also received two General Fund appropriations for specific purposes. In the past, we've transferred \$1.8 million for county fairs livestock and agricultural promotion to a fund administered by the Governor's Office. We did that again in FY 2013. The Department also has a \$250,000 General Fund appropriation intended solely for Arizona breeders' awards. Those monies will be distributed quarterly throughout FY 2013.

In the table below, we've included expenditures for the last three fiscal years and the Department's FY 2013 appropriations.

OPERATING BUDGET

	<u>Actual Exp FY 2010</u>	<u>Actual Exp FY 2011</u>	<u>Actual Exp FY 2012</u>	<u>Appropriation FY 2013</u>
Full Time Equivalent Positions (FTE)	42.5	40.5	40.5	40.5
Full Time	29.0			
Part Time	13.5			
Personal Services	\$ 1,153,500	\$ 1,065,200	\$ 1,022,800	\$ 1,592,700
Employee Related Expenses (ERE)	476,500	492,100	394,600	681,000
Professional & Outside Services	103,400	105,600	232,500	289,000
Travel - In State	77,900	76,500	43,200	78,700
Travel - Out of State	1,600	5,900	4,300	5,700
Other Operating	220,500	255,400	217,100	184,100
Equipment	1,500	37,200	6,300	-
SUBTOTAL	\$ 2,034,900	\$ 2,037,900	\$ 1,920,800	\$ 2,831,200
SPECIAL LINE ITEMS:				
Breeder's Award	246,700	-	-	250,000
County Fair Racing	340,200	-	-	-
County Fairs Livestock & Agricultural Promotic	1,779,500	1,779,500	1,779,500	1,779,500
County Fair Betterment	519,400	-	-	-
Racing Administration	42,800	-	-	-
Stallion Award	-	-	-	-
5th Special Session Reduction	-	-	-	-
Line Items Subtotal	2,928,600	1,779,500	1,779,500	2,029,500
AGENCY TOTAL	\$ 4,963,500	\$ 3,817,400	\$ 3,700,300	\$ 4,860,700
FUND SOURCES				
General Fund	\$ 4,963,500	\$ 3,817,400	\$ 2,814,800	\$ 2,029,500
Racing Regulation Fund	-	-	885,500	2,831,200
Other Appropriated Funds				
None	-	-	-	-
SUBTOTAL	\$ -	\$ -	\$ -	\$ -
AGENCY TOTAL	\$ 4,963,500	\$ 3,817,400	\$ 3,700,300	\$ 4,860,700

Hardship Tax Credit

The Department of Racing determines the amount, if any, of a Hardship Tax Credit available to the commercial horse and greyhound permittees.

Determination of the FY 2013 Hardship Tax Credit Based on the FY 2012 Dollars Wagered

TRACK	BASE YEAR	BASE YEAR AMOUNT	FY 2012 AMOUNT WAGERED	FY 2012 % DECREASE	FY 2012 PARI-MUTUEL TAX DUE	TAX DUE BASED ON % DECREASE	FY 2013 HARDSHIP TAX CREDIT	CARRYOVER	FY 2013
								FROM FY 2012 HARDSHIP TAX CREDIT	FY 2013 TAX CREDIT WITH FY 2012 CARRYOVER
HORSE TRACKS:									
Fort Tuthill Downs	FY 1994	\$ 798,671	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 7,320	\$ 7,320
Rillito Park	FY 1990	\$ 3,887,981	\$ 925,817	-76.19%	\$ 18,516	\$ 14,108	\$ 42,323	\$ 201,310	\$ 243,632
Turf Paradise	FY 1994	\$ 101,467,993	\$ 121,234,104	19.48%	\$ 262,207	\$ -	\$ -	\$ 14,564	\$ 14,564
Yavapai Downs	FY 1994	\$ 17,490,826	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 3,598	\$ 3,598
GREYHOUND TRACKS:									
Apache Greyhound Park	FY 1990	\$ 12,262,396	\$ 14,143,491	15.34%	\$ -	\$ -	\$ -	\$ 360,850	\$ 360,850
Phoenix Greyhound Park	FY 1990	\$ 49,391,582	\$ -	-100.00%	\$ -	\$ -	\$ -	\$ 7,712,376	\$ 7,712,376
	FY 1994	\$ 46,293,967		0.00%			\$ -	\$ -	\$ -
Tucson Greyhound Park	FY 1990	\$ 38,110,346	\$ 15,865,343	-58.37%	\$ 488,582	\$ 285,185	\$ 855,556	\$ 3,042,566	\$ 3,898,123

Department of Racing Pari-Mutuel Tax Revenue - FY 2013

TRACK	ALLOWABLE HARDSHIP CREDITS IN FY 2012	FY 2012 HANDLE	FY 2012 PARI-MUTUEL TAX DUE	FY 2012 CAPITAL IMPROVEMENT WITHHOLDINGS	FY 2012 HARDSHIP TAX CREDIT	FY 2012 COUNTY FAIR CREDITS	FY 2012 CHARITY DAYS	FY 2012 PARI-MUTUEL TAX REVENUE
HORSE TRACKS:								
Rillito Park	\$ 219,826	\$ 925,817	\$ 18,516	\$ -	\$ 18,516	\$ -	\$ -	\$ -
Turf Paradise	14,564	121,234,104	262,207	-	-	-	7,413	254,794
Yavapai Downs	-	-	-	-	-	-	-	-
Subtotal Horse Tracks	\$ 234,390	\$ 122,159,921	\$ 280,723	\$ -	\$ 18,516	\$ -	\$ 7,413	\$ 254,794
GREYHOUND TRACKS:								
Apache Greyhound Park	\$ 360,850	\$ 14,143,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Phoenix Greyhound Park	7,712,376	-	-	-	-	-	-	-
Tucson Greyhound Park	3,176,884	15,865,343	488,582	-	488,582	-	-	-
Subtotal Greyhound Tracks	\$ 11,250,110	\$ 30,008,835	\$ 488,582	\$ -	\$ 488,582	\$ -	\$ -	\$ -
GRAND TOTAL	\$ 11,484,500	\$ 152,168,755	\$ 769,306	\$ -	\$ 507,099	\$ -	\$ 7,413	\$ 254,794

Track Capital Improvements

The Department was authorized by statute to encourage the improvement of racing facilities by reducing the pari-mutuel tax due the State. The percentages paid the State by the permittee was reduced by 1% of the total amount wagered in counties with a population over 500,000 and 2% in all other counties.

Prior approval of the Racing Commission for the capital improvement proposed was required to qualify for the reduction. This provision expired on June 30, 1992 for counties with populations of 500,000 or more and on June 30, 1999 for counties with populations of less than 500,000 according to the previous United States decennial census. The capital improvement dollars for projects approved before the expiration date may continue to be deducted from the pari-mutuel tax due until exhausted. The following table show dollars deducted by all racetracks during FY 2012. The only racetrack which has not exhausted the dollars approved is Yavapai Downs.

Permittee	Project Description	Improvement Dollars Approved	Dollars Deducted FY 2012	Cumulative Dollars Deducted	Remaining Dollars Approved
Prescott Downs (Yavapai Downs)	Grandstand & Clubhouse Structure, etc.	\$52,196,636	\$0	\$834,001	\$51,362,635
Other Permittees		\$0	\$0	\$0	\$0