

CONTRACT AUDIT

OKLAHOMA HORSE RACING COMMISSION AUDIT REPORT OF OPERATIONS WILL ROGERS DOWNS THOROUGHBRED RACE MEETING

March 12, 2018 through May 19, 2018



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**OKLAHOMA HORSE RACING COMMISSION
AUDIT REPORT OF RACING OPERATIONS
WILL ROGERS DOWNS – THOROUGHBRED RACE MEETING
MARCH 12, 2018 THROUGH MAY 19, 2018**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 26, 2018

**TO THE MEMBERS OF THE OKLAHOMA
HORSE RACING COMMISSION**

Transmitted herewith is the Audit Report of Horse Racing Operations for Will Rogers Downs Thoroughbred Race Meeting of March 12, 2018 through May 19, 2018. The report is the result of our monitoring and data accumulation in accordance with the State Auditor and Inspector's contract with the Oklahoma Horse Racing Commission (OHRC) and Title 3A of the Oklahoma Statutes for pari-mutuel racing.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**OKLAHOMA HORSE RACING COMMISSION
AUDIT REPORT OF OPERATIONS
WILL ROGERS DOWNS – THOROUGHBRED RACE MEETING
MARCH 12, 2018 THROUGH MAY 19, 2018**

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TO THE MEMBERS OF THE OKLAHOMA HORSE RACING COMMISSION

We performed an audit in accordance with the OHRC Horse Racing Contract and Title 3A of the Oklahoma Statutes. The information presented in this report is derived from the horse racing data obtained from the United Tote Company located at Will Rogers Downs for the Thoroughbred Race Meeting for March 12, 2018 through May 19, 2018.

Because our procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express such an opinion on the information. This report relates only to this information and does not extend to any financial statements of the racetrack or racino.

In planning and performing these procedures, we considered the internal control structure of the pari-mutuel departments; however, our procedures were substantially less in scope than the procedures we would have applied if we had been engaged to express an opinion on the internal controls. Accordingly, we do not express an opinion on their internal control structure.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

June 26, 2018

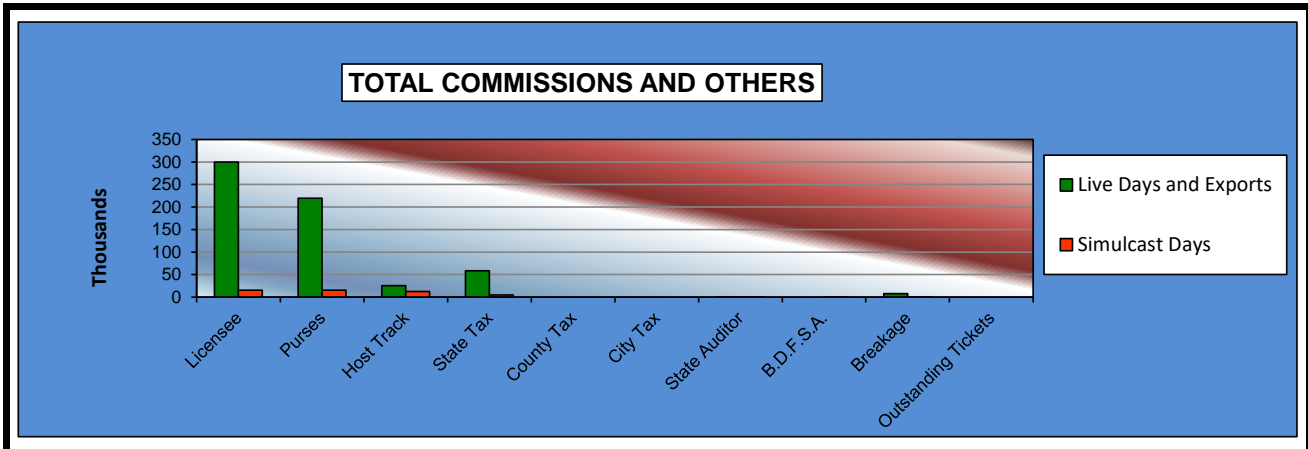
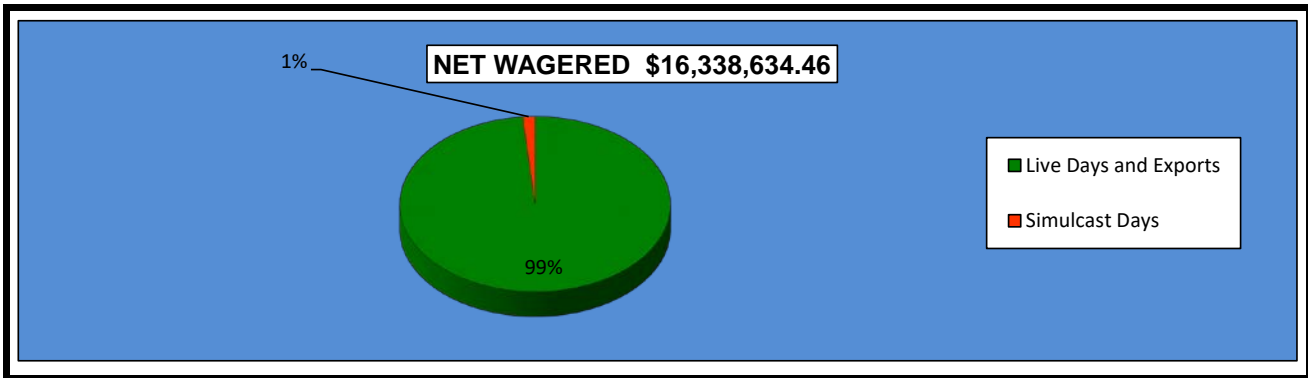
INTRODUCTORY COMMENTS

Data and information contained herein are for presentation purposes only. Summations may differ due to rounding. Data is presented in this report as a summary of wagers (handle), distribution of fees, commissions, and purses for each race meeting by association or fair. This audit of horse racing data does not purport to replace any association or independent auditor's end-of-meet conclusions.

Data contained in this report is derived from the United Tote Company located at Will Rogers Downs. Reference notes behind titles (See Note) indicate clarifying data in the Endnotes of this report. A glossary of report terms, titles, and headings can be found in the Appendix.

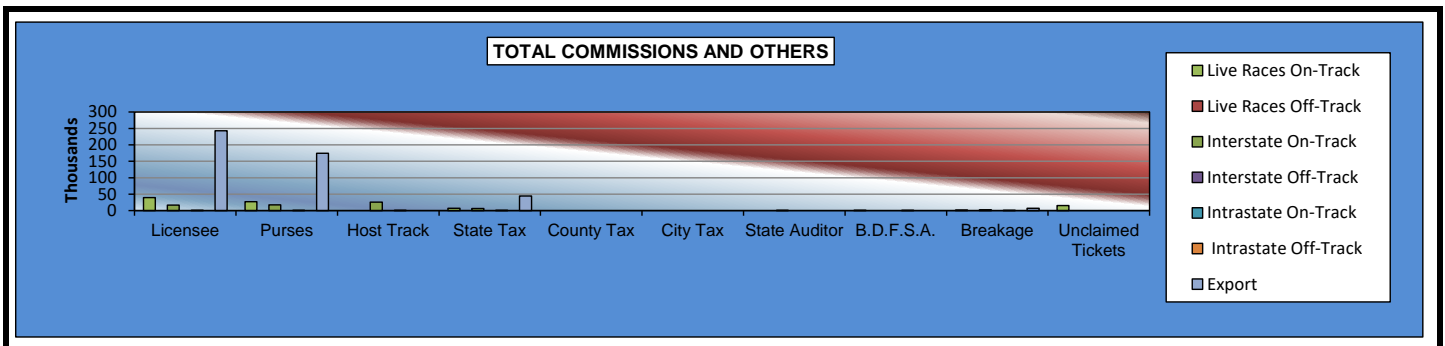
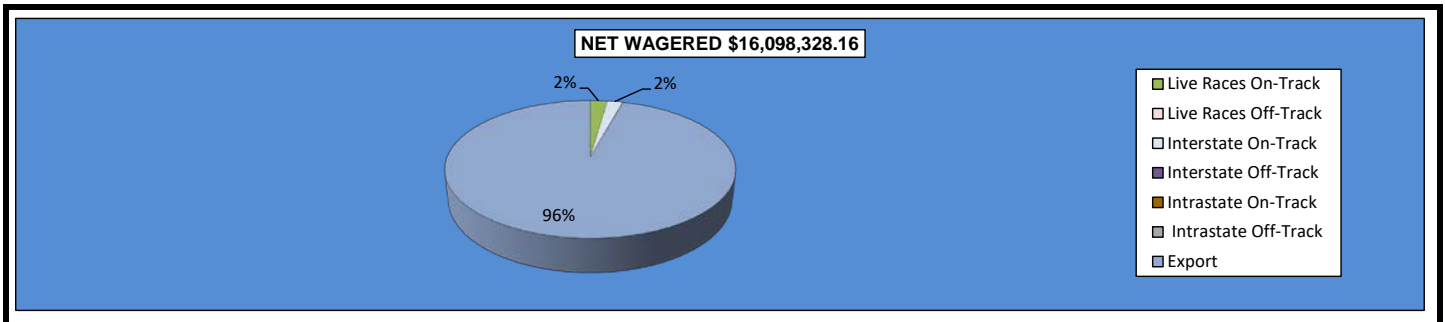
**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 DISTRIBUTION SUMMARY OF NET WAGERED
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	Live Days	Exports (see Note 1)	Total	Simulcast Days	Grand Total
NET WAGERED	702,823.60	\$15,395,504.56	\$16,098,328.16	\$240,306.30	\$16,338,634.46
COMMISSIONS:					
Licensee	56,960.94	242,917.93	\$299,878.87	15,375.91	\$315,254.78
Purses	45,176.15	174,286.31	\$219,462.46	15,182.48	\$234,644.94
Host Track	25,608.94	0.00	\$25,608.94	12,415.50	\$38,024.44
State Tax	14,056.50	44,266.21	\$58,322.71	4,806.13	\$63,128.84
County Tax (See Note 4)	0.00	0.00	\$0.00	0.00	\$0.00
City Tax (See Note 4)	0.00	0.00	\$0.00	0.00	\$0.00
State Auditor	326.45	0.00	\$326.45	223.73	\$550.18
Breeding Development Fund Special Account (B.D.F.S.A.)	962.08	6,970.19	\$7,932.27	42.16	\$7,974.43
OTHERS:					
Breakage	3,274.15	0.00	\$3,274.15	820.63	\$4,094.78
Outstanding Tickets (See Note 3)	15,652.67	0.00	\$15,652.67	0.00	\$15,652.67
TOTAL COMMISSIONS AND OTHERS:	\$162,017.88	\$468,440.64	\$630,458.52	\$48,866.54	\$679,325.06
NET PAID TO THE PUBLIC	\$540,805.72	\$14,927,063.92	\$15,467,869.64	\$191,439.76	\$15,659,309.40



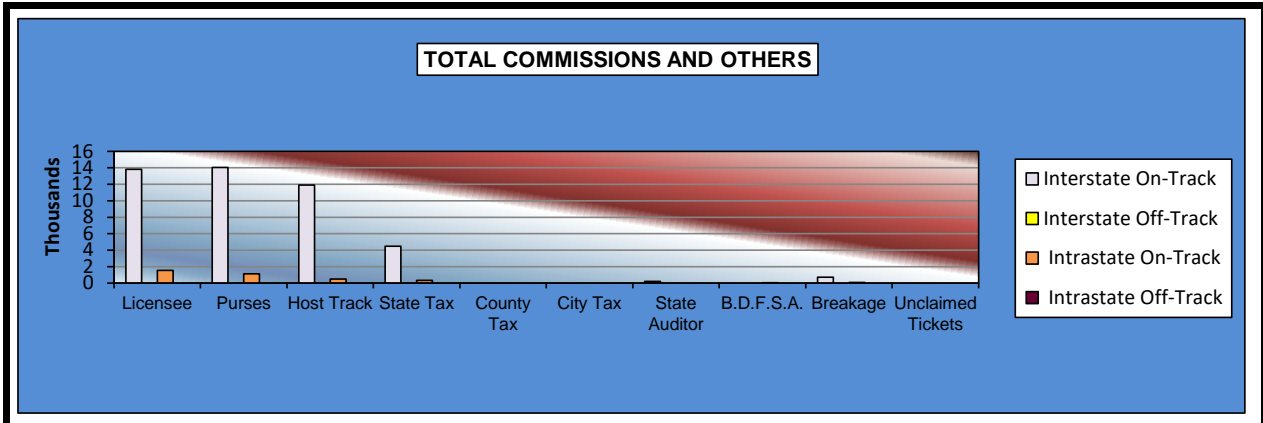
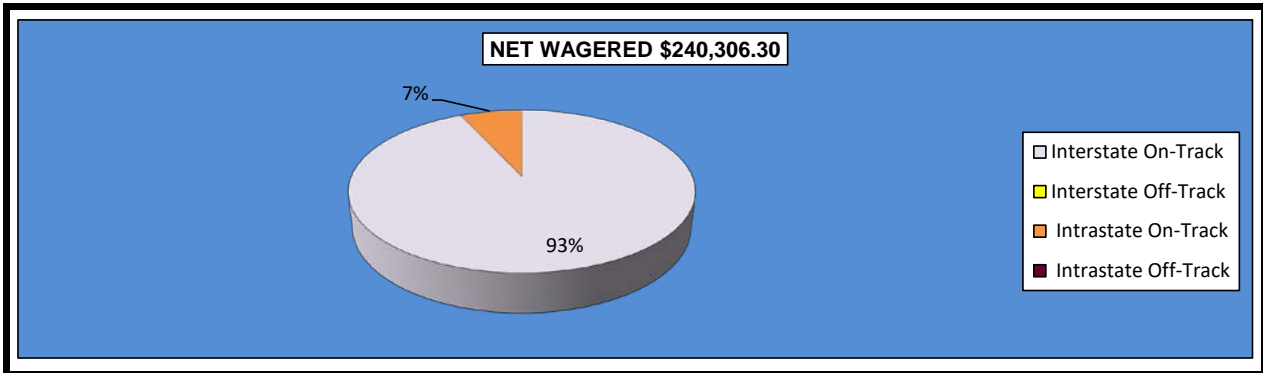
**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 DISTRIBUTION SUMMARY OF NET WAGERED-LIVE DAYS
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	Live Days							
	Live		Interstate Import		Intrastate Import		Export	Grand Total
	On-Track	OTW	On-Track	OTW	On-Track	OTW		
NET WAGERED	\$368,157.00	\$0.00	\$326,447.70	\$0.00	\$8,218.90	\$0.00	\$15,395,504.56	\$16,098,328.16
COMMISSIONS:								
Licensee	39,263.70	0.00	16,944.06	0.00	753.18	0.00	242,917.93	299,878.87
Purses	27,359.24	0.00	17,270.59	0.00	546.32	0.00	174,286.31	219,462.46
Host Track	0.00	0.00	25,362.38	0.00	246.56	0.00	0.00	25,608.94
State Tax	7,363.17	0.00	6,528.96	0.00	164.37	0.00	44,266.21	58,322.71
County Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Auditor	0.00	0.00	326.45	0.00	0.00	0.00	0.00	326.45
Breeding Development Fund Special Account (B.D.F.S.A.)	940.61	0.00	0.00	0.00	21.47	0.00	6,970.19	7,932.27
OTHERS:								
Breakage	1,406.38	0.00	1,836.36	0.00	31.41	0.00	0.00	3,274.15
Outstanding Tickets	15,652.67	0.00	0.00	0.00	0.00	0.00	0.00	15,652.67
TOTAL COMMISSIONS AND OTHERS:	\$91,985.77	\$0.00	\$68,268.80	\$0.00	\$1,763.31	\$0.00	\$468,440.64	\$630,458.52
NET PAID TO THE PUBLIC	\$276,171.23	\$0.00	\$258,178.90	\$0.00	\$6,455.59	\$0.00	\$14,927,063.92	\$15,467,869.64



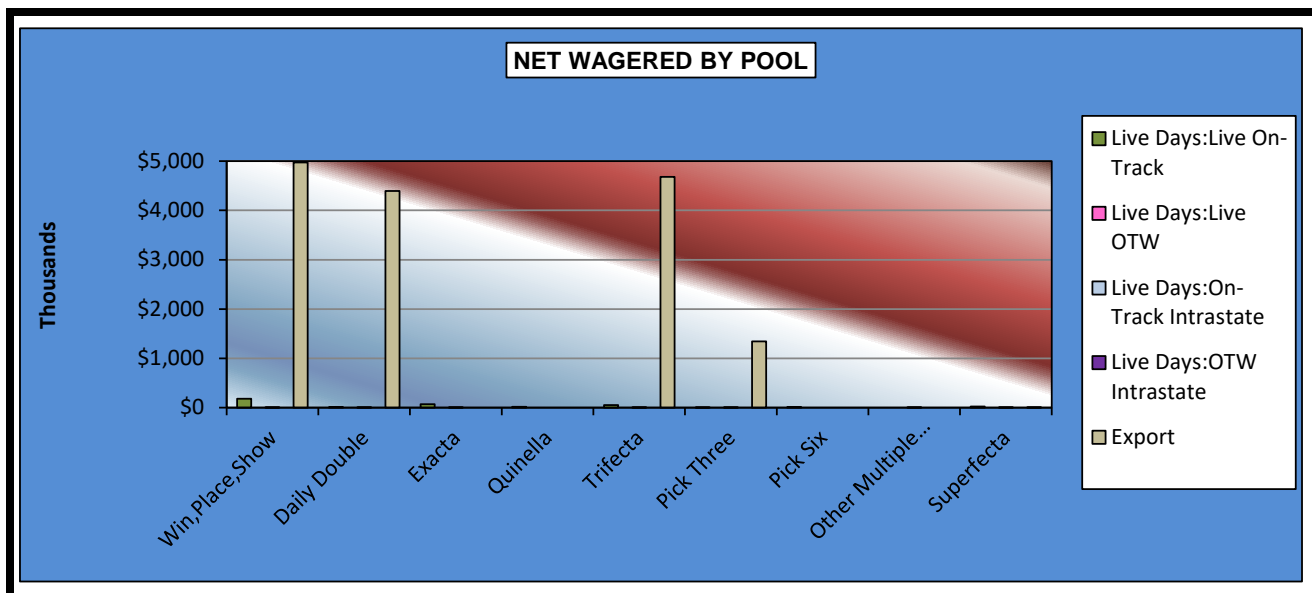
**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 DISTRIBUTION SUMMARY OF NET WAGERED-SIMULCAST DAYS
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	Simulcast Days				Grand Total
	Interstate Import		Intrastate Import		
	On-Track	OTW	On-Track	OTW	
NET WAGERED	\$223,732.80	\$0.00	\$16,573.50	\$0.00	\$240,306.30
COMMISSIONS:					
Licensee	13,832.44	0.00	1,543.47	0.00	15,375.91
Purses	14,056.13	0.00	1,126.35	0.00	15,182.48
Host Track	11,918.27	0.00	497.23	0.00	12,415.50
State Tax	4,474.68	0.00	331.45	0.00	4,806.13
County Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00
City Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00
State Auditor	223.73	0.00	0.00	0.00	223.73
Breeding Development Fund Special Account (B.D.F.S.A.)	0.00	0.00	42.16	0.00	42.16
OTHERS:					
Breakage	734.23	0.00	86.40	0.00	820.63
Outstanding Tickets	0.00	0.00	0.00	0.00	0.00
TOTAL COMMISSIONS AND OTHERS:	\$45,239.48	\$0.00	\$3,627.06	\$0.00	\$48,866.54
NET PAID TO THE PUBLIC	\$178,493.32	\$0.00	\$12,946.44	\$0.00	\$191,439.76



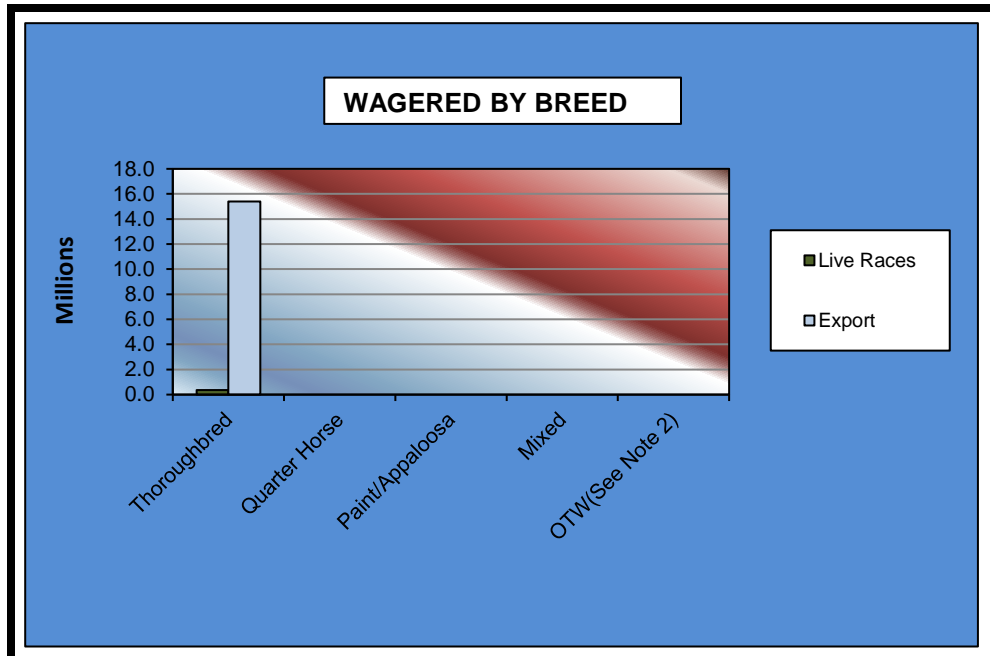
**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 NET WAGERED BY POOL
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	Live Days					Grand Total
	Live Races		Intrastate Import		Export	
	On-Track	OTW	On-Track	OTW		
Win,Place,Show	\$180,035.00	\$0.00	\$2,812.00	\$0.00	\$4,975,100.13	\$5,157,947.13
Daily Double	9,032.00	0.00	133.00	0.00	4,392,554.60	\$4,401,719.60
Exacta	70,560.00	0.00	2,256.00	0.00	0.00	\$72,816.00
Quinella	14,598.00	0.00	0.00	0.00	0.00	\$14,598.00
Trifecta	50,615.00	0.00	2,079.00	0.00	4,681,353.06	\$4,734,047.06
Pick Three	6,169.00	0.00	43.50	0.00	1,346,335.27	\$1,352,547.77
Pick Six	13,510.50	0.00	0.00	0.00	0.00	\$13,510.50
Other Multiple Picks	0.00	0.00	92.50	0.00	0.00	\$92.50
Superfecta	23,637.50	0.00	802.90	0.00	161.50	24,601.90
NET WAGERED	\$368,157.00	\$0.00	\$8,218.90	\$0.00	\$15,395,504.56	\$15,771,880.46



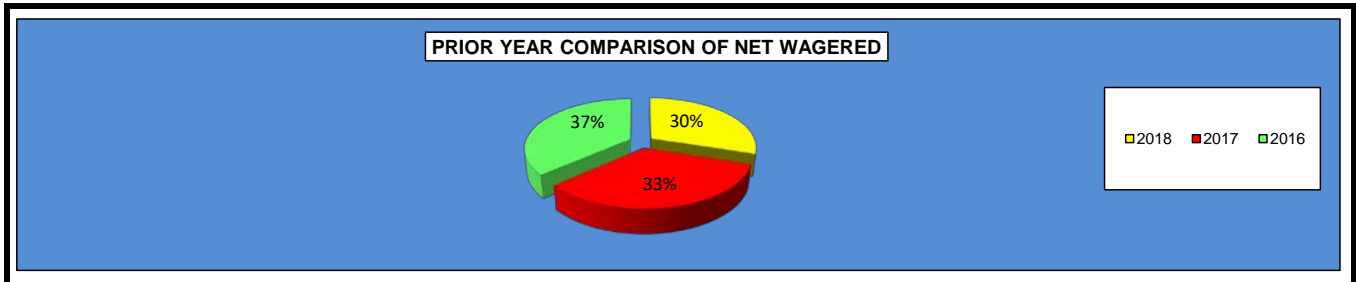
**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 NET WAGERED BY BREED
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	Live Days		Grand Total
	Live Races	Export	
Thoroughbred	\$368,157.00	\$15,395,504.56	\$15,763,661.56
Quarter Horse	0.00	0.00	\$0.00
Paint/Appaloosa	0.00	0.00	\$0.00
Mixed	0.00	0.00	\$0.00
OTW(See Note 2)	0.00	0.00	\$0.00
NET WAGERED	\$368,157.00	\$15,395,504.56	\$15,763,661.56



**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 PRIOR YEAR COMPARISON - DISTRIBUTION SUMMARY OF NET WAGERED
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	2018	2017	2016	2017 to 2018 Increase (Decrease)	% Increase	2016 to 2017 Increase (Decrease)	% Increase
NET WAGERED	\$16,338,634.46	\$18,233,052.77	\$19,888,290.50	(\$1,894,418.31)	-10.39%	(\$1,655,237.73)	-8.32%
COMMISSIONS:							
Licensee	315,254.78	349,017.37	376,505.80	(33,762.59)	-9.67%	(27,488.43)	-7.30%
Purses	234,644.94	261,138.59	283,350.77	(26,493.65)	-10.15%	(22,212.18)	-7.84%
Host Track	38,024.44	48,370.18	47,365.24	(10,345.74)	-21.39%	1,004.94	2.12%
State Tax	63,128.84	70,963.39	75,759.39	(7,834.55)	-11.04%	(4,796.00)	-6.33%
County Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
City Tax (See Note 4)	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
State Auditor	550.18	706.76	724.47	(156.58)	-22.15%	(17.71)	-2.44%
Breeding Development Fund Special Account	7,974.43	8,653.97	9,871.76	(679.54)	-7.85%	(1,217.79)	-12.34%
OTHERS:							
Breakage	4,094.78	5,832.21	7,721.92	(1,737.43)	-29.79%	(1,889.71)	-24.47%
Outstanding Tickets	15,652.67	7,265.34	11,288.32	8,387.33	115.44%	(4,022.98)	-35.64%
TOTAL COMMISSIONS AND OTHERS	\$679,325.06	\$751,947.81	\$812,587.67	\$72,622.75	-9.66%	(\$60,639.86)	-7.46%



**OKLAHOMA HORSE RACING COMMISSION
 STATISTICAL REPORT OF OPERATIONS
 WILL ROGERS DOWNS-THOROUGHBRED RACE MEETING
 PRIOR YEAR COMPARISON OF OTHER STATISTICAL DATA
 MARCH 12, 2018 THROUGH MAY 19, 2018**

	2018	2017	2016	2017 to 2018 Increase (Decrease)	% Increase	2016 to 2017 Increase (Decrease)	% Increase
NET WAGERED	\$16,338,634.46	\$18,233,052.77	\$19,888,290.50	(\$1,894,418.31)	-10.39%	(\$1,655,237.73)	-8.32%
Number of Race Days	69	69	69	0	0.00%	0	0.00%
Number of Live Days	30	29	30	1	3.45%	(1)	-3.33%
Average Daily Handle	\$544,621.15	\$628,725.96	\$662,943.02	(\$84,104.81)	-13.38%	(\$34,217.06)	-5.16%
LIVE RACES							
Average Wagered Per Race							
Thoroughbred	\$57,322.41	\$63,364.95	\$68,086.38	(\$6,042.54)	-9.54%	(\$4,721.43)	-6.93%
Quarter Horse	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Paint/Appaloosa	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Mixed	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
OTW	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Average Races Per Day							
Thoroughbred	9.17	9.52	9.37	(0.35)	-3.68%	0.15	1.60%
Quarter Horse	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
Paint/Appaloosa	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
Mixed	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%
OTW	0.00	0.00	0.00	0.00	0.00%	0.00	0.00%

ENDNOTES

NOTE 1

Handle for guest facilities are considered a part of the total net wagered, this denotes a departure from prior reporting.

NOTE 2

Wagers and number of races placed at OTW sites are not available by breed at this time.

NOTE 3

Outstanding tickets denote the balance at the end of the reporting period.

NOTE 4

City and County tax amounts represent both live and simulcast races.

APPENDIX

(TERMS, HEADINGS, AND TITLES)

APPALOOSA HORSE RACING The form of horse racing in which each participating horse is an Appaloosa registered with the Appaloosa Horse Club or any successor organization and mounted by a Jockey.

ARABIAN HORSE RACING The form of horse racing in which each participating horse is an Arabian registered with the Arabian Horse Club Registry of America and approved by the Arabian Horse Racing Association of America or any successor organization, mounted by a Jockey, and engaged in races on the flat over a distance of not less than one-quarter (1/4) mile or more than four (4) miles.

BREEDING DEVELOPMENT FUND SPECIAL ACCOUNT (B.D.F.S.A.) All monies received by the Commission for deposit in the fund as revenue received from commissions on exotic wagering as determined by Oklahoma Statutes.

BREAKAGE The odd cents by which the amount payable on each dollar wagered exceeds a multiple of ten cents.

COMMISSIONS Takeout or monies withheld from pari-mutuel wagering as prescribed by Oklahoma Statutes.

EXPORTS The export column includes all common pool wagering accepted by Oklahoma organizational licenses on live races.

EXOTIC POOLS Means the total wagers under the pari-mutuel system on the finishing position of two or more horses on one race or on the finishing position on one or more horses for two or more races.

GUEST FACILITY An association authorized by the Commission to offer, sell, cash, redeem, or exchange pari-mutuel tickets on races being run at a host association.

HOST TRACK An association conducting a licensed pari-mutuel meeting from which authorized contests or entire performances are simulcast.

INTERSTATE Refers to between states, i.e. Wagering conducted by a betting system outside the State of Oklahoma on the results of one or more races running at an Oklahoma host association.

APPENDIX

(TERMS, HEADINGS, AND TITLES)

INTRASTATE Refers to within the State, i.e. the exchange of live racing programs between any Oklahoma racing associations for the purpose of wagering.

LICENSEE A pari-mutuel organization granted a license by the Oklahoma Horse Racing Commission to conduct pari-mutuel racing.

LOCAL TAX (CITY/COUNTY) Additional takeout designated for distribution to local municipalities. Local municipalities receive a distribution of total monies wagered at an off-track wagering facility as designated by law.

NET PAID TO PUBLIC Winnings from pari-mutuel wagers returned to the public.

OFF-TRACK WAGERING (OTW) Any organization licensee shall file with the Oklahoma Horse Racing Commission its plan to conduct pari-mutuel wagering at a facility or facilities located outside the organization licensee's racing enclosure.

OKLAHOMA BRED PROGRAM An accredited Oklahoma-Bred horse shall mean an Arabian, Appaloosa, Quarter, Paint, Pinto, Thoroughbred, and any other breed not otherwise specified in the Act, and which meets certain requirements.

ON-TRACK Refers to activity at the host track facility.

OUTSTANDING TICKETS Ticket must be cashed within sixty (60) days after their purchase. Any unclaimed proceeds will be deposited into the Oklahoma Breeding Development Fund Special Account on a calendar quarterly basis.

PAINT HORSE RACING The form of horse racing in which each participating horse is a Paint horse registered with the American Paint Horse Association or any successor organization and mounted by a Jockey.

APPENDIX

(TERMS, HEADINGS, AND TITLES)

PARI-MUTUEL A form of wagering on the outcome of horse races whereby wagers are placed into wagering pools; win, place, show, or other pools designating the finishing position of two or more horses in a race or races. When the outcome of the race or races has been declared official, wagers comprising each pool are distributed as winnings less the amounts retained as takeout: licensee, purses, host, etc.

PARI-MUTUEL SYSTEM OF WAGERING A system of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse or horses.

PARI-MUTUEL TAX Portion of the monies wagered retained by the State of Oklahoma from pari-mutuel wagering.

PINTO HORSE RACING The form of horse racing in which each participating horse is a Pinto horse registered with the Pinto Horse Association of American, Inc., or any successor organization and mounted by a Jockey.

PURSES A portion of the takeout retained by horsemen from pari-mutuel wagering as determined by Oklahoma Statutes.

QUARTER HORSE RACING The form of horse racing in which each participating horse is a Quarter Horse registered with the American Quarter Horse Association or any successor organization, mounted by a Jockey, and engaged in a race on the flat.

RACE DAY Days during which horse races are conducted.

RACE MEETING The entire period of time not to exceed twenty (20) calendar days separating any race days for which an organization license has been granted to a group or person by the Commission to hold horse racing where a pari-mutuel system of wagering is conducted.

SIMULCAST Means audio-visual transmission of a race meeting to off-track betting systems for the purpose of accepting wagers on the results of horse racing events. It may include the transmission of pari-mutuel wagering odds, amounts wagered and the payoffs of such events and other horse racing programming relating to the racehorses or participants.

APPENDIX

(TERMS, HEADINGS, AND TITLES)

SIMULCAST DAYS Day when the organization licensee is not conducting live racing, the licensee may accept wagers on the results of races run at other facilities.

STATE AUDITOR FEE The State Auditor and Inspector receives one-tenth of one percent (1/10th of 1%) of total monies wagered at the racing enclosure on out-of-state simulcast races as well as OTW facilities on all races.

THOROUGHBRED HORSE RACING The form of horse racing in which each participating horse is a Thoroughbred horse registered with The Jockey Club or any successor organization, mounted by a Jockey, and engaged in races on the flat.

WIN, PLACE, SHOW (WPS) The total wagers under the pari-mutuel system on any horse in a particular race to finish first, second, or third.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

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