

Manitoba



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# ANNUAL REPORT

## 1998-1999

Manitoba  
Horse Racing  
Commission





Wayne R. Anderson, Chairman  
Ian A. MacKenzie, Vice Chairman  
Jim Moore, Member  
Aenona Studler, Member  
Don Roy, Member  
Keith Hannah, Member

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## MANITOBA HORSE RACING COMMISSION

P.O. Box 46086, R.P.O. Westdale, Winnipeg, Manitoba R3R 3S3 Tel. (204) 885-7770 Fax (204) 831-0942

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June 16<sup>th</sup>, 1999

**MINISTER**  
**INDUSTRY, TRADE & TOURISM**  
Room 358  
Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

**Attention: The Honourable Mervin Tweed**

Dear Sir:

The undersigned has the honour to present the Thirty-Third Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31<sup>st</sup>, 1999.

Yours truly,  
**MANITOBA HORSE RACING COMMISSION**

**Wayne R. Anderson**  
Chairman  
WRA/jlc

**THIRTY-THIRD ANNUAL REPORT**  
**THE MANITOBA HORSE RACING COMMISSION**

for the year ending March 31, 1999

**COMMISSIONERS** – As of March 31<sup>st</sup>, 1999.

<b>W. R. Anderson</b>	<b>Chairman</b>	<b>Winnipeg</b>
<b>Ian A. MacKenzie</b>	<b>Vice Chairman</b>	<b>Portage la Prairie</b>
<b>James Moore</b>	<b>Member</b>	<b>Winnipeg</b>
<b>Aenone Studler</b>	<b>Member</b>	<b>Woodlands</b>
<b>Keith Hannah</b>	<b>Member</b>	<b>Waskada</b>
<b>Don Roy</b>	<b>Member</b>	<b>Rosburn</b>

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## THIRTY-THIRD ANNUAL REPORT

### THE HORSE RACING COMMISSION

#### GENERAL

This report covers the twelve months ended March 31, 1999.

#### Thoroughbred Racing

The total combined live and simulcast wagering for 1998/99 was \$33,656,471, this was an increase of 15% over 1997/98 when the total was \$29,153,271. This is the third consecutive increase in total handle and is the first increase of significance and confirms that thoroughbred racing is beginning to grow again after almost a decade of decline.

The 1998 live racing season consisted of 75 days (76 were scheduled) as compared to 79 days (80 scheduled) in 1997, the same as 1996. In 1995 86 days were raced when 90 were scheduled. This reduction in race days reflects the continuing struggle to obtain an adequate supply of horses. In an effort to attract more horses Assiniboia Downs has implemented a number of purse increases during this period and the Horsemen's Benevolent and Protective Association and the Canadian Thoroughbred Horse Society continue to work diligently to increase the number of horses available.

#### Standardbred Racing

In 1998 the Manitoba Great Western Harness Racing Circuit raced 23 days with an additional 11 days of extended meet racing. The extended meet was raced at Portage la Prairie as in 1996 and 1997. The total of 34 days is down slightly from 37 in 1997. Wagering continues to be a problem with the average daily handle on the Manitoba Great Western Harness Racing Circuit delining from \$10,168 to \$8,761 and the Extended Meet handle declining from \$7,638 to \$5,080. In 1999 the Extended Meet has been consolidated into the Manitoba Great Western Harness Racing Circuit and a manager has been hired to assist the industry to consolidate and stabilize.

#### Quarter Horse Racing

Quarter Horse Racing in Manitoba continues to struggle. The Rossburn Race Meet got both race days in but was disappointing with wagering at \$7,635 over 2 days compared to \$7,334 on one day in 1997. A shortage of horses and riders resulted in only two Quarter Horse races being run at Assinboia Downs.

## **Security**

The mandatory drug and alcohol testing programs conducted at Assiniboia Downs coupled with the educational and rehabilitation programs available have continued to show positive results. Accordingly incidences of drug or alcohol impairment in the workplace have almost been totally eliminated and the Commission in cooperation with the Horsemen and the Track Operators continue to offer a work environment safe from the threat of injury to human or animals as a result of substance abuse occurrences.

## **Rulings, Fines and Appeals**

During the 1998 Thoroughbred race meet at Assiniboia Downs the Board of Stewards issued 61 rulings, involving fines of \$9,750 and 9 involving suspensions. There were 100 claims for a total of \$440,000.

During the 1998 Harness racing season the Judges issued 30 rulings involving fines of \$1,450 and suspensions of 49 days. In 1998 there were 83 claims for a total of \$5,000.

SCHEDULE A

Assiniboia Downs

Thoroughbred Live Racing Season

	<u>1998</u>	<u>1997</u>
Thoroughbred Handle - Live	8,031,942	7,152,158
Simulcast Handle	<u>10,097,730</u>	<u>8,385,549</u>
Total Handle	\$ 18,129,672	\$ 15,537,707
* Number of Race Days (Live & S.Cast)	148	147
Average Daily Handle (ASD)	122,498	105,669
Gross Purses	3,231,135	2,948,127
Number of Races (Live)	601	628
Per Race Purse Average	5,376	4,694

Simulcast Racing Season

	<u>1998/99</u>	<u>1997/98</u>
<u>Pari-Mutuel Handle</u>	\$ 15,526,799	\$ 13,615,510
Number of race days	217	215
Average Daily Handle	71,552	63,328

SCHEDULE B

Standardbred Racing - Rural Circuit

	<u>Racing Days</u>		<u>Amount Wagered</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Carman	0	2	\$ -	13,246
Dauphin	2	2	30,978	23,708
Deloraine	2	2	11,119	20,786
Glenboro	2	1	15,346	16,974
Holland	2	0	11,967	-
Killarney	4	4	45,704	39,740
Minnedosa	1	2	14,460	24,797
Portage	4	4	31,012	38,780
Wawanesa	2	2	19,757	22,039
Miami	2	2	14,802	18,757
Morris	2	2	6,369	15,037
	<u>23</u>	<u>23</u>	<u>\$201,504</u>	<u>\$233,864</u>
Extended	<u>11</u>	<u>14</u>	<u>55,875</u>	<u>106,937</u>
TOTALS	<u>34</u>	<u>37</u>	<u>\$257,379</u>	<u>\$340,801</u>

Other Comparative Statistics

	<u>1998</u>	<u>1997</u>
Gross Purses	\$355,871	\$414,500
Per Race Purse Average	\$ 1,116	\$ 1,226

Provincial Support Programs

	<u>1998</u>	<u>1997</u>
Purse Supplements	\$146,063	\$148,340
Breeders/Owners Incentives	<u>190,037</u>	<u>183,760</u>
<u>TOTALS</u>	<u>\$336,100</u>	<u>\$331,100</u>



SCHEDULE C

Quarter Horse Racing

	<u>1998</u>	<u>1997</u>
Pari-Mutuel Handle		
Rossburn	\$ 7,635	\$ 7,334
Racing Days		
Rossburn	2	1
Provincial Support Program		
Breeders/Owners Incentives	\$ <u>22,000</u>	\$ <u>15,000</u>

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending  
March 31, 1999

<u>Licenses</u>	<u>Thoroughbred</u>	<u>Standardbred</u>
Owner	604	80
Owner/Trainer	122	30
Trainer	30	3
Assistant Trainer	15	2
Owner/Trainer/Driver	0	25
Owner/Driver	0	3
Jockey (1/4 & Amateur incl.)	31	0
Apprentice Jockey/Exercise Rider	47	0
Driver	0	6
Driver/Trainer	0	1
Jockey Agent	13	0
Officials	18	1
Backstretch	194	16
Sponsored Person	127	5
Quarter Horse	101	0
Occ 1 (Assoc., Kitchen, etc.)	120	0
Occ 2 (Press, etc.)	5	0
Occ 3 (Tradesmen, etc.)	23	1
Occ 5 (Veterinarians, etc.)	<u>3</u>	<u>1</u>
TOTAL LICENSES ISSUED:	<u>1,453</u>	<u>174</u>

<u>Registrations</u>	<u>Thoroughbred</u>
Partnerships	196
Stable Names	133
Colours	8
Leases	42
Authorized Agents	133
Open Claims	15

**MANAGEMENT REPORT**

The accompanying financial statements are the responsibility of management and have been prepared in accordance with accounting policies stated in Note 2 to the financial statements. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Provincial Auditor is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects. The Provincial Auditor's report is included in the annual report.



W. R. ANDERSON  
Chairman



ISER KAY, C.M.A.  
Comptroller

Date: May 7th, 1999

# **THE HORSE RACING COMMISSION**

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**FINANCIAL STATEMENTS**  
**March 31, 1999**

**Office of the Provincial Auditor**  
**Winnipeg, Manitoba**

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**Office of the Provincial Auditor**

1230 - 405 Broadway  
Winnipeg, Manitoba  
CANADA R3C 3L6

## Auditors' Report

To The Legislative Assembly and  
The Directors of The Horse Racing Commission

We have audited the balance sheet of The Horse Racing Commission as at March 31, 1999 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In accordance with the Commission's accounting policies, as described in Note 2, the actuarial liability for pensions as at March 31, 1999 in the total amount of \$161,623 and related expenditure has not been recorded in these financial statements. In this respect, these financial statements are not in accordance with generally accepted accounting principles. If this liability and related expenditure had been recorded in these financial statements, the Commission's liabilities as at March 31, 1999 would have been increased by \$161,623 (1998 - \$132,699) and the unrestricted general fund balance as at March 31, 1999 would have been decreased by \$161,623 (1998 - \$132,699).

In our opinion, except for the effects of the failure to record the liabilities described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba  
May 7, 1999

Larry Unryn, CA  
for the Provincial Auditor

# THE HORSE RACING COMMISSION

# Exhibit A


## Balance Sheet

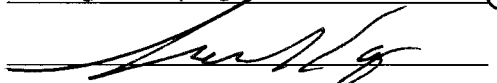
as at March 31, 1999

(with 1998 figures for comparison)

	Restricted Funds						Total	
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	M.S.S. & B.A. Fund	Year ended March 31 1999	1998
<b>Assets</b>								
Current assets:								
Cash on hand and in bank	\$ 306,730	\$ -	\$ 71,266	\$ 248,518	\$ -	\$ 21,185	\$ 647,699	\$ 490,064
Due from General Fund	-	-	-	-	8,668	11,515	20,183	39,458
Pari-mutuel levy receivable	-	15,370	-	-	-	-	15,370	7,828
Pari-mutuel distribution receivable	1,596	-	10,878	2,896	-	-	15,370	7,828
	<u>\$ 308,326</u>	<u>\$ 15,370</u>	<u>\$ 82,144</u>	<u>\$ 251,414</u>	<u>\$ 8,668</u>	<u>\$ 32,700</u>	<u>\$ 698,622</u>	<u>\$ 545,178</u>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable accrued liabilities	\$ 50,254	\$ -	\$ 82,144	\$ 251,414	\$ 8,668	\$ -	\$ 392,480	\$ 302,046
Deferred revenue	1,307	-	-	-	-	-	1,307	-
Due to C.T.H.S. Fund	-	2,896	-	-	-	-	2,896	1,453
Due to General Fund	-	1,596	-	-	-	-	1,596	820
Due to General Support Fund	8,668	-	-	-	-	-	8,668	27,298
Due to H.B.P.A. Fund	-	10,878	-	-	-	-	10,878	5,555
Due to M.S.S. & B.A. Fund	11,515	-	-	-	-	-	11,515	12,160
	<u>71,744</u>	<u>15,370</u>	<u>82,144</u>	<u>251,414</u>	<u>8,668</u>	<u>-</u>	<u>429,340</u>	<u>349,332</u>
Restricted fund balances end of year, Exhibit B	-	-	-	-	-	32,700	32,700	32,588
Unrestricted fund balance end of year, Exhibit B	236,582	-	-	-	-	-	236,582	163,258
	<u>236,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,700</u>	<u>269,282</u>	<u>195,846</u>
	<u>\$ 308,326</u>	<u>\$ 15,370</u>	<u>\$ 82,144</u>	<u>\$ 251,414</u>	<u>\$ 8,668</u>	<u>\$ 32,700</u>	<u>\$ 698,622</u>	<u>\$ 545,178</u>

APPROVED BY THE COMMISSION

 Chairman

 Comptroller

# THE HORSE RACING COMMISSION

# Exhibit B

## Statement of Operating Revenue and Expenditure and Fund Balances for the year ended March 31, 1999 (with 1998 figures for comparison)

	Restricted Funds						Total	
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	M.S.S. & B.A. Fund	Year ended March 31 1999	1998
<b>Revenue:</b>								
Fees, licenses and fines (Note 3)	\$ 100,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,117	\$ 94,760
Grant from the Government of the Province of Manitoba	117,500	-	-	-	7,000	-	124,500	137,500
Grant from The Horse Racing Commission	-	-	-	-	-	-	-	5,000
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	341,100	10,000	351,100	341,100
Interest	15,504	-	2,373	8,007	-	757	26,641	12,981
Pari-mutuel levy	-	3,205,745	-	-	-	-	3,205,745	2,717,755
Pari-mutuel levy fund distribution	336,602	-	2,276,076	593,067	-	-	3,205,745	2,717,755
Sundry	-	-	-	-	-	-	-	913
	<u>569,723</u>	<u>3,205,745</u>	<u>2,278,449</u>	<u>601,074</u>	<u>348,100</u>	<u>10,757</u>	<u>7,013,848</u>	<u>6,027,764</u>
<b>Expenditure:</b>								
General Fund expenditures, Exhibit C	496,399	-	-	-	-	-	496,399	519,787
Nomination payments (Net)	-	-	-	-	-	645	645	1,340
Overnight purse support thoroughbred	-	-	2,278,449	-	-	-	2,278,449	1,943,846
Owners/breeders incentive thoroughbred	-	-	-	601,074	-	-	601,074	485,789
Pari-mutuel levy fund distribution	-	3,205,745	-	-	-	-	3,205,745	2,717,755
Quarter Horse owner/breeders incentive	-	-	-	-	22,000	-	22,000	15,000
Standardbred rural								
Overnight purse support	-	-	-	-	146,063	-	146,063	147,340
Owner/breeders incentive	-	-	-	-	180,037	10,000	190,037	183,760
	<u>496,399</u>	<u>3,205,745</u>	<u>2,278,449</u>	<u>601,074</u>	<u>348,100</u>	<u>10,645</u>	<u>6,940,412</u>	<u>6,014,617</u>
Excess of revenues over expenses	73,324	-	-	-	-	112	73,436	13,147
Fund balances, beginning of year	<u>163,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,588</u>	<u>195,846</u>	<u>182,699</u>
Fund balances, end of year	\$ <u>236,582</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32,700</u>	\$ <u>269,282</u>	\$ <u>195,846</u>



# THE HORSE RACING COMMISSION

## Exhibit C

### Statement of General Fund Operating Expenditure for the year ended March 31, 1999 (with 1998 figures for comparison)

	<u>1999</u>	<u>1998</u>
Expenditure:		
Advertising and promotion	\$ 300	\$ 623
Commissioners' per diem and honoraria	83,986	84,936
Drug, alcohol and security	10,043	19,417
Employee benefits	57,296	34,516
Equipment and office furniture	600	8,319
Equipment rentals	3,298	2,867
Memberships and dues	4,624	6,037
Office	5,150	14,117
Professional fees	40,521	65,541
Recruiting costs	175	
Repairs and maintenance	3,919	4,644
Research Grant	5,000	5,000
Salaries		
Administration	52,606	55,055
Security	27,458	26,135
Stewards and judges	120,164	119,236
Veterinarian services	41,663	41,933
Sundry	116	679
Support grant		5,000
Telephone	5,445	5,645
Travel	34,035	20,087
	<u>\$ 496,399</u>	<u>\$ 519,787</u>

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 1999

### 1. Nature of operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenses related to program delivery and administrative activities of the Manitoba Horse Racing Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as funding for the Quarter Horse Meet. Funding for the General Support Fund is provided through the Manitoba Lotteries Distribution System.

Manitoba Standardbred Sires and Breeders Association (M.S.S. & B.A.) Fund is to be used for future stake races on the rural circuit as well as nomination payments held in trust.

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 1999

### 2. Significant accounting policies

The commission follows generally accepted accounting principles except for:

#### A) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. Based on formulas provided in an actuarial report completed as at December 31, 1995, the unfunded liability on a non-indexed basis for the Commission's employees amounted to \$161,623 as at March 31, 1999 (\$132,699 - March 31, 1998).

#### B) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture, which are immaterial in amount, are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

### 3. Fees, licenses and fines

	<u>1999</u>	<u>1998</u>
Assiniboia Downs		
Daily licenses	\$ 52,250	\$ 52,690
Fees and licenses	33,607	29,448
Fines	<u>5,810</u>	<u>5,885</u>
	<u>91,667</u>	<u>88,023</u>
Rural Circuit		
Daily licenses	2,875	2,875
Fees and licenses	1,225	1,510
Fines	<u>4,350</u>	<u>2,352</u>
	<u>8,450</u>	<u>6,737</u>
	<u>\$ 100,117</u>	<u>\$ 94,760</u>

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 1999

### 4. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting The Horse Racing Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. The costs associated to preparing the computer systems and applications are expected to be minimal. Management expects the necessary changes to be completely implemented by the end of 1999.