

Manitoba



ANNUAL REPORT

1997-98

**Manitoba
Horse Racing
Commission**





Wayne R. Anderson, Chairman
Ian A. MacKenzie, Vice Chairman
Jim Moore, Member
Brett Arnason, Member
Aenone Studler, Member
Robert Brydon, Member

MANITOBA HORSE RACING COMMISSION

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

June 12th, 1998

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

Attention: The Honourable James Downey

Dear Sir:

The Undersigned has the honour to present the Thirty-Second Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1998.

Yours truly,
MANITOBA HORSE RACING COMMISSION

Wayne R. Anderson
Chairman
WRA/jlc

THIRTY-SECOND ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION
for the year ending March 31, 1998

COMMISSIONERS - As of March 31st, 1998.

W. R. Anderson	Chairman	Winnipeg
Ian A. MacKenzie	Vice Chairman	Portage la Prairie
James Moore	Member	Winnipeg
Aenone Studler	Member	Woodlands
Bob Brydon	Member	Virden

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THIRTY-SECOND ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31, 1998.

Thoroughbred Racing

The total combined live and simulcast wagering was \$29,153,207 in 1997. This compares with \$29,517,696 in 1994, \$27,139,245 in 1995 and \$28,618,650 in 1996. 1997 is the second consecutive increase in total handle and confirms that the situation at Assiniboia Downs has been stabilized and is beginning to grow, albeit slowly.

1997 saw 79 days of live racing (80 were scheduled) which was identical to 1996 as compared to 86 days in 1995 when 90 were scheduled. The reduction in days reflects the continuing struggle to obtain an adequate supply of horses. All participants, the Manitoba Jockey Club, the Horsemen's Benevolent and Protective Association and the Canadian Thoroughbred Horse Society, continue to work diligently to ensure that the modest growth achieved over the past three years is maintained and increases.

Standardbred Racing

In 1997 the Manitoba Great Western Harness Racing Circuit raced 23 days with an additional 14 days at an extended meet at Portage la Prairie. This was the second year the extended meet was held at Portage. The average daily handle at the extended meet increased from \$7,005 per day in 1996 to \$7,638 in 1997. This increase is encouraging although the overall level of wagering continues to be disappointing.

The average daily wagering for the Manitoba Great Western Harness Racing Circuit was \$10,163 in 1997 compared to \$11,864 in 1996 and \$14,300 in 1995. This decline in 1996 and 1997 is disappointing coming after three years where wagering was essentially constant at approximately \$14,400. All segments of the industry are working diligently to get wagering back up to previous levels.

Quarter Horse Racing

1997 was another difficult year for Quarter Horse Racing in Manitoba. Weather and track conditions were a problem at Rosburn resulting in the cancellation of races on Saturday and 13 races being run on Sunday. This resulted in wagering declining to \$7,334 from \$10,052. Once again, a shortage of horses at Assiniboia Downs

resulted in only one race being contested there.

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 1997 Thoroughbred race meet at Assiniboia Downs the Board of Stewards issued 41 rulings, involving fines of \$5,475 and 8 involving suspensions. There were 71 claims for a total of \$307,425.

During the 1997 Harness racing season the Judges issued 36 rulings involving fines of \$2,550 and 5 suspensions. In 1997 there were 6 claims for a total of \$16,500.

SCHEDULE A

Assiniboia Downs

Thoroughbred Live Racing Season

	<u>1997</u>	<u>1996</u>
Thoroughbred Handle - Live	7,152,158	7,451,171
Simulcast Handle	<u>8,385,549</u>	<u>8,395,052</u>
Total Handle	\$ 15,537,707	\$ 15,846,223
* Number of Race Days(Live & S.Cast)	147	148
Average Daily Handle (ASD)	105,699	107,069
Gross Purses	2,948,127	2,898,663
Number of Races (Live)	628	669
Per Race Purse Average	4,694	4,333

* Includes Simulcast Racing On Days When No Live Racing Took Place

Simulcast Racing Season

	<u>1997/98</u>	<u>1996/97</u>
<u>Pari-Mutuel Handle</u>	\$ 13,615,510	\$ 12,772,427
Number of race days	215	213
Average Daily Handle	63,328	58,671

SCHEDULE B

Standardbred Racing - Rural Circuit

	<u>Racing Days</u>		<u>Amount Wagered</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Carman	2	2	\$ 13,246	20,632
Dauphin	2	2	23,708	24,239
Deloraine	2	1	20,786	7,756
Glenboro	1	3	16,974	27,406
Holland	0	1	-	12,586
Killarney	4	2	39,740	28,174
Minnedosa	2	2	24,797	29,294
Portage	4	4	38,780	52,665
Wawanesa	2	2	22,039	24,730
Miami	2	2	18,757	21,657
Morris	<u>2</u>	<u>0</u>	<u>15,037</u>	<u>-</u>
	23	21	\$ 233,864	\$ 249,139
Portage (Extended)	<u>14</u>	<u>12</u>	<u>106,937</u>	<u>84,060</u>
TOTALS	<u>37</u>	<u>33</u>	\$ <u>340,801</u>	\$ <u>333,199</u>

Other Comparative Statistics

	<u>1997</u>	<u>1996</u>
Gross Purses	\$ 414,500	\$ 383,916
Per Race Purse Average	\$ 1,226	\$ 1,396

Support Programs

	<u>1997</u>	<u>1996</u>
Purse Supplements	\$ 147,340	\$ 128,963
Breeders/Owners Incentives	<u>183,760</u>	<u>197,137</u>
TOTALS	\$ <u>331,100</u>	\$ <u>326,100</u>

SCHEDULE C

Quarter Horse Racing

	<u>1997</u>	<u>1996</u>
Pari-Mutuel Handle Rossburn	\$ 7,334	\$ 10,052
Racing Days Rossburn	1	2
Support Program	\$ <u>15,000</u>	\$ <u>15,000</u>

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1998

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 beginning of 1999.

5. Comparative figures

Certain reclassifications have been made in comparative figures to conform with the presentation adopted for the current year.

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending
March 31, 1998

<u>Licenses</u>	<u>Thoroughbred</u>	<u>Standardbred</u>
Owner	555	81
Owner/Trainer	114	16
Trainer	32	1
Assistant Trainer	17	0
Owner/Trainer/Driver	0	18
Owner/Driver	0	3
Jockey (1/4 & Amateur incl.)	34	0
Apprentice Jockey	1	0
Exercise Rider	43	0
Driver	0	5
Driver/Trainer	0	2
Jockey Agent	13	0
Officials	14	1
Backstretch	173	21
Sponsored Person	152	2
Quarter Horse	81	0
Occ 1 (Assoc., Kitchen, etc.)	116	1
Occ 2 (Press, etc.)	5	0
Occ 3 (Tradesmen, etc.)	31	0
Occ 5 (Veterinarians, etc.)	<u>6</u>	<u>0</u>
TOTAL LICENSES ISSUED:	<u>1387</u>	<u>151</u>

<u>Registrations</u>	<u>Thoroughbred</u>
Partnerships	194
Stable Names	104
Colours	31
Leases	10
Authorized Agents	117
Open Claims	8

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 8th, 1998

THE HORSE RACING COMMISSION

FINANCIAL STATEMENTS
March 31, 1998

Office of the Provincial Auditor
Winnipeg, Manitoba



Office of the Provincial Auditor

1230 - 405 Broadway
Winnipeg, Manitoba
CANADA R3C 3L6

AUDITOR'S 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, 1998 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, 1998 in the total amount of \$132,699 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, 1998 would have been increased by \$132,699 (1997 - \$114,897) and the unrestricted general fund balance as at March 31, 1998 would have been decreased by \$132,699 (1997 - \$114,897).

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, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Winnipeg, Manitoba
May 8, 1998

Warren A. Johnson, CA
Assistant Provincial Auditor

THE HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 1998
(with 1997 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 1998	1997
ASSETS								
Current assets:								
Cash on hand and in bank	\$ 237,672	\$ -	\$ 35,537	\$ 196,427	\$ -	\$ 20,428	\$ 490,064	\$ 215,187
Due from General Fund	-	-	-	-	27,298	12,160	39,458	13,500
Grant receivable - Government of the Province of Manitoba	-	-	-	-	-	-	-	185,128
Pari-mutuel levy receivable	-	7,828	-	-	-	-	7,828	-
Pari-mutuel levy distribution receivable	820	-	5,555	1,453	-	-	7,828	-
	<u>\$ 238,492</u>	<u>\$ 7,828</u>	<u>\$ 41,092</u>	<u>\$ 197,880</u>	<u>\$ 27,298</u>	<u>\$ 32,588</u>	<u>\$ 545,178</u>	<u>\$ 413,815</u>
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 35,776	\$ -	\$ 41,092	\$ 197,880	\$ 27,298	\$ -	\$ 302,046	\$ 19,101
Due to C.T.H.S. Fund	-	1,453	-	-	-	-	1,453	-
Due to General Fund	-	820	-	-	-	-	820	-
Due to General Support Fund	27,298	-	-	-	-	-	27,298	13,500
Due to H.B.P.A. Fund	-	5,555	-	-	-	-	5,555	-
Due to M.S.S. & B.A. Fund	12,160	-	-	-	-	-	12,160	198,515
	<u>75,234</u>	<u>7,828</u>	<u>41,092</u>	<u>197,880</u>	<u>27,298</u>	<u>-</u>	<u>349,332</u>	<u>231,116</u>
Restricted fund balances end of year, Exhibit B	-	-	-	-	-	32,588	32,588	33,542
Unrestricted fund balances end of year, Exhibit B	163,258	-	-	-	-	-	163,258	149,157
	<u>163,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,588</u>	<u>195,846</u>	<u>182,699</u>
	<u>\$ 238,492</u>	<u>\$ 7,828</u>	<u>\$ 41,092</u>	<u>\$ 197,880</u>	<u>\$ 27,298</u>	<u>\$ 32,588</u>	<u>\$ 545,178</u>	<u>\$ 413,815</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, 1998
(with 1997 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 1998	1997
Revenue:								
Fees, licenses and fines (Note 3)	\$ 94,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,760	\$ 95,327
Grant from the Government of the Province of Manitoba	137,500	-	-	-	-	-	137,500	2,826,649
Grant from The Horse Racing Commission	-	-	-	-	5,000	-	5,000	-
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	331,100	10,000	341,100	341,100
Interest	9,155	-	1,848	1,592	-	386	12,981	15,349
Pari-mutuel levy	-	2,717,755	-	-	-	-	2,717,755	-
Pari-mutuel levy fund distribution	291,560	-	1,941,998	484,197	-	-	2,717,755	-
Sundry	913	-	-	-	-	-	913	4,121
	<u>533,888</u>	<u>2,717,755</u>	<u>1,943,846</u>	<u>485,789</u>	<u>336,100</u>	<u>10,386</u>	<u>6,027,764</u>	<u>3,282,546</u>
Expenditure:								
Breeders & owners incentive program	-	-	-	-	-	-	-	3,912
General Fund expenditures, Exhibit C	519,787	-	-	-	-	-	519,787	458,044
Nomination payments (Net)	-	-	-	-	-	1,340	1,340	1,350
Overnight purse support thoroughbred	-	-	1,943,846	-	-	-	1,943,846	1,923,001
Owners/breeders incentive thoroughbred	-	-	-	485,789	-	-	485,789	481,747
Owners/breeders incentive standardbred	-	-	-	-	-	-	-	10,321
Pari-mutuel levy fund distribution	-	2,717,755	-	-	-	-	2,717,755	-
Quarter Horse owner/breeders incentive	-	-	-	-	15,000	-	15,000	15,000
Standardbred rural								
Overnight purse support	-	-	-	-	147,340	-	147,340	128,963
Owners/breeders incentive	-	-	-	-	173,760	10,000	183,760	197,137
	<u>519,787</u>	<u>2,717,755</u>	<u>1,943,846</u>	<u>485,789</u>	<u>336,100</u>	<u>11,340</u>	<u>6,014,617</u>	<u>3,219,475</u>
Excess (deficiency) of revenues over expenses	14,101	-	-	-	-	(954)	13,147	63,071
Fund balances at beginning of year	149,157	-	-	-	-	33,542	182,699	119,628
Fund balances end of year	\$ 163,258	\$ -	\$ -	\$ -	\$ -	\$ 32,588	\$ 195,846	\$ 182,699

THE HORSE RACING COMMISSION

Exhibit C

**Statement of General Fund Operating Expenditure
for the year ended March 31, 1998
(With 1997 figures for comparison)**

	<u>1998</u>	<u>1997</u>
Expenditure:		
Advertising and promotion	\$ 623	\$ 1,818
Commissioners' per diem and honoraria	84,936	89,070
Drug, alcohol and security	19,417	18,488
Employee benefits	34,516	29,426
Equipment and office furniture	8,319	2,482
Equipment rentals	2,867	2,245
Memberships and dues	6,037	6,125
Office	14,117	6,576
Professional fees	65,541	40,047
Recruiting costs	-	582
Repairs and maintenance	4,644	4,427
Research Grant	5,000	-
Salaries:		
Administration	55,055	53,152
Security	26,135	28,442
Stewards and judges	119,236	105,075
Veterinarian services	41,933	45,833
Sundry	679	109
Support grant	5,000	-
Telephone	5,645	5,724
Travel	20,087	20,423
	<u>\$519,787</u>	<u>\$458,044</u>

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1998

1. Nature of the 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, the 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.

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

THE HORSE RACING COMMISSION

Notes to the Financial Statements for the year ended March 31, 1998

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 \$132,699 as at March 31, 1998 (\$114,897 - March 31, 1997)

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>1998</u>	<u>1997</u>
Assiniboia Downs		
Daily licenses	\$ 52,690	\$ 52,890
Fees and licenses	29,448	30,915
Fines	<u>5,885</u>	<u>3,925</u>
	<u>88,023</u>	<u>87,730</u>
Rural Circuit		
Daily licenses	2,875	2,625
Fees and licenses	1,510	1,487
Fines	<u>2,352</u>	<u>3,485</u>
	<u>6,737</u>	<u>7,597</u>
	<u>\$ 94,760</u>	<u>\$ 95,327</u>

4. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because 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 system failure which could affect an entity's ability to conduct normal business operations. Management has initiated a program to prepare computer systems and applications for the Year 2000. However, it is not possible to be certain