

David Miles (Chair)  
Dushant Persaud (Vice-Chair)  
Dr. Valerie Isman (Member)  
Katherine Mollard (Member)

Executive Director: D.F. Williams, Q.C.

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## MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE  
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942

E.Mail: [mhrc@manitobahorsecomm.org](mailto:mhrc@manitobahorsecomm.org)

<http://www.manitobahorsecomm.org>

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June 25, 2003

The Honorable MaryAnn Mihychuk  
Minister of Industry, Trade and Mines  
Room 358  
Legislative Building  
405 Broadway Avenue  
Winnipeg, MB R2C 0V8

Dear Ms. Mihychuk:

### Annual Report

The undersigned has the honour to present the Thirty-Seventh Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31<sup>st</sup>, 2003.

Yours truly,

Manitoba Horse Racing Commission

David Miles  
Chairman  
DM/wfd



David Miles (président)  
Dushant Persaud (vice-président)  
D<sup>r</sup> Valerie Isman (membre)  
Katherine Mollard (membre)

Directeur administratif : D.F. Williams, c. r.

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## COMMISSION HIPPIQUE DU MANITOBA

C. P. 46086 WESTDALE  
WINNIPEG (MANITOBA) R3R 3S3

Tél. : (204) 885-7770  
Télec. : (204) 831 0942  
Courriel : [mhrc@manitobahorsecomm.org](mailto:mhrc@manitobahorsecomm.org)  
Site Web : <http://www.manitobahorsecomm.org>

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Le 25 juin 2003

Madame MaryAnn Mihychuk  
Ministre de l'Industrie, du Commerce et des Mines  
Palais législatif, bureau 358  
405, Broadway  
Winnipeg, Manitoba R2C 0V8

### **Objet : Rapport annuel**

Madame,

J'ai l'honneur de vous présenter le trente-septième rapport annuel de la Commission hippique du Manitoba pour l'exercice se terminant le 31 mars 2003.

Je vous prie d'agréer, Madame, l'expression de mes sentiments distingués.

Le président de la Commission hippique  
du Manitoba,

David Miles

**THIRTY-SEVENTH ANNUAL REPORT**

**THE MANITOBA HORSE RACING COMMISSION**

**For the year ending March 31, 2003**

**COMMISSIONERS - As of March 31<sup>st</sup>, 2003**

<b>David Miles</b>	<b>Chair</b>	<b>Winnipeg</b>
<b>Dushant Persaud</b>	<b>Vice Chair</b>	<b>Winnipeg</b>
<b>Dr. Val Isman</b>	<b>Member</b>	<b>Gladstone</b>
<b>Katherine Mollard</b>	<b>Member</b>	<b>Stonewall</b>

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**THIRTY-SEVENTH ANNUAL REPORT**  
**THE HORSE RACING COMMISSION**

**GENERAL**

This report covers the twelve months ended March 31<sup>st</sup>, 2003.

**Functions of the Manitoba Horse Racing Commission (MHRC)**

The functions of the MHRC are set out in the Horse Racing Commission Act, the Horse Racing Regulation Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act the MHRC is given the power and the responsibility to govern, direct, control, and regulate horse racing and the operation of all racetracks in Manitoba. However, the MHRC confines itself to regulating only those race tracks offering Pari-Mutuel racing. Pursuant to this responsibility the MHRC passes and enforces rule, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility to adopt a plan on an annual basis for distribution of the funds. The plan, once adopted, must be approved by the Minister of Finance before it can become effective. The current plan, and that adopted and approved for 2003/2004, provides that the Commission retain 1% for its own operation and distributes the balance to the racing industry.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act which establishes the Pari-Mutuel Levy Fund for the “promotion” of horse racing.

Since the inception of the Levy Fund in 1996, the money collected after deduction of the money retained for Commission administration expenses (in recent years about \$3,000,000 net annually) has been distributed only to the Thoroughbred Industry - Owners and Breeders. The Standardbred and Quarter Horse Industry each received funding from the Lotteries Department of the Province of Manitoba supplemented by funds from the Commission itself.

In 2002 this traditional distribution scheme almost changed. The Commission at first decided to include the Standardbred and Quarter Horse Industries in the distribution plan but after listening to representation at a public hearing decided to maintain the status quo. At the hearing the representatives of the Standardbred, Quarter Horse and Thoroughbred Industries and the Manitoba Jockey Club were unanimous in declaring that they did not want to fight each other.

They wanted the Government to work with the industry as a whole to formulate a long-range stable racing plan.

It is the opinion of this writer that the MHRC ought not to use the Pari-Mutuel Levy Act to recommend fundamental changes to Government Policy. It should be used only to implement and fine tune policy already formulated by the government. We understand that this Government is dedicated to working with the industry to reach industry wide solutions. This Commission commends the Government for this commitment.

### **Results Achieved**

To ensure safety for participants, the Commission carried out extensive and improved human drug and alcohol testing program. This program, for the protection of both humans and horses, is in effect during the entire race season, not only during live race days. Over the last couple of years there has been a marked improvement in the quality of race riding as a result of which there have been no accidents arising from substandard riding.

To ensure that races are run fairly and honestly, and are perceived as such by the public, this Commission has increased backstretch security and testing for performance enhancing substances. Additionally, betting pools are constantly monitored for fraudulent patterns and investigations are held into any hints or allegations of questionable racing tactics. This Commission is pleased to report that over the last three years there has not been received, from the public or participants, any even remotely substantiated allegation of a tainted race.

### **Racing: April 2002 – March 31 2003**

#### a) **Live and Simulcast Racing at Assiniboia Downs**

The total combined live and simulcast wagering for the year at Assiniboia Downs was \$35,633,877.00. This is virtually the same as last season. Reversing a disturbing trend outlined in this Commission's last Annual Report, the wagering on live racing at Assiniboia Downs showed an increase of about 3% from approx. \$6,000,000.00 to \$6,200,000.00. As a result of substantial purse increases implemented in 2002, the caliber and competitiveness of the racing did in fact improve leading to increased participation and wagering. The expected influx of horses did occur and the horse population exceeded the target of 925 - reaching a total of almost 945 (up from about 825 during the summer of 2001). Obviously more horses translate into more participants and more employment. The number of licensed owner increased by about 12% ( 560 to 631 ) and the number of persons employed to care for the horses substantially increased ( see schedule C ).

#### b) **Standardbred Live Racing**

During the summer of 2002 the MGWHRC scheduled 20 days and raced 18 (losing 1 day to inclement weather and 1 day to a horse shortage caused by the uncertainty of the race meet).

The lotteries grant was substantially reduced resulting in lower purses. However, to the credit of the participants, the racing was competitive and entertaining. Per day wagering decreased from \$8200 in 2001 to \$5500 in 2002. The problem with rural racing has been well documented and hopefully will be addressed next year as part of the Government's formulation of racing policy.

c) **Quarter Horse Racing**

During the summer of 2002 there were a total of 19 Quarter Horse races run at Assiniboia Downs and 13 mixed Quarter Horse races run at Rossburn in rural Manitoba during the fair weekend of July 13 and 14.

The Winnipeg racing is increasing dramatically in popularity with both the horsemen and betting public, and is attracting a growing simulcast market in neighbouring provinces and in United States markets.

The Rossburn meet, while not attracting as much wagering has, over a period of time, become an integral part of the annual fair.

**TRENTE-SEPTIÈME RAPPORT ANNUEL**  
**DE LA**  
**COMMISSION HIPPIQUE**

**RENSEIGNEMENTS GÉNÉRAUX**

Ce rapport couvre les douze mois qui se terminent le 31 mars 2003.

**Fonctions de la Commission hippique du Manitoba (CHM)**

Les fonctions de la CHM sont décrites dans la *Loi sur la Commission hippique*, la *Loi sur les courses de chevaux* et la *Loi sur les prélèvements sur les mises de pari mutuel*.

En vertu de la *Loi sur la Commission hippique*, la CHM est autorisée à régir et à contrôler les courses de chevaux ayant lieu au Manitoba et l'exploitation des pistes de course de la province. Cependant, la CHM se borne à régir seuls les hippodromes qui offrent un système de pari mutuel. Compte tenu de cette responsabilité, la CHM adopte des règlements et en assure l'observation, et accorde des permis à tous les intervenants de l'industrie et à tous les exploitants d'hippodrome. De plus, elle supervise globalement tous les aspects des courses afin qu'elles soient organisées de manière équitable et sécuritaire pour tous les participants, et qu'elles se déroulent équitablement et honnêtement et soient perçues comme tel par le public.

Les règlements sont appliqués journallement, principalement par les régisseurs ou d'autres fonctionnaires employés par la CHM, bien que la Commission elle-même, jouant un rôle de tribunal quasi judiciaire, s'occupe parfois de l'établissement et de l'application de règlements. Dans l'exercice de leurs fonctions, les fonctionnaires agissent non seulement comme enquêteurs et procureurs, mais aussi comme juges et membres du jury, prenant des décisions fondées sur leurs propres enquêtes et poursuites. Il est toujours possible d'en appeler d'une décision des fonctionnaires auprès de la Commission, qui est tenue d'intervenir avec impartialité. En revanche, on ne peut pas en appeler d'une décision auprès d'une autre cour ou entité en dehors de la Commission. C'est pourquoi l'instruction des appels est l'une des fonctions les plus importantes de la Commission.

En vertu de la *Loi sur la Commission hippique*, la CHM doit de plus accomplir toute autre tâche ou fonction qui pourrait être prescrite par le lieutenant-gouverneur en conseil. Habituellement, le président de la CHM agit à titre de conseiller confidentiel en politiques auprès du membre du Conseil exécutif chargé d'administrer la *Loi* par le lieutenant-gouverneur en conseil.

Conformément à la *Loi sur les prélèvements sur les mises de pari mutuel*, un pourcentage fixe de chaque dollar parié au Manitoba est recueilli par l'exploitant du champ de courses et remis à la CHM pour être distribué, tel qu'il est stipulé dans la *Loi*. La CHM doit adopter un plan annuel en matière de distribution des fonds. Ce plan, une fois adopté, doit être approuvé par le ministre des Finances avant d'être mis en application. Le plan actuel, et celui adopté pour l'année 2003-2004, stipulent que la Commission retiendra 1 % des fonds pour ses propres besoins de fonctionnement et que le reste sera distribué à l'industrie des courses de chevaux.

Il est à noter que, contrairement aux commissions d'autres provinces, la CHM n'est pas responsable de la promotion des courses de chevaux. La Commission hippique du Manitoba sert uniquement d'autorité de réglementation. La seule référence à la promotion qui existe dans la *Loi sur la Commission hippique* ou dans la *Loi sur les prélèvements sur les mises de pari mutuel*



se trouve au paragraphe 13(1) de la *Loi sur les prélèvements sur les mises de pari mutuel*, lequel établit le Fonds du pari mutuel aux fins de « promotion » des courses de chevaux.

Depuis la création du Fonds du pari mutuel en 1996, les sommes recueillies (une fois que sont déduits les fonds retenus pour les frais d'administration de la Commission, soit environ trois millions de dollars nets par an au cours des dernières années) sont distribuées uniquement aux propriétaires et aux éleveurs de l'industrie du pur-sang anglais. L'industrie du Standardbred et celle du Quarter Horse ont chacune reçu une aide financière de la Province du Manitoba et un supplément de la Commission elle-même.

En 2002, cette méthode de distribution traditionnelle a failli changer. Tout d'abord, la Commission a décidé d'inclure les industries du Standardbred et du Quarter Horse dans le plan de distribution, mais après avoir consulté avec des représentants de l'industrie au cours d'une audience publique, elle a opté pour le statu quo. En effet, les représentants des industries du Standardbred, du Quarter Horse et du pur-sang anglais, et ceux du Manitoba Jockey Club, étaient unanimes à déclarer qu'ils ne voulaient pas se battre entre eux. Ils préféraient que le gouvernement travaille avec toutes les industries en bloc afin de formuler un plan d'action à long terme relatif aux courses de chevaux.

L'auteur de ce rapport croit que la CHM ne devrait pas se servir de la *Loi sur les prélèvements sur les mises de pari mutuel* pour recommander une modification fondamentale de la politique gouvernementale. Ladite loi devrait seulement servir à mettre en œuvre et à ajuster la politique déjà adoptée par la Province. Le gouvernement actuel tient à travailler de concert avec l'industrie pour trouver des solutions dans tous les secteurs de l'industrie. La Commission félicite le gouvernement pour son engagement à cet égard.

### **Résultats obtenus**

Afin de garantir la sécurité des participants, la Commission a mis en œuvre un programme extensif et amélioré destiné au dépistage de la consommation d'alcool et de drogues à usage humain. Ce programme, qui vise à protéger les humains et les chevaux, est en vigueur pendant toute la saison des courses, et non simplement les jours où les courses ont lieu. Au cours des deux dernières années, la qualité de l'équitation s'est nettement améliorée si bien qu'il n'y a pas eu d'accidents dus à une pratique de ce sport non conforme aux normes.

Afin de s'assurer que les courses se déroulent équitablement et honnêtement et qu'elles sont perçues comme tel par le public, la Commission a augmenté les mesures de sécurité et le nombre de tests afin de contrer l'utilisation de substances destinées à augmenter le rendement. De plus, les pools de paris sont constamment surveillés pour déceler des procédés frauduleux, des enquêtes ayant lieu s'il y a le moindre soupçon de tactiques suspectes employées durant les courses. La Commission est heureuse de déclarer qu'au cours des trois dernières années, il n'y a pas eu, de la part du public ou des participants, une seule allégation de course truquée qui se soit avérée vraie.

### **Courses de chevaux : d'avril 2002 au 31 mars 2003**

#### **a) Courses de chevaux en direct et en diffusion simultanée à Assiniboia Downs**

Le montant total des paris en direct et en diffusion simultanée pour l'année à Assiniboia Downs se chiffre à 35 633 877 \$, ce qui est quasiment identique à la saison précédente. Les paris en direct à Assiniboia Downs ont augmenté d'environ 3 %, passant de 6 000 000 \$ à 6 200 000 \$ et renversant ainsi la tendance inquiétante dont il a été fait

mention dans le dernier rapport annuel de la Commission. Grâce à une augmentation considérable des prix offerts en 2002, la qualité et la compétitivité des courses ont augmenté, ce qui a eu pour résultat un accroissement de la participation et des paris. L'afflux de chevaux a eu lieu comme prévu, si bien que la population chevaline a dépassé le chiffre cible de 925, atteignant près de 945 chevaux au total (une hausse par rapport aux 825 durant l'été 2001). Il est évident que plus de chevaux signifie plus de participants et également plus d'emplois. Le nombre de propriétaires de chevaux de course titulaires d'un permis a connu une hausse d'environ 12 % (631 par rapport à 560 auparavant) et le nombre de personnes employées pour soigner les animaux a nettement augmenté (voir l'annexe C).

b) **Courses de chevaux de race Standardbred**

Au cours de l'été 2002, le *Manitoba Great Western Harness Racing Circuit* (MGWHRC) a prévu 20 jours de courses de chevaux. Dix-huit courses ont effectivement eu lieu (deux jours ont été perdus, un en raison du mauvais temps et l'autre à cause d'un manque de chevaux dû à l'incertitude du concours hippique).

Une réduction considérable de la subvention provenant des loteries a résulté en une baisse des prix offerts. Cependant, il faut faire remarquer, à l'honneur des participants, que les courses étaient compétitives et divertissantes. Les paris par jour ont baissé de 8 200 \$ à 5 500 \$ entre 2001 et 2002. Le problème des courses en milieu rural a été bien documenté et nous espérons qu'il sera résolu l'an prochain lorsque la Province formulera sa politique en matière de courses de chevaux.

c) **Courses de chevaux de race Quarter Horse**

Au cours de l'été 2002, il y a eu au total 19 courses de chevaux de race Quarter Horse à Assiniboia Downs et 13 courses de chevaux de race Quarter Horse mixtes en région rurale, et ce, lors de la foire à Rossburn (Manitoba) qui s'est déroulée durant la fin de semaine des 13 et 14 juillet.

Les courses de chevaux à Winnipeg deviennent nettement plus populaires, non seulement pour la profession équestre, mais aussi pour les parieurs, si bien que le nombre de courses diffusées simultanément ne cesse d'augmenter dans les provinces avoisinantes et sur les marchés américains.

Les courses de chevaux à Rossburn, même si elles n'attirent pas beaucoup de parieurs, sont toutefois devenues, au fil du temps, une partie intégrante de la foire annuelle.

**SCHEDULE A****Assiniboia Downs****Live Racing Season  
(May 5/02 – September 29/02)**

	<u>2002</u>	<u>2001</u>
Wagering on Live Racing	6,262,718	6,057,348
Simulcast Wagering	<u>11,984,530</u>	<u>11,916,467</u>
Total Handle	\$ 18,247,248	\$ 17,973,815
Number of Live Race Days	74	74
Number of Live Races	597	600
Number of Simulcast Days	148	149
Average Daily Wagering (Live)	84,631	81,856
Average Daily Wagering (Simulcast)	80,977	79,976
Purses Paid Out	5,273,700	4,471,514
Per Race Purse Average	8,834	7,452

**Simulcast Racing Season  
(April 1/02 to May 4/02 and September 30/02 to March 31/03)**

	<u>2002/03</u>	<u>2001/02</u>
<u>Pari-Mutuel Wagering</u>	\$ 17,386,629	\$ 17,704,085
Number of Race Days	215	215
Average Daily Wagering	80,868	82,345

**Totals**

	<u>2002/03</u>	<u>2001/02</u>
<u>Pari-Mutuel Wagering</u>	\$ 35,633,877	\$ 35,677,900
Number of Race Days	363	364
Average Daily Wagering	98,165	98,016

SCHEDULE B

Rural Racing

<u>Standardbred</u>	<u>Racing Days</u>		<u>Amount Wagered</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Carman	0	2	\$ 0	\$ 8,320
Dauphin	0	2	0	24,694
Deloraine	1	1	5,833	7,130
Glenboro	2	2	8,351	15,220
Holland	2	2	11,802	16,442
Holland (Rain-Out)	2	0	5,279	0
Killarney	4	4	25,960	31,327
Minnedosa	2	2	11,482	18,570
Portage	2	2	10,834	14,191
Wawanesa	1	2	9,400	23,144
Miami	<u>2</u>	<u>2</u>	<u>9,385</u>	<u>13,677</u>
Subtotal	18	21	\$ 98,326	\$ 172,715
 <u>Quarter Horse</u>				
Rosburn	<u>2</u>	<u>2</u>	<u>\$ 3,660</u>	<u>\$ 6,812</u>
TOTALS:	20	23	<u>\$ 101,986</u>	<u>\$ 179,527</u>

Other Comparative Statistics

	<u>2002</u>	<u>2001</u>
Total Purses - Standardbred	\$ 221,532	\$ 385,335
Per Race Purse Average - Standardbred	\$ 1,528	\$ 1,966

Provincial Support Programs

	<u>2002</u>	<u>2001</u>
Race Meet Support - Standardbred	\$ 166,350	\$ 332,203
Breeders/Owners Incentives - Standardbred	55,500	134,300
Purses/Breeders/Owners Incentives – Quarter Horse	7,800	22,200
Unexpended Grant	<u>28,100</u>	<u>2,397</u>
TOTALS From Province of Manitoba	<u>\$ 257,800</u>	<u>\$ 491,100</u>

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending  
March 31, 2002

<u>Occupational Licenses</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Owner/Trainer	119	122	4	21
Trainer	35	41	7	0
Assistant Trainer	13	11	0	0
Owner/Trainer/Driver	0	0	14	24
Owner/Driver	0	0	2	5
Jockey (1/4 & Amateur incl.)	24	27	0	0
Apprentice Jockey/Exercise Rider	67	59	0	0
Driver	0	0	0	4
Driver/Trainer	0	0	0	1
Jockey Agent	8	8	0	0
Officials	11	12	4	5
Backstretch	318	208	1	20
Occ 1 (Assoc., Kitchen, etc.)	169	132	0	1
Occ 2 (Press, etc.)	37	28	0	0
Occ 3 (Tradesmen, etc.)	41	27	0	1
Occ 5 (Veterinarians, etc.)	6	6	0	1
<b>TOTAL LICENSES ISSUED:</b>	<u>848</u>	<u>681</u>	<u>32</u>	<u>82</u>

<u>Registrations &amp; Non-Occupational</u>	<u>Thoroughbred</u>		<u>Standardbred</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Owners	631	560	30	89
Sponsored Persons	117	118	0	0
Partnerships	221	207	0	0
Stable Names	133	139	0	0
Colours	19	28	0	0
Leases	3	4	0	0
Authorized Agents	181	192		

	<u>Quarter Horse</u>	
	<u>2002</u>	<u>2001</u>
All Categories (excluding Assiniboia Downs dual licensees)	40	65

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

<u>Thoroughbred</u>	<u>2002</u>	<u>2001</u>
<b>Rulings</b>	<b>129</b>	<b>157</b>
<b>Fines</b>	<b>\$ 9,050</b>	<b>\$ 9,525</b>
<b>Suspensions</b>	<b>28</b>	<b>24</b>
<b>Claims</b>	<b>\$ 532,375</b>	<b>\$ 625,625</b>
<u>Standardbred</u>	<u>2002</u>	<u>2001</u>
<b>Rulings</b>	<b>26</b>	<b>24</b>
<b>Fines</b>	<b>\$ 1,350</b>	<b>\$ 875</b>
<b>Suspensions</b>	<b>2</b>	<b>3</b>
<b>Claims</b>	<b>\$ XXX</b>	<b>\$ 20,625</b>

## **MANAGEMENT REPORT**

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the 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 Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects. The Auditor General's report is included in the annual report.

**D.F. WILLIAMS, Q.C.**  
**Executive Director**



**ISER KAY, C.M.A.**  
**Comptroller**



**Date: April 24<sup>th</sup>, 2003**

# **The Horse Racing Commission Financial Statements**

March 31, 2003



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## 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, 2003 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 Canadian 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Canada  
April 24, 2003

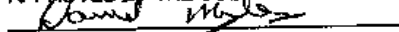
# THE HORSE RACING COMMISSION

# Exhibit A

**Balance Sheet**  
**as at March 31, 2003**  
 (with 2002 figures for comparison)

Assets	Restricted Funds					Total	
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Year ended March 31 2003	2002
Current assets:							
Cash on hand and in bank	\$ 273,609	\$ -	\$ 77,733	\$ 260,196	\$ -	\$ 611,538	\$ 859,076
Due from General Fund	-	-	-	-	28,150	28,150	2,397
Pari-mutuel levy receivable	-	4,983	-	-	-	4,983	65,915
Pari-mutuel levy distribution receivable	511	-	3,514	958	-	4,983	65,915
Receivable - other	-	-	-	-	-	-	100
	<u>274,120</u>	<u>4,983</u>	<u>81,247</u>	<u>261,154</u>	<u>28,150</u>	<u>649,654</u>	<u>993,403</u>
Long-term receivable							
Province of Manitoba (Note 3)	<u>174,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,473</u>	<u>173,123</u>
	<u>\$ 448,593</u>	<u>\$ 4,983</u>	<u>\$ 81,247</u>	<u>\$ 261,154</u>	<u>\$ 28,150</u>	<u>\$ 824,127</u>	<u>\$ 1,166,526</u>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 34,477	\$ -	\$ 81,247	\$ 261,154	\$ 28,150	\$ 405,028	\$ 725,883
Deferred revenue	2,194	-	-	-	-	2,194	3,415
Due to C.T.H.S. Fund	-	958	-	-	-	958	12,713
Due to General Fund	-	511	-	-	-	511	6,748
Due to General Support Fund	28,150	-	-	-	-	28,150	2,397
Due to H.B.P.A. Fund	-	3,514	-	-	-	3,514	46,454
	<u>64,821</u>	<u>4,983</u>	<u>81,247</u>	<u>261,154</u>	<u>28,150</u>	<u>440,355</u>	<u>797,610</u>
Long-term liability:							
Provision for employee pension benefits (Note 3)	<u>174,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,473</u>	<u>173,123</u>
	<u>239,294</u>	<u>4,983</u>	<u>81,247</u>	<u>261,154</u>	<u>28,150</u>	<u>614,828</u>	<u>970,733</u>
Unrestricted fund balances end of year, Exhibit B	<u>209,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,299</u>	<u>195,793</u>
	<u>\$ 448,593</u>	<u>\$ 4,983</u>	<u>\$ 81,247</u>	<u>\$ 261,154</u>	<u>\$ 28,150</u>	<u>\$ 824,127</u>	<u>\$ 1,166,526</u>

APPROVED BY THE COMMISSION



Chairman



Comptroller

See accompanying notes to the financial statements.

# THE HORSE RACING COMMISSION

# Exhibit B

## Statement of Operating Revenue and Expenditure and Fund Balances for the year ended March 31, 2003 (with 2002 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	Year ended March 31 2003	2002
Revenue:							
Fees, licenses and fines (Note 4)	\$ 100,554	\$ -	\$ -	\$ -	\$ -	\$ 100,554	\$ 101,492
Grant from the Government of the Province of Manitoba	40,000	-	-	-	257,800	297,800	491,100
Transfer from the General Fund	-	-	-	-	18,189	18,189	12,478
Interest	3,851	-	2,426	3,701	-	9,978	18,647
Pari-mutuel levy	-	3,425,444	-	-	-	3,425,444	3,421,685
Pari-mutuel levy fund distribution	356,404	-	2,425,530	643,510	-	3,425,444	3,421,685
Sundry	112	-	-	-	-	112	708
Employee future benefits - Province of Manitoba (Note 3)	1,350	-	-	-	-	1,350	(4,992)
	<u>502,271</u>	<u>3,425,444</u>	<u>2,427,956</u>	<u>647,211</u>	<u>275,989</u>	<u>7,278,871</u>	<u>7,462,803</u>
Expenditure:							
General Fund expenditures, Exhibit C	488,765	-	-	-	-	488,765	495,909
Overnight purse support thoroughbred	-	-	2,427,956	-	-	2,427,956	2,429,183
Owners/breeders incentive thoroughbred	-	-	-	647,211	-	647,211	646,990
Pari-mutuel levy fund distribution	-	3,425,444	-	-	-	3,425,444	3,421,685
Quarter Horse support	-	-	-	-	17,633	17,633	22,200
Standardbred rural support	-	-	-	-	258,356	258,356	481,378
	<u>488,765</u>	<u>3,425,444</u>	<u>2,427,956</u>	<u>647,211</u>	<u>275,989</u>	<u>7,265,365</u>	<u>7,497,345</u>
Excess (deficiency) of revenues over expenses	13,506	-	-	-	-	13,506	(34,542)
Fund balances, beginning of year	<u>195,793</u>	-	-	-	-	<u>195,793</u>	<u>230,335</u>
Fund balances, end of year	\$ 209,299	\$ -	\$ -	\$ -	\$ -	\$ 209,299	\$ 195,793

See accompanying notes to the financial statements.

# THE HORSE RACING COMMISSION

## Exhibit C

### Statement of General Fund Operating Expenditure for the year ended March 31, 2003 (with 2002 figures for comparison)

	<u>2003</u>	<u>2002</u>
Expenditure:		
Advertising and promotion	\$ 374	\$ 688
Commissioners' per diem and honoraria	25,803	19,231
Drug, alcohol and security	20,588	8,376
Employee benefits	24,202	33,469
Equipment and office furniture	3,503	3,587
Equipment rentals	4,640	8,697
Memberships and dues	6,016	4,717
Office	7,670	8,744
Pension cost	7,447	(1,218)
Professional fees	81,333	87,434
Recruiting costs	152	-
Repairs and maintenance	14,626	6,403
Research grant	-	(5,000)
Salaries		
Administration	51,644	55,821
Security	32,919	25,253
Stewards and judges	116,242	147,037
Veterinarian services	45,532	44,790
Sundry	804	922
Support grant	18,189	12,478
Telephone	7,057	7,130
Travel	<u>20,024</u>	<u>27,350</u>
	<u>\$ 488,765</u>	<u>\$ 495,909</u>

See accompanying notes to the financial statements.

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2003

### 1. Nature of operations

The Horse Racing Commission (Commission) was established under The Horse Racing Commission Act 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 expenditures related to program delivery and administrative activities of the 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 Quarter Horse racing. Funding for the General Support Fund is provided through a grant from the Government of the Province of Manitoba, and a transfer from the General Fund.

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2003

### 2. Significant accounting policies

The Commission follows Canadian generally accepted accounting principles except for the costs of building renovations and purchases of equipment and office furniture, which are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

#### A) Fund accounting

The Commission follows the restricted fund method of accounting for contributions.

#### B) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

#### C) Pension costs

These consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2001. Experience gains or losses are recognized in the year the actuarial valuation is completed.

#### D) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### E) Financial instruments

The Commission's financial instruments consist of cash, accounts receivable and accounts payable. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2003

### 3. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no specific terms of repayment for this receivable.

During the current year, the Commission changed the method of calculating the pension benefits liability from a going concern basis to an accounting basis. The change in method calculates pension benefits earned to date, it excludes net future service obligations. Also during the year, it was noted that the calculation of employee future benefits in prior years was not reduced by the actual pension payments made in the year. The effect of the change in accounting method and the correction of the error reduced the pension benefit liability and the offsetting receivable from the Province of Manitoba for March 31, 2002 by \$87,884 (2001 - \$55,677). The pension cost and related revenue from the Province of Manitoba for 2002 was reduced by \$32,207.

An actuarial valuation of the employee pension benefit liability as at December 31, 2001 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The experience gain from the valuation of \$16,430 reduced the employee benefit obligation and related receivable from the Province of Manitoba for the year ended March 31, 2003. The key actuarial assumptions were a rate of return of 7.25% (1998 - 7.5%), 2.75% inflation (1998 - 3.00%), salary rate increases of 4.5% (1998 - 4.5%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been extrapolated to March 31, 2003 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

Provision for employer's share of employees' pension plan:

	<u>2003</u>	<u>2002</u>
Balance, beginning of year, as previously stated	\$ 261,007	\$ 233,793
Adjustment due to change in accounting method and correction of an error	<u>(87,884)</u>	<u>(55,677)</u>
Balance, beginning of year, as restated	173,123	178,116
Experience loss (gain)	<u>(16,430)</u>	<u>          </u>
Adjusted beginning balance	156,693	178,116
Benefits accrued	11,259	11,462
Interest accrued on benefits	11,980	11,039
Benefits paid	<u>(5,459)</u>	<u>(27,494)</u>
Balance, end of year	<u>\$ 174,473</u>	<u>\$ 173,123</u>



# THE HORSE RACING COMMISSION

## Notes to the Financial Statements for the year ended March 31, 2003

4. <u>Fees, licenses and fines</u>	<u>2003</u>	<u>2002</u>
Assiniboia Downs		
Daily licenses	\$ 52,050	\$ 52,360
Fees and licenses	36,476	33,728
Fines	<u>9,958</u>	<u>10,309</u>
	<u>98,484</u>	<u>96,397</u>
 Rural Circuit		
Daily licenses		2,625
Fees and licenses	720	1,625
Fines	<u>1,350</u>	<u>845</u>
	<u>2,070</u>	<u>5,095</u>
	<u>\$ 100,554</u>	<u>\$ 101,492</u>

5. Statement of cash flows

A statement of cash flows has not been provided as information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.