**Section 412.70 Expense Accounts**

401 Purses

This account shall reflect the aggregate actual purse distributions payable pursuant to the Act during the period of the race meeting. Separate accounts shall be maintained hereunder to identify the amounts of monies used in the payment of purses which were received from sources other than the revenues of the licensee conducting the race meeting. (See Accounts #202 and #203 in 11 Ill. Adm. Code Section 412.50)

402 Salaries and Wages – Racing

This account shall include the compensation (gross salaries and wages) to employees of the licensee in departmental areas other than concessions, programs, newspapers and publications and parking. In addition, salaries and wages which can be specifically identified as being attributable to repair and maintenance services shall not be recorded in this account. In this latter respect, the compensation of track superintendents, plant directors, etc., shall be allocated to this account unless the time spent by such individuals on supervision and direction of specific repair and maintenance projects can be identified.

|  |
| --- |
| Typical Items |
| Mutuel Department: | General Office: |
| Director | Controller and assistants |
| Manager | Clerks |
| Supervisors | Secretaries |
| Calculators | Receptionist |
| Sellers | Season retention employees |
| Cashiers |  |
| Runners | Tracks and Grounds: |
| Clerks | Track Superintendent |
|  | Physical plant Director |
| Executive Officers: |  |
| Association directors | Promotion: |
| President | Director of publicity and assistants |
| Vice president | Public relations personnel |
| Secretary |  |
| Treasurer |  |

403 Salaries and Wages – Concessions

This account shall include the compensation to employees of the licensee for their services in operating restaurant, bar and concession facilities.

404 Salaries and Wagers – Programs

This account shall include the compensation to employees of the licensee for their services in selling daily race programs.

405 Salaries and Wages – Newspapers and Publications

This account shall include compensation to employees of the licensee for their services in selling newspapers, racing publications and tip sheets.

406 Salaries and Wages – Parking

This account shall include compensation to employees of the licensee for their services in operating parking lot facilities.

410 Payroll Taxes

Separate accounts shall be maintained as described below to reflect the licensee's share of social security and Federal and state unemployment compensation expense. The allocation to such accounts shall be the same as that described for Salaries and Wages.

Account

#410.1 Payroll Taxes – Racing

#410.2 Payroll Taxes – Concessions

#410.3 Payroll Taxes – Programs

#410.4 Payroll Taxes – Newspapers and Publications

#410.5 Payroll Taxes – Parking

415 Employee Benefits

Separate accounts shall be maintained as described below to reflect all costs other than salaries and wages and payroll taxes incurred by the licensee on behalf and to the benefit of its employees. The allocation to such accounts shall be the same as that described for Salaries and Wages.

Account

#415.1 Employee Benefits – Racing

#415.2 Employee Benefits – Concessions

#415.3 Employee Benefits – Programs

#415.4 Employee Benefits – Newspapers and Publications

#415.5 Employee Benefits – Parking

Typical Items

Workmen's Compensation

Pensions\*

Group and life insurance

Medical, hospital, accident, sickness and death benefits or insurance\*

\* Includes payments to the Electrical Insurance Trustees for mutuel employees' pension and welfare funds.

420 Horsemen Welfare, Pension and General Funds

This account shall include all costs incurred by the licensee on behalf and for the benefit of horsemen operating at the racing meeting as a result of agreements and understandings with the Horsemen's Benevolent and Protective Association or the Illinois Harness Horsemen's Association.

421 Repairs and Maintenance – Racing

This account shall include the cost of labor, materials used and expenses incurred in the repair and maintenance of the race track and all the race track and backstretch structures, fixtures and general grounds other than those associated with concession (i.e., restaurant and bar) and parking lot operations. As a general rule, maintenance operations shall be construed as those operations required year-round, as opposed to those operations limited to the period of the racing meeting. For example, the cost of cleaning race track stands is not properly includable in this account as a maintenance expense because the incurrence of such cost is limited to the period of the racing meeting. Therefore, if the cleaning was performed by an employee of the licensee, the related labor cost would be accounted for either as wages of the racing operation or as contractual services of the racing operation if the work was performed by a labor force outside the employ of the licensee. However, if an outside labor force was contracted with to perform a service on a year-round basis, such as the upkeep of the general grounds, the associated cost would be properly accounted for in this account rather than as outside service. (See Account #440.)

If total costs of labor, materials used or expenses incurred under certain circumstances require allocation as to amounts applicable to repairs and maintenance, such allocation must be valid and accurate. If the accounting required for such allocation is not reasonable under the circumstances, then the costs in question shall be included in other appropriate accounts herein identified as relating to racing operations.

422 Repairs and Maintenance – Concessions

This account shall include the cost of labor, materials used and expenses incurred which are specifically identifiable as repairs and maintenance to food- and drink-related facilities (e.g., restaurant, bar and concession structures and fixtures).

423 Repairs and Maintenance – Parking

This account shall include the cost of labor, materials used and expenses incurred which are specifically identifiable as repairs and maintenance to parking lot facilities.

425 Depreciation

The accounts described below shall include the amount of depreciation expense which has been incurred during the year as determined by the nature and estimated useful life and salvage value of the property involved. Such accounts shall only be utilized by those licensees who own the land and plant facilities used in the conduct of their racing meetings.

|  |  |
| --- | --- |
| Account | Items |
| #425.1 | All race track buildings, structures, equipment, furniture and fixtures except as set forth below |
| Depreciation – Racing |
| #425.2 | Restaurant, bar and concession equipment, furniture and fixtures |
| Depreciation – Concessions |
| #425.3 | Parking lot structures and improvements. |
| Depreciation – Parking |

430 Amortization of Leasehold Improvements

The accounts described below shall include the amount of amortization expense incurred during the year on facilities erected or installed by licensees on leased facilities used in the conduct of their racing meetings. Useful lives used in the determination of such expense shall be the shorter of the expected useful life of the facilities or the remaining term of the lease.

|  |  |  |
| --- | --- | --- |
| Account | Amortization of Leasehold Improvements | Items |
|  |  |  |
| #430.1 | Racing | All race track buildings, structures, equipment, furniture and fixtures except as set forth below |
| #430.2 | Concessions | Restaurant, bar and concession equipment, furniture and fixtures |
| #430.3 | Parking | Parking lot structures and improvements. |

435 Track Rental

This account shall include all costs incurred under terms of a lease agreement or contract for the use of land or facilities necessary to the conduct of the race meeting being reported upon. However if, for example, the lessee is required to pay real estate taxes under terms of the lease, such expenses shall be accounted for as "Other Taxes" (see Account #455) rather than as components of this account.

436 Equipment Rental

This account shall include all equipment rent expenses.

Typical Items

Totalisator

Closed-circuit monitoring

Starting gate

Electronic timer

Photo-finish

Automatic transcribing equipment

Money counters

Office equipment

440 Outside Services

Separate accounts shall be maintained by the operating areas described below to reflect the expense incurred by the licensee for services rendered by others.

|  |  |  |
| --- | --- | --- |
| Account |  | Typical Items |
|  |  |  |
| #440.1 | Outside Services – Racing | Consulting servicesLegal and auditAmbulance serviceRace patrol servicesIllinois Department of Law Enforcement – Investigative Services DivisionBurn security servicesAndy Frain ushersArmored-car servicesComputer servicesTameling and disposal servicesRadio and TV coverage |
| #440.2 | Outside Services – Concessions | Expenses under lease with outside operators |
| #440.3 | Outside Services – Programs | Expenses under lease with outside operators |
| #440.4 | Outside Services – Newspapers and Publications | Expenses under lease with outside operators |
| #440.5 | Outside Services – Parking | Expenses under lease with outside operators |

445 Costs of Items Sold

Accounts shall be maintained for the operating areas described below to reflect the costs of items sold by the licensee during the operation of its racing meeting.

|  |  |  |
| --- | --- | --- |
| Account |  | Typical Items |
|  |  |  |
| #445.1 | Cost of Concessions Sold | Cost of food, drink, cigarettes and novelties |
| #445.2 | Cost of Programs Sold | Cost of programs |
| #445.3 | Cost of Newspapers and Publications Sold | Cost of newspapers, racing publications and tip sheets |

450 Licenses

Separate accounts shall be maintained by the operating areas described below to reflect the license fee expense incurred.

|  |  |  |
| --- | --- | --- |
| Account |  | Items |
|  |  |  |
| #450.1 | Licenses – Racing | License fees required by statute to accompany the application for racing dates and for racing days granted. |
| #450.2 | Concessions | License fees (if any) paid by the licensee for the privilege of operating restaurant and bar facilities |

455 Other Taxes

Separate accounts shall be maintained by the operating areas described below to reflect all tax expenses which were incurred by the licensee in addition to payroll and income tax expenses.

|  |  |  |
| --- | --- | --- |
| Account |  | Items |
|  |  |  |
| #455.1 | Other Taxes – Racing | Real estate, personal property and other advalorem taxes. |
| #455.2 | Other Taxes – Concessions | Sales taxes on sales of food and drink. |

460 Utilities

This account shall include the cost incurred by the comsumption/utilization of heat, light, power and water as well as telephone and telegraph costs.

461 Insurance

This account shall include all insurance expenses incurred by the licensee in addition to those insurance expenses accounted for a "Employee Benefits."

462 Advertising

This account shall include all advertising and publicity costs incurred in addition to those accounted for as "Salaries and Wages" or "Contractual Services."

Typical Items

Newspaper, television, radio and magazine costs

Photography and artwork

Public relations fees

Pass and special promotions

463 Contributions

This account shall include the amount of all contributions or donations made by the licensee for charitable, social or community welfare purposes.

464 Subscriptions and Dues

This account shall be used to account for all disbursements made in payment of membership dues.

Typical Items

Harness Tracks of America

Racing Association of Illinois

465 Breeders Awards and Trophies

This account shall reflect the total of all awards and trophies distributed by the licensee to breeders of horses.

466 Travel and Entertainment

This account shall include all expenses incurred by the licensee during the fiscal reporting period for transportation of its officers and employees and for the entertainment of individuals in connection with the business of making application for conducting and operating the racing meeting.

467 Printing and Stationery

This account shall include the cost and expense incurred for publications and pamphlets used by the licensee in it operations.

Typical Items

Condition books

Notices to horsemen

468 General Supplies

This account shall reflect the expense incurred for those supplies normally consumed in the administration and operation of the licensee's operations.

|  |  |  |
| --- | --- | --- |
| Account |  | Typical Item |
|  |  |  |
| #468.1 | Racing | Office SuppliesClean SuppliesGas, oil, grease, etc.Badges and ticketsPostage  |
| #468.2 | Concessions | Miscellaneous supplies (e.g., ice, laundry, etc.) |

469 Other

This account shall include all other costs of labor, materials supplied or expenses incurred in connection with the operation of the racing meeting which are not properly accounted for elsewhere in the accounts.

|  |  |  |
| --- | --- | --- |
| Account |  | Typical Items |
|  |  |  |
| #469.1 | Racing | Uncollectible checksCash over and shortJockey Guild assessmentBad debtsAmortization of organization expense  |

470 Other Income

This account shall include those revenues which by their nature are not identifiable as being the direct result or benefit of the business of conducting a racing meeting.

Typical Items

Rental income –

Race Track

Equipment

Stable areas

Outdoor billboards

Stalls

Interest income –

On advances made to affiliated companies

Investments

Gain on sales –

Equipment

Marketable securities

Insurance recoveries

Dividends

Equity in undistributed earnings of subsidiaries

Refunds

476 Other Expense

This account shall include those costs and expenses which by their nature are not identifiable as being directly related to the operation of racing meetings.

Typical Items

Interest charges –

Parent company

Affiliated companies

Loss on sales –

Equipment

Marketable securities

Trustees' fees and expenses

480

and

481 Federal and State Income Taxes

Accounts shall be maintained for the operating areas listed below to reflect the amount of Federal or state income taxes necessary to meet the actual liability for such taxes incurred as a result of operations in these specific areas for the period covered by the income statement. Such taxes should be computed on a basis from which the income and deductions originated.

|  |  |
| --- | --- |
| Account |  |
|  |  |
| #480.1 | Federal Income Taxes – Racing |
| #480.2 | Federal Income Taxes – Concessions |
| #480.3 | Federal Income Taxes – Programs |
| #480.4 | Federal Income Taxes – Newspapers and Publications |
| #480.5 | Federal Income Taxes – Parking |
| #481.1 | State Income Taxes – Racing |
| #481.2 | State Income Taxes – Concessions |
| #481.3 | State Income Taxes – Programs |
| #481.4 | State Income Taxes – Newspapers and Publications |
| #481.5 | State Income Taxes – Parking |

482 Provision for Deferred Income Taxes

Accounts shall be maintained for the operating areas listed below to reflect an amount equal to that by which income taxes payable on book income for the current year are decreased because of the current deduction for income tax purposes of accelerated depreciation, amortization and other timing differences. Reference should be made to the instructions for Account #240 in 11 Ill. Adm. Code Section 412.50

|  |  |
| --- | --- |
| Account |  |
|  |  |
| #482.1 | Provisions for Deferred Federal and State Income Taxes – Racing |
| #482.2 | Provisions for Deferred Federal and State Income Taxes – Concessions |
| #482.3 | Provisions for Deferred Federal and State Income Taxes – Programs |
| #482.4 | Provisions for Deferred Federal and State Income Taxes – Newspaper and Publications |
| #482.5 | Provisions for Deferred Federal and State Income Taxes –Parking |

483 Income Taxes Deferred in Prior Years

Accounts shall be maintained for the operating areas listed below to reflect an amount equal to that by which income taxes payable for the current year are attributable to a deferral of taxes on income in a prior year. (See Account #240 in 11 Ill. Adm. Code Section 412.50)

|  |  |
| --- | --- |
| Account |  |
|  |  |
| #483.1 | Federal and State Income Taxes Deferred in Prior Years – Racing |
| #483.2 | Federal and State Income Taxes Deferred in Prior Years – Concessions |
| #483.3 | Federal and State Income Taxes Deferred in Prior Years – Programs |
| #483.4 | Federal and State Income Taxes Deferred in Prior Years – Newspaper and Publications |
| #483.5 | Federal and State Income Taxes Deferred in Prior Years |

485 Extraordinary Gains and Losses

This account shall include those material gains and losses associated with events and transactions which by their underlying nature are of a character significantly different from the normal business activities of the licensee. Such events and transactions are, by definition, non-recurring factors not to be considered in the evaluation of normal business operations.

Typical Items

Sale of significant segment of the business

Sale of an investment not acquired for resale

Significant uninsured losses due to fires, floods, etc.

Significant lawsuit losses, etc.