

**Budget Report for New York State Thoroughbred Breeding Development Fund**

**Run Date: 09/20/2017**

**Fiscal Year Ending 12/31/2018**

**Status: CERTIFIED**

<u>Budget &amp; Financial Plan:</u>	<u>Budgeted Revenues, Expenditures, And Changes In Current Net Assets</u>					
	Last Year (Actual) 2016	Current Year (Estimated) 2017	Next Year (Adopted) 2018	Proposed 2019	Proposed 2020	Proposed 2021
<b><u>REVENUE &amp; FINANCIAL SOURCES</u></b>						
<b>Operating Revenues</b>						
Charges for services	\$0	\$0	\$0	\$0	\$0	\$0
Rentals & Financing Income	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$21,647,287	\$19,400,124	\$19,665,829	\$19,665,829	\$19,665,829	\$19,665,829
<b>Nonoperating Revenues</b>						
Investment earnings	\$30,874	\$16,367	\$0	\$0	\$0	\$0
State subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from the issuance of debt	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenues &amp; Financing Sources</b>	<b>\$21,678,161</b>	<b>\$19,416,491</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>
<b><u>EXPENDITURES</u></b>						
<b>Operating Expenditures</b>						
Salaries and Wages	\$493,826	\$455,118	\$458,527	\$458,527	\$458,527	\$458,527
Other Employee Benefits	\$270,122	\$271,139	\$287,802	\$287,802	\$287,802	\$287,802
Professional Services Contracts	\$557,473	\$529,935	\$510,570	\$510,570	\$510,570	\$510,570
Supplies and Materials	\$575,536	\$519,431	\$520,312	\$520,312	\$520,312	\$520,312
Other Operating Expenditures	\$19,781,204	\$17,640,868	\$17,888,618	\$17,888,618	\$17,888,618	\$17,888,618
<b>Nonoperating Expenditures</b>						
Payment of principal on bonds and financing arrangements	\$0	\$0	\$0	\$0	\$0	\$0
Interest and other financing charges	\$0	\$0	\$0	\$0	\$0	\$0
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Donations	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$21,678,161</b>	<b>\$19,416,491</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>	<b>\$19,665,829</b>
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The authority's budget, as presented to the Board of Directors, is posted on the following website: <http://www.nybreeds.com/reports-filings/>

Additional Comments:

OSC Budget Request(Part 203) for New York State Thoroughbred Breeding Development Fund  
Fiscal Year Ending:12/31/2018

Run Date: 09/20/2017

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Budget and Financial Plan Documents:

Question	Response	URL (if applicable)	Attachments
In accordance with Part 203 and/or Part 202 of NYCRR, has the Authority prepared a budget and financial plan?	Yes	<a href="http://www.nybreeds.com/reports-filings/">http://www.nybreeds.com/reports-filings/</a>	Attachment Included

Additional Comments:

**NYS Thoroughbred Breeding & Development Fund  
OSC Budget Request (Part 203) - 2018**

Public authorities are required to provide information regarding their budget and financial planning to the Office of the State Comptroller (OSC) pursuant to New York Codes, Rules & Regulations, Part 203, Chapter V, Title 2. The data is collected in the "OSC Budget Request (Part 203)" tab in the Public Authorities Reporting Information System (PARIS).

**§ 203.6 (a)** An explanation of the public authority's relationship with the unit or units of government, if any, on whose behalf or for whose benefit the authority was established.

The NYS Thoroughbred Breeding & Development Fund (Fund) is a public benefit corporation organized pursuant to Sections 251 through 257 of the Racing, Pari-Mutuel Wagering and Breeding Law enacted by the New York State Legislature in 1973. The Fund's mission statement is ***"To promote by monetary incentives the responsible breeding of quality thoroughbred racehorses in keeping with the founding legislation to preserve New York's irreplaceable farmland."***

**§ 203.6 (b)** A description of the budget process, including the dates of key budget decisions.

June 2017 – The 2018 budget process begins with estimated revenues and expenses provided to the Audit Committee by Fund management based on historical information, trends, and analytic review. The projections are reviewed by and discussed with Audit Committee members to determine a final budget.

July 18, 2017 – The Audit Committee approves the 2018 budget proposal and submits it to the full Board for review and approval. A draft of the budget proposal provided to Board members prior to the August 2017 board meeting.

August 8, 2017 – The Board approves 2018 budget.

**§ 203.6 (c)** A description of the principal budget assumptions, including sources of revenue, staffing and future collective bargaining costs, and programmatic goals.

See 2018 Budget documents in PARIS and on the Fund's website under "Reports and Filings."

**§ 203.6 (d)** A self-assessment of budgetary risks.

Budgetary risks include Fund revenues received as a percentage of revenue from on-track and off-track thoroughbred handle in New York. This revenue source accounted for approximately 28% and 29% of the Fund's revenue in 2016 and 2015, respectively, and has been trending downward for the past several years.

The Fund also receives a percentage of revenue from Video Lottery Terminals (VLTs) at Aqueduct Racetrack (Resorts World) and Finger Lakes Gaming and Racetrack. In 2016 and 2015, this revenue source accounted for 64% and 65%, respectively, of the Fund's revenue. In 2017, the Fund budgeted for a decrease in VLT revenues due to the opening of a new casino in Finger Lakes area and the re-allocation of VLT machines from Resorts World to Nassau County. As a result, the VLT revenues are being closely monitored in 2017 and adjustments have been made to the 2018 budget for VLT revenues based on 2017 revenues and future expectations.

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The Fund pays out approximately 90% of its revenues in awards and purse enrichments. Rates paid to breeders and owners are reviewed and approved by the Board annually. Currently, 10% of the awards earned are withheld by the Fund until the end of the year to insure that the Fund has sufficient revenues to pay all awards. The amount withheld was paid to breeders and owners at a rate of 100% in both 2016 and 2015.

Budgets are reviewed by the Fund's management and Board monthly. The monthly report shows monthly and year-to-date totals for budget, actual, prior year and any variances. A rolling budget assists the Fund in determining the effect of current-year activity on year-end projections, and any necessary adjustments can be made on a timely basis.

**§ 203.6 (e)** A revised forecast of the current year's budget.

The Fund uses a rolling budget model that replaces budget projections with actual revenues and expenses on a monthly basis. This report is sent to Board members monthly and is reviewed with members at quarterly Board meetings.

**§ 203.6 (f)** A reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan.

The Fund uses a rolling budget model that replaces budget projections with actual revenues and expenses on a monthly basis. This report is sent to Board members monthly and is reviewed with members at quarterly Board meetings.

**§ 203.6 (g)** A statement of the last completed fiscal year's actual financial performance in categories consistent with the proposed budget or financial plan.

See December 2016 Budget to Actual report on the Fund's website under "Reports and Filings".

**§ 203.6 (h)** A projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications.

See 2018 Budget documents in PARIS and on the Fund's website under "Reports and Filings."

**§ 203.6 (i)** A statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses, and staffing.

The Fund has developed a budget to project revenues and expenses for current and future years. These projections are compared to actual activity and environmental changes on a monthly basis. Any unexpected activity is discussed and adjustments made to the remaining budget in a timely manner in order to avoid significant deficiencies at year end. In addition, the Fund currently withholds 10% of award payments until year end to insure the Fund's net position at the end of the fiscal year.

**§ 203.6 (j)** A statement of the source and amount of any material non-recurring resource that is planned

No planned use of non-recurring resources.

**NYS Thoroughbred Breeding & Development Fund  
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**§ 203.6 (k)** A statement of any transactions that shift material resources from one year to another and the amount of any reserves.

None.

**§ 203.6 (l)** A statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met.

None.

**§ 203.6 (m)** A statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget.

Field Vehicles – The Fund budgeted approximately \$20,000 in 2018 to purchase a new vehicle for its field inspectors. The vehicle being traded-in is a 2013 Ford Escape with high mileage and increasing maintenance costs. The Fund will use the NYS Contract Reporter to assist with bidding opportunities and will get final approval from the Board before the purchase is made. The purchase is expected to occur during the 3<sup>rd</sup> quarter of 2018.