

Budget Report for New York State Thoroughbred Breeding Development Fund

Run Date: 08/28/2018

Fiscal Year Ending 12/31/2019

Status: CERTIFIED

<u>Budget & Financial Plan:</u>	<u>Budgeted Revenues, Expenditures, And Changes In Current Net Assets</u>					
	Last Year (Actual) 2017	Current Year (Estimated) 2018	Next Year (Adopted) 2019	Proposed 2020	Proposed 2021	Proposed 2022
<u>REVENUE & FINANCIAL SOURCES</u>						
Operating Revenues						
Charges for services	\$0	\$0	\$0	\$0	\$0	\$0
Rentals & Financing Income	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$19,469,955	\$19,128,077	\$19,630,032	\$19,630,032	\$19,630,032	\$19,630,032
Nonoperating Revenues						
Investment earnings	\$29,089	\$15,883	\$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
Total Revenues & Financing Sources	\$19,499,044	\$19,143,960	\$19,630,032	\$19,630,032	\$19,630,032	\$19,630,032
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and Wages	\$460,211	\$470,388	\$447,706	\$447,706	\$447,706	\$447,706
Other Employee Benefits	\$266,196	\$271,502	\$285,162	\$285,162	\$285,162	\$285,162
Professional Services Contracts	\$551,303	\$523,070	\$532,913	\$532,913	\$532,913	\$532,913
Supplies and Materials	\$508,178	\$516,023	\$504,900	\$504,900	\$504,900	\$504,900
Other Operating Expenditures	\$17,713,156	\$17,362,977	\$17,859,351	\$17,859,351	\$17,859,351	\$17,859,351
Nonoperating Expenditures						
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
Total Expenditures	\$19,499,044	\$19,143,960	\$19,630,032	\$19,630,032	\$19,630,032	\$19,630,032
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues and capital contributions over expenditures	\$0	\$0	\$0	\$0	\$0	\$0

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:12/31/2019

Run Date: 08/28/2018

Status: CERTIFIED

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	http://www.nybreeds.com/reports-filings/	Attachment Included

Additional Comments:

**NYS Thoroughbred Breeding & Development Fund
OSC Budget Request (Part 203) - 2019**

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 2018 – The 2019 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 17, 2018 – The Audit Committee approves the 2019 budget proposal and submits it to the full Board for review and approval. A draft of the budget proposal is provided to Board members prior to the August 2018 board meeting.

August 14, 2018 – The Board approves the 2019 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 2019 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 30% and 28% of the Fund's revenue in 2017 and 2016, respectively.

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 2017 and 2016, these revenues accounted for 61% and 64%, respectively, of the Fund's total revenue. Due to declining revenues from Resorts World in 2017 and continuing in 2018, the Fund further reduced budget expectations from this source in 2019. As the VLT revenues are a significant source of revenue for the Fund, we continue to closely monitor activity in this area.

The Fund pays out approximately 88% 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 ensure 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 2017 and 2016.

NYS Thoroughbred Breeding & Development Fund
OSC Budget Request (Part 203) - 2019

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 2017 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 2019 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.

§ 203.6 (k) A statement of any transactions that shift material resources from one year to another and the amount of any reserves.

None.

**NYS Thoroughbred Breeding & Development Fund
OSC Budget Request (Part 203) - 2019**

§ 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 3rd quarter of 2018.

No capital spending has been discussed and/or scheduled for 2019.