

Budget Report for New York State Thoroughbred Breeding Development Fund

Fiscal Year Ending: 12/31/2022

Run Date: 08/25/2021

Status: CERTIFIED

Certified Date:08/25/2021

Budget & Financial Plan

Budgeted Revenues, Expenditures, And Changes in Current Net Assets.

	Last Year (Actual) 2020	Current Year (Estimated) 2021	Next Year (Adopted) 2022	Proposed 2023	Proposed 2024	Proposed 2025
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges For Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rentals & Financing Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Operating Revenues	\$11,701,505.00	\$18,012,346.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00
Non-Operating Revenues						
Investment Earnings	\$26,631.00	\$7,175.00	\$0.00	\$0.00	\$0.00	\$0.00
State Subsidies / Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Subsidies / Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Municipal Subsidies / Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Public Authority Subsidies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Non-Operating Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proceeds From The Issuance Of Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues & Financing Sources	\$11,728,136.00	\$18,019,521.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00
EXPENDITURES						
Operating Expenditures						
Salaries And Wages	\$429,620.00	\$469,833.00	\$475,867.00	\$475,867.00	\$475,867.00	\$475,867.00
Other Employee Benefits	\$351,420.00	\$277,444.00	\$299,217.00	\$299,217.00	\$299,217.00	\$299,217.00
Professional Services Contracts	\$470,453.00	\$506,711.00	\$543,013.00	\$543,013.00	\$543,013.00	\$543,013.00
Supplies And Materials	\$252,885.00	\$232,473.00	\$523,600.00	\$523,600.00	\$523,600.00	\$523,600.00
Other Operating Expenditures	\$10,223,758.00	\$16,533,060.00	\$18,273,716.00	\$18,273,716.00	\$18,273,716.00	\$18,273,716.00
Non-Operating Expenditures						
Payment Of Principal On Bonds And Financing Arrangements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest And Other Financing Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subsidies To Other Public Authorities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Asset Outlay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grants And Donations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Non-Operating Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures	\$11,728,136.00	\$18,019,521.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00	\$20,115,413.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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

Additional Comments

NYS Thoroughbred Breeding & Development Fund OSC Budget Request (Part 203) - 2022

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.

July 2021 – The 2021 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.

August 2, 2021 – The Audit Committee approves the 2022 budget proposal and recommends submitting it to the full Board for review and approval. A draft of the budget proposal is provided to Board members prior to the August 2021 board meeting.

August 17, 2021 – The Board approves the 2022 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 2022 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 2020 and 2019, 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 2020 and 2019, VLT revenues from all sources accounted for 50% and 64%, respectively, of the Fund's total revenue.

The Fund historically pays out approximately 85% of its revenues in awards and purse enrichments. Rates paid to breeders and owners are reviewed and approved by the Board annually. Decreased revenues in 2020 and 2021 due to COVID-19 resulted in the Fund's board increasing the percentage of awards withheld from 10%, to 50% and 25%, respectively. The percentage withheld by the Fund ensures that the Fund has sufficient revenues to pay all awards. The amount withheld in 2020 was repaid to breeders and owners during the first quarter of 2021 and amounted to over 96% of the original award earned.

**NYS Thoroughbred Breeding & Development Fund
OSC Budget Request (Part 203) - 2022**

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. At the March 23, 2021 board meeting, the 2021 budget was revised to account for the continued decrease in projected revenues caused by COVID-19.

§ 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. At the March 23, 2021 board meeting, the 2021 budget was revised to account for the decrease in projected revenues.

§ 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. At the March 23, 2021 board meeting, the 2021 budget was revised to account for the decrease in projected revenues.

§ 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 2020 Revised 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.

Total two (2) FT managerial employees and three (3) FT administrative employees. All employees paid with operating revenues.

§ 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 25% 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
OSC Budget Request (Part 203) - 2022**

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

The Fund will need to consider the implementation of GASB Statement No. 87, *Leases*, on the Fund's Net Position at January 1, 2022.

§ 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.

The purchase of a new vehicle for the Field Team to be completed during the first quarter of 2022.