

# Off-Track Betting Special Projects Fund

## Mission Statement

It is the mission of the Off-Track Betting (OTB) Fund to finance projects from off-track betting receipts, as determined by the Mayor and Council.

**Primary Functions** → The primary function of the OTB Fund is to account for OTB revenues and to allocate those revenues for special projects.

**Fund Highlights** → The State Legislature approved a horse racing bill in December 1986 that included a provision for race tracks to operate off-track betting parlors in Illinois. A facility was opened in Rockford on November 18, 1987. The City and the County each receives one percent of the handle.

The City utilizes receipts for financing nonrecurring projects, the Rockford arts and property tax relief. Past undertakings have included property tax relief, contribution to the arts, certain road projects and fire station construction.

As part of its City Hall renovation project, the City issued three General Obligation Certificate issues (1990 - \$1,355,000; 1991 - \$4,000,000; and 1992 - \$5,050,000) totaling \$10,405,000. Debt service, 1990-2008, was scheduled to be derived from four revenue streams: the East Side TIF District, off-track betting income, redevelopment sales taxes and existing property taxes.

For the last three remaining debt service payments, 2005 - \$269,298, 2006 - \$403,040, 2007 - \$453,780, the amounts to come from this fund were reduced by \$200,000 for 2005 and \$250,000 annually for 2006 and 2007. Were this not done, this fund would have been negative until 2019. The funding source for the difference was interest earnings and Redevelopment Fund.

## Budget Summary

OTB PROJECTS BUDGET SUMMARY					
APPROPRIATION	2007	2008	2008	2009	INCREASE
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
DEBT SERVICE/INTEREST	\$203,780	\$0	\$7,228	\$0	\$0
ARTS	75,000	75,000	75,000	50,000	(25,000)
TOTAL	<u>\$278,780</u>	<u>\$75,000</u>	<u>\$82,228</u>	<u>\$50,000</u>	<u>(\$25,000)</u>
FUNDING SOURCE	2008		2009		
	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
OTB RECEIPTS	\$180,000	100.0	\$140,000	100.0	
OTB ADMISSION FEE	0	0.0	0	0.0	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	<u>\$180,000</u>	<u>100.0</u>	<u>\$140,000</u>	<u>100.0</u>	

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## **Budget Analysis**

2007 and 2008 income, budgeted at \$180,000 annually, were \$163,895 (91.1%) and \$136,667 (75.9%) respectively. For 2009, the estimate is reduced to \$140,000 for an estimated 360 days of operation. Expense is for the arts contribution, originally budgeted at \$75,000, but reduced to \$50,000.

## **Five Year Financial Forecast**

The 2010-2014 five year forecast assumes marginal revenue growth and expenditure of revenue for the arts and debt service. With debt service completed in 2007, the fund's deficit should be eliminated by 2010. Future excess funds will reimburse the Redevelopment Fund for past advances made in 2005 – 2007.

### OTB SPECIAL PROJECTS FUND 2010-2014 FINANCIAL FORECAST (IN 000'S)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues	\$140	\$141	\$141	\$142	\$147
Expenditures	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Excess (Deficit)	<u>90</u>	<u>91</u>	<u>91</u>	<u>92</u>	<u>97</u>
Beginning Balance	(69)	<u>21</u>	<u>112</u>	<u>203</u>	<u>295</u>
Ending Balance	<u>\$21</u>	<u>\$112</u>	<u>\$203</u>	<u>\$295</u>	<u>\$392</u>