

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, a total of \$700,000. Were this not done, this fund would have been negative until 2026. The funding source for the difference was interest earnings and Redevelopment Fund.

Budget Summary

OTB PROJECTS BUDGET SUMMARY					
APPROPRIATION	2009 ACTUAL	2010 BUDGET	2010 ACTUAL	2011 BUDGET	INCREASE (DECREASE)
DEBT SERVICE/INTEREST	\$0	\$1,700	\$790	\$1,700	\$0
ARTS	50,000	50,000	85,000	25,000	(25,000)
TOTAL	\$50,000	\$51,700	\$85,790	\$26,700	(\$25,000)
FUNDING SOURCE	2009 AMOUNT	2009 PERCENTAGE	2010 AMOUNT	2010 PERCENTAGE	
OTB RECEIPTS	\$120,000	100.0	\$90,000	100.0	
OTB ADMISSION FEE	0	0.0	0	0.0	
INTEREST INCOME	0	0.0	0	0.0	
TOTAL	\$120,000	100.0	\$90,000	100.0	

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Budget Analysis

2009 and 2010 income, budgeted at \$140,000 and \$120,000 respectively, were \$116,953 (83.5%) and \$99,019 (82.5%) respectively. For 2011, the estimate is reduced to \$90,000 for an estimated 360 days of operation.

For 2010, \$35,000 was given to the OTB parlor for relocation expenses. In addition, the Rockford Arts Council received \$50,000. For 2011, \$25,000 is available for Redevelopment Fund reimbursement.

Five Year Financial Forecast

The 2012-2016 five year forecast assumes no revenue growth and expenditure of revenue for Redevelopment Fund reimbursement. With debt service completed in 2007, the fund's deficit should be eliminated by 2012. Future excess funds will reimburse the Redevelopment Fund for past advances, \$700,000, made in 2005 – 2007 with the reimbursement complete by 2020.

OTB SPECIAL PROJECTS FUND 2012-2016 FINANCIAL FORECAST (IN 000'S)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues	\$90	\$91	\$96	\$96	\$96
Expenditures	<u>50</u>	<u>75</u>	<u>100</u>	<u>100</u>	<u>100</u>
Excess (Deficit)	<u>40</u>	<u>16</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>
Beginning Balance	<u>(12)</u>	<u>28</u>	<u>43</u>	<u>39</u>	<u>35</u>
Ending Balance	<u>\$28</u>	<u>\$43</u>	<u>\$39</u>	<u>\$35</u>	<u>\$31</u>