



# **Task Force on the Future of Off-Track Betting In New York State**

**A Report to  
The Governor and  
The Legislature  
Of the State of New York  
Regarding**

**The Optimal Utilization of the State's Regional Off-Track Betting System  
to Raise Revenues for State and Local Governments and  
Strengthen The Racing and Breeding Industries in New York.**

**January 13, 2010**

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## **I. Executive Summary**

The Governor and Legislature directed the Task Force on the Future of Off-Track Betting to study the State's off-track betting system and make recommendations to improve its operations and increase revenues for state and local governments (Chapter 115 of the Laws of 2008). Racing is of critical importance to the State. Its economic value to the State has been quantified by a wide variety of economic experts when estimating the size of the farms, the total value of New York State agribusiness, travel and tourism generated by racing and breeding and other equine related businesses. Regardless of the precise value of the industry, just considering the inputs alone, it is fair to say the industry is vital to the State.

Horse racing has been labeled as a dying sport by many, however, nationally more is wagered on horse racing in North America than is spent on movie tickets. The reality is racing is vital to the State and while the business trends are decidedly negative, the situation is still one that can be fixed.

The State's off-track betting corporations have been experiencing significant declines in benefits distributed to localities over the past several years as less money is being wagered with them. As the OTBs struggle with less revenue being generated from wagering, operating costs are increasing and their financial viability continues to deteriorate. The problems the OTBs are experiencing are further exacerbated by the current extended recession the country has been in for over three years. This overall decline threatens the entire off track betting system, whose viability is closely correlated with the overall health of the racing industry in New York State.

Currently the State's off-track betting system accepts over \$1.8 billion of bets annually which is approximately 18% of the total amount wagered on horse racing in the United States.

The New York Racing Association (NYRA) also relies on the NYS OTB system. Approximately 22% of the total amount wagered annually on NYRA races occurs at a NYS OTBs. In addition a total of \$710 million is bet at the NYS OTBs on all New York races in total every year.

In order to conduct a thorough review, the Task Force held several meetings throughout the State, solicited comments from all industry participants and local governments and performed a complete analysis of the State's off-track betting system finances and operations. There was broad participation with the only notable exception being NYCOTB who presented absolutely no information. This was particularly ironic since the Task Force was formed, in part, because of their inability to stay solvent.

While each stakeholder stressed changes that were of most importance to their particular group, the single most frequent recommendation from all of the State's industry participants was to regulate out-of-state account wagering providers. In addition, the OTBs and the participating municipalities called for an end to the maintenance of effort, hold harmless and other statutory payments as well as authorization for them to conduct video gaming. The tracks and others called for the consolidation of OTBs. Most joined in recommending the creation of a statewide racing

television channel, statewide marketing program, statewide totalisator and an account / internet wagering platform. The bettors' / fans' most frequent re-occurring recommendation was a call to improve customer service.

The Task Force recommendations are based on the testimony presented, the facts that were assembled and included in the appendixes and each member's personal experience.

### **Summary of Recommendations**

The recommendations have been compiled by the Task Force as both legislative and non-legislative.

### **Legislative**

1. Amend the Racing Law to centralize and consolidate repetitive business functions that currently compete against each group (all the OTBs and tracks), under one central office owned / operated by the regional OTBs. Marketing, televised racing channel, account wagering/ internet and totalisator operations need to be consolidated to provide cost efficiencies and produce a cohesive state wide approach for the benefit of all participants.
2. Amend the Racing Law to require out-of-state advance deposit wagering operators who accept wagers from New York residents to be licensed by the State and to pay similar statutory amounts that New York State operators are required to pay.
3. Amend the Racing Law that currently mandates some payments and leaves some to negotiation, to set a single rate for each NYS track that the OTBs would pay. This would eliminate the distinction on what the tracks charge for exporting their simulcast signal to out of state purchasers as well. Those entities and states which refuse to pay the higher rates would be denied access to the total NYS platform. (OTBs, NYS tracks and all licensed ADWs). This move would increase the value of the signal and the NYS platform.
4. Amend the Racing Law to give participating municipalities the option to lock into payments they currently receive at hold harmless levels of 2008 revenues but to relinquish control of the regional OTB's or keep benefit distribution as it is. Those municipalities that "opt in" would be guaranteed payments based upon a base year, ensuring continuity in their budgetary process.
5. Amend the Racing Law to allow the OTBs to carry forward and carry back reported quarterly losses incurred in the same fiscal year.
6. Amend the Racing Law to eliminate the restrictions on in-home simulcasting as currently provided for under Section 1003 and allow unrestricted in-home simulcasting to tracks and OTBs including the authority for internet video streaming.
7. Amend the Racing Law to eliminate the maintenance of effort and hold harmless payments to those tracks with video gaming operations that have been in operation for twenty-four months or more.

8. Amend the Racing Law to eliminate dark day payments to those tracks with video gaming operations that have been in operation for twenty-four months or more.
9. Amend the Racing Law to require the OTBs to prominently display and give preference in all branches and simulcasting (including in-home) to all live NYS races.
10. Amend the Racing Law Section 527.5-a to eliminate the payment of one half of one percent of regular and multiple bets to tracks which have had video gaming operations for twenty-four months or more for capital improvements.
11. Amend the Racing Law to clarify the Racing and Wagering Board's regulatory authority over NYCOTB to ensure that regulatory actions are consistently applied and that there is no bias, real or perceived, shown in deference to any entity.
12. Should the above recommendations not be implemented, then privatizing the off-track betting corporation's branch operations should be seriously considered. Revenues from the sale / franchise agreements should be allocated to the participating municipalities and the private operator will be required to continue payments to the participating municipalities. A central statewide entity owned by the participating municipalities would continue to operate and manage marketing, a televised racing channel, account wagering/ internet and totalisator operations.

### **Non-Legislative**

13. Streamline management – Significant savings must be achieved now by consolidating and streamlining management operations.
14. Reduce Cost – It is imperative that the OTBs, particularly New York City OTB, reduce branch and corporate expenses especially employee benefits.
15. The Task Force recommends that the OTBs adopt uniform reporting standards for GASB 45 expenses and determine how this liability will be funded.
16. Co-opetition - While the OTB and the tracks are competing for the same racing dollar both entities have a decided common goal of promoting racing that mutually benefit each other. Combining and unifying marketing efforts would provide a benefit to both organizations. The larger the number of people who follow racing, the greater the benefit to each group. This common goal can be supported even in a competitive framework.
17. Marketing / Promotion & Customer Service – Work with the three largest cable operators to have statewide conformity on a channel platform. Set the same two channels aside throughout the State for marketing / promotion and customer service. A cohesive marketing and customer service plan must be initiated immediately.

## **II. Introduction**

The Task Force on the Future of Off-Track Betting was created by Section 26 of Chapter 115 of the Laws of 2008 as part of sweeping reform to begin to overhaul Off-Track Betting in New York State<sup>1</sup>. The money generated by off-track betting (OTB) directly funds the racing and breeding industries, as well as local municipalities, all of which have become reliant on this revenue. With a troubled economy and rapidly decreasing handle, the financial stability of the OTBs continues to erode and adversely affect the racing and breeding industry as well as the local municipalities it is meant to support.

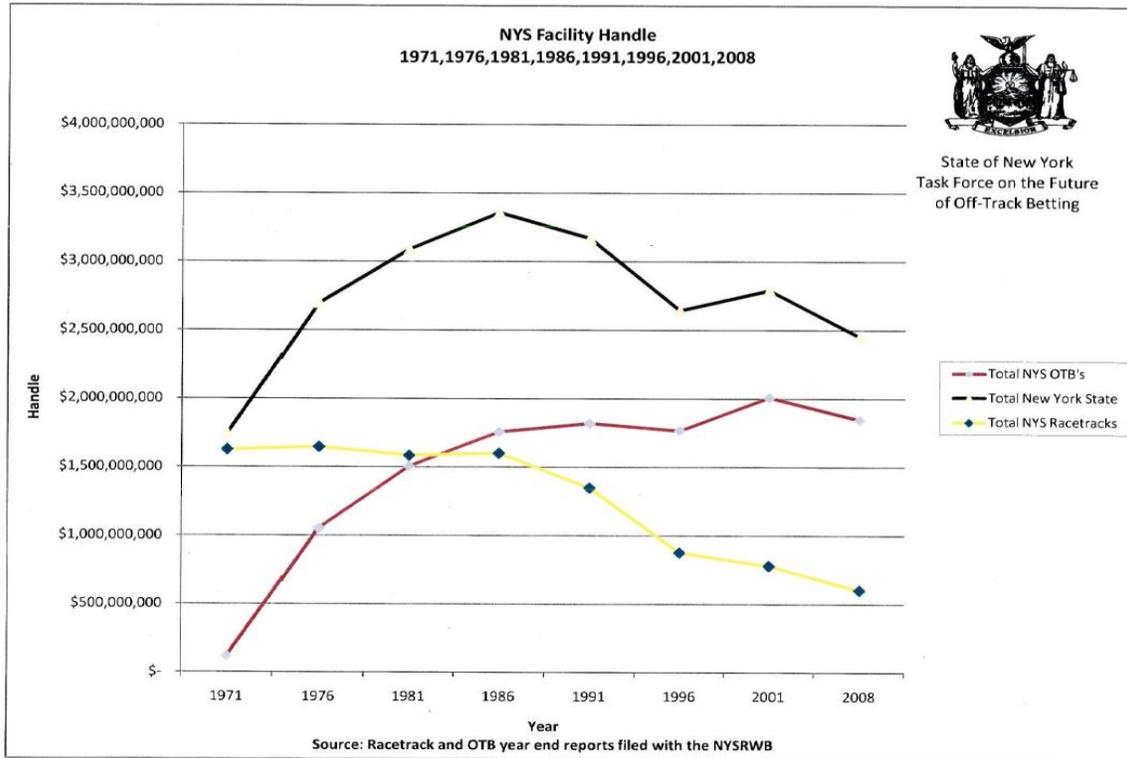
The Task Force was charged to analyze and make recommendations concerning the optimal utilization of the state's regional off-track betting system with an emphasis on the system's capability to raise revenues for state and local governments and strengthen the racing and breeding industries in New York. To do this, comments, suggestions and recommendations were solicited from representatives of each of the state's regional off-track betting corporations, representatives of local governments, thoroughbred and harness racetrack operators, horsemen and breeders, operators of video lottery terminals at various tracks, totalisator companies serving the pari-mutuel industry, the New York State American Federation of Labor-Congress of Industrial Organizations, out of state advance deposit wagering providers as well as fans and bettors.

In addition to soliciting written comments the Task Force also held a series of five public meetings throughout the State to provide opportunity for individuals to present and discuss various issues. The meetings focused on the current and future pari-mutuel marketplace with respect to off-track wagering, legislative and regulatory issues, the industry's changing competitive environment, the economic contributions of the racing and breeding industries to New York and its communities as well as the necessity for regulation of out-of-state advance deposit wagering providers that are engaged in the business of accepting pari-mutuel wagering on horse racing from persons within New York State.

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<sup>1</sup> Mayor Bloomberg was considering closing New York City Off-Track Betting Corporation due to its large operating losses. Included in the same chapter amendment that created the Task Force the State took over operations of New York City Off-Track Betting Corporation and changed statutes to provide more revenues for operations from surcharge.

## Status of Off-Track Betting in New York State



The above chart shows that from 1971, the year off-track betting began operations in New York, statewide handle exploded from approximately \$1.7 billion to approximately \$2.7 billion by 1976. That's a 59% increase in just a little over five years. During this same time on track handle at the States' racetracks remained fairly constant. Off-track betting was clearly bringing new money into the system but attendance at the tracks began to decline dramatically.

Pari-mutuel handle in New York State continued a steady upward trend through 1986 when the State hit its all time high of about \$3.4 billion. Beginning in 1986, the tracks began to experience sharp declines in pari-mutuel handle from which they have never recovered. However, off-track betting handle continued to be fairly strong up to 2001.

Figures obtained from the Jockey Club Fact Book report total US handle in 2008 at \$13.6 billion. Comparing this to 1999 reported handle, adjusted for inflation, there is 22% decrease over the past ten years. There is a 33% decrease in New York State Handle during this same time period, which is a much worse decline when compared to national trends. However, since New York State accounts for almost 18% of the reported total US handle it is obvious that New York trends will have a significant impact on the total national trends. Therefore, by removing New York handle from the US figures the rest of the nation reports only a 20% decrease in handle, adjusted for inflation. In comparing the

New York ten year trends to the rest of the country, the decrease in New York's handle, adjusted for inflation, is 45% worse then the rest of the nation<sup>2</sup>. (See Table I)

TABLE I



State of New York Task Force on the Future of Off-Track Betting

New York State Ten Year Handle Trend

Total US						
	1999*	Inflation Factor <sup>^</sup>	1999 Adjusted for Inflation	2008	Change Adj. For Inflation	Change NOT Adj. For Inflation
Total Off track	11,365,000,000	1.2795	14,541,517,500	12,161,000,000	-16%	7%
Total On Track	2,359,000,000	1.2795	3,018,340,500	1,487,000,000	-51%	-37%
<b>Total US</b>	<u>13,724,000,000</u>	1.2795	<u>17,559,858,000</u>	<u>13,648,000,000</u>	-22%	-1%
<b>Total US w/o NYS</b>	10,977,986,598	1.2795	14,046,333,852	11,196,914,026	-20%	2%

\* - SOURCE: Jockey Club Fact Book  
<sup>^</sup> - SOURCE :Calculated from the United States city average consumer price index.

New York State Facility Handle						
	1999*	Inflation Factor <sup>^</sup>	1999 Adjusted for Inflation	2008	Change Adj. For Inflation	Change NOT Adj. For Inflation
Total NYS OTB	1,942,524,062	1.3315	2,586,470,789	1,847,166,684	-29%	-5%
Total NYS Track	803,489,340	1.3315	1,069,846,056	603,919,290	-44%	-25%
<b>All Tracks &amp; OTBs</b>	<u>2,746,013,402</u>	1.3315	<u>3,656,316,845</u>	<u>2,451,085,974</u>	-33%	-11%

\* - SOURCE: OTBs reports to NYSRWB  
<sup>^</sup> - SOURCE :Calculated from the NY-Northern NJ-Long Island, NY-NJ-CT-PA consumer price index.

Note: Based on the above the NYS OTB handle trend's, adjusted for inflation are 45% worse than the rest of the nations handle trends adjusted for inflation. (Computed by comparing the total NYS OTB change compared to the total US handle without NYS handle numbers. NYS handle numbers are not included with the rest of the nation's handle because the NYS figures account for approximately 20% of the nations handle. Therefore to compare NYS to the rest of the country these amounts are not included.)

With the decrease in handle the OTBs are experiencing a similar decrease in revenues, while expenses continue to increase, resulting in less net revenue available to distribute to participating municipalities.

Distributions to OTB's participating municipalities have been declining sharply over the past five years<sup>3</sup> as handle continues to decline and expenses increase. New York City

<sup>2</sup> John Signor, President of Capital OTB, disagrees with this comparison and refers to Charles Vickery's, economic analysis regarding this matter. Mr. Vickery believes that the trends in this chart are skewed by removing NYS from the reported national handle. The analysis they presented reports that NY handle trends follow national trends by removing ADW handle from their calculation. They believe that the growth in ADW handle reported in Oregon during this time period should be considered.

Off-Track Betting Corporation has not been timely paying statutory amounts for the past several years and filed for bankruptcy protection on December 3, 2009.

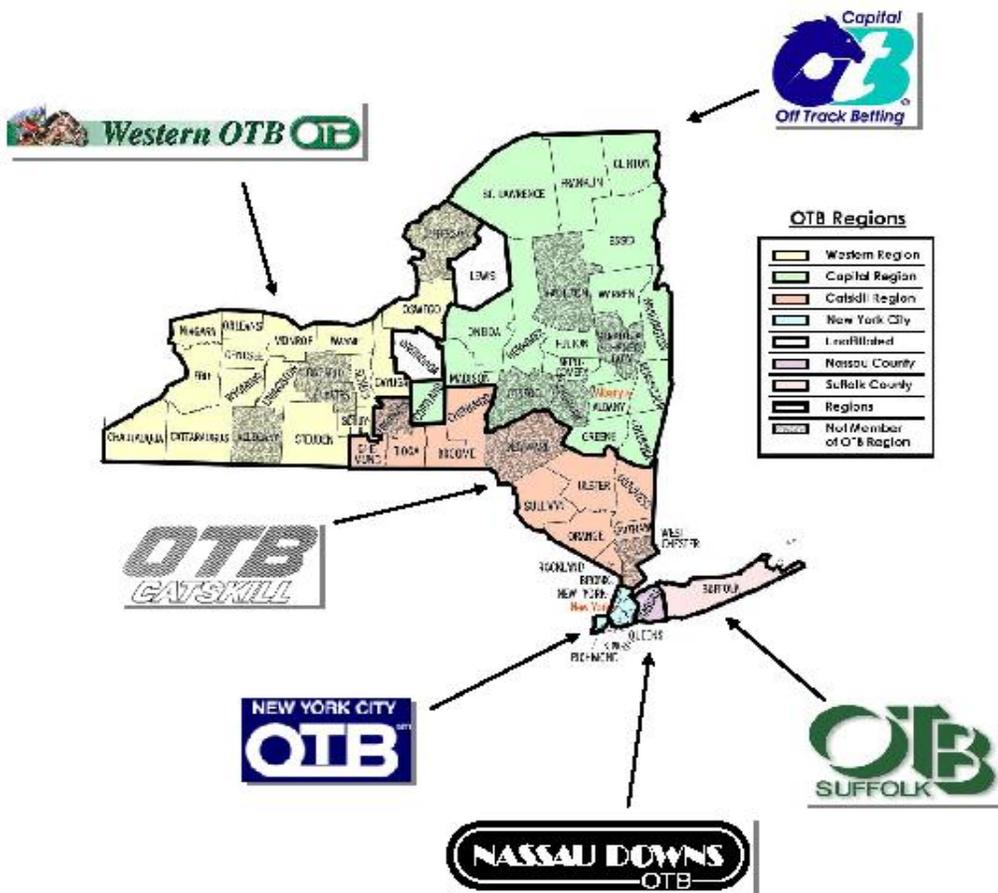
The current recession the country is experiencing further underscores the urgency of the matter as businesses, local governments and the State search for money to fund their operations.

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<sup>3</sup> Distributions to the participating municipalities of Western Regional Off-Track Betting have been increasing during this time due to the video gaming operations that began at Batavia Downs in May 2005.

## The Stake Holders

New York State was one of the first major racing jurisdictions in the country to legalize off-track betting. At the time the State saw the opportunity to eliminate illegal bookmaking and create additional revenues for the support of government. New York City Off-Track Betting Corporation was formed as a public benefit corporation for the City of New York and the five other regional off-track betting corporations soon followed.



The following chart lists all the OTBs and tracks in New York State.

<b>Regional Off-Track Betting Corporations</b>	<b>Harness Tracks</b>	<b>Thoroughbred Tracks</b>
Capital OTB	Batavia Downs	Finger Lakes Race Track
Catskill OTB	Buffalo Raceway	Aqueduct Raceway - NYRA
Nassau OTB	Monticello Raceway	Belmont Park - NYRA
New York City OTB	Saratoga Raceway	Saratoga Racecourse - NYRA
Suffolk OTB	Tioga Downs	
Western OTB	Vernon Downs	
	Yonkers Raceway	

With the creation of the off-track betting corporations local municipalities who elected to participate in the off-track betting regions now became partners in the business and began to receive net revenues from the OTB operations and eventually surcharge income as well. There are 51 local governments that participate with the regional off-track betting corporations.

### Participating Municipalities / Counties By OTB

Capital	Catskill	Nassau	New York City	Suffolk	Western
Albany County	Broome County	Nassau County	City of New York	Suffolk County	Cattaraugus County
City of Albany	Chemung County				Cayuga County
City of Schenectady	Chenango County				Chataugua County
Schenectady County	Dutchess County				City of Buffalo
Clinton County	Orange County				Erie County
Columbia County	Putnam County				Genesee County
Cortland County	Rockland County				Livingston County
Essex County	Sullivan County				City of Rochester
Franklin County	Tioga County				Monroe County
Fulton County	Ulster County				Niagara County
Greene County					Orleans County
Herkimer County					Oswego County
Madison County					Schulyer County
Montgomery County					Seneca County
Oneida County					Steuben County
Rensselaer County					Wayne County
City of Rensselaer					Wyoming County
City of Troy					
St. Lawrence County					
Warren County					
Washington County					

With on track handle and attendance being depleted, the New York harness and thoroughbred tracks, breeding funds and horsemen have steadily become dependent on the States regional off-track betting corporations.

In addition to localities, the OTBs also support two breeding funds:

The Agriculture and New York State Horse Breeding Development Fund receives approximately \$4.5 million annually from the OTBs which is 24% of its revenue (10% from NYCOTB alone) that is used to fund the harness breeding program.

The NYS Thoroughbred Breeding and Development Fund receives approximately \$8.7 million annually from the OTBs which is 74% of its revenue (38% from NYCOTB alone) that funds the thoroughbred breeding program.

## **Market Conditions**

Pari-mutuel wagering on harness and thoroughbred racing is on a decline largely because competition for New Yorker's decreasing amount of disposable income continues to grow from casino gaming and other forms of entertainment. This decline has led to OTB's failure to grow handle, which has had disastrous effects on their organizations. Part of the decline is due to the availability of VLT's at New York tracks. Its ironic that one of the very reasons the industry blames for its decline in handle was authorized to save the State's racetracks. Video gaming revenues pump millions of dollars into purses, breeding programs<sup>4</sup> and renovations to the aging track facilities.

The amount bet at various video gaming outlets at the tracks in New York has increased from \$2.4 billion in 2004 to \$11.5 billion in 2009, with \$6 billion being bet at Yonkers alone. In 2008 video gaming provided approximately \$18.7 million to purses in the State. These figures are sure to dramatically increase when video gaming operations begin at Aqueduct. See ATTACHMENT IV for a summary of video gaming statistics at the New York Tracks from 2004 to 2008.

Despite the cash infusion that video gaming has brought, management of the various New York track's continue to ineffectively deal with further attritions in their handle and attendance as younger individuals continue their migration to other forms of entertainment and gambling<sup>5</sup>.

The industry responded to these challenges by expanding account wagering services offered via telephone with internet and other wireless wagering opportunities. Advanced deposit wagering companies ("ADWs") began to open in "regulatory friendly" jurisdictions to offer interactive and convenient wagering opportunities. These companies have little overhead expenses and a benign to non-existent regulatory framework. These two factors along with pricing arbitrage (buy the signal at a negotiated rate and "rebating" some of the difference back to the customers) have laid the ground work for impressive growth. In 2006 the State authorized internet wagering but the regional off-track betting corporations have been slow in developing and offering this service, while the out-of-state ADWs continue to aggressively market their services. A description of the history of ADWs can be found later in the report in Section III, D.

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<sup>4</sup> The Agriculture and New York State Horse Breeding Development Fund revenues have been strong because of money coming in from the harness tracks video gaming operations. The Thoroughbred Breeding and Development Fund, however, has been experiencing significant declines in revenues while waiting for video gaming operations to begin at Aqueduct. (see note 5)

<sup>5</sup> The New York Racing Association ("NYRA") is the only remaining New York racing entity that does not have video gaming machines at any of its three facilities. While authorized for video gaming machines since 2001, Aqueduct racecourse has yet to begin operations as a lengthy and complicated vendor selection process continues. NYRA also operates Saratoga, the largest New York racing facility that draws young fans and continues to enjoy good attendance.

## **Regulatory Framework**

The State's constitution generally prohibits gambling except for certain forms that serve the public interest. Gambling on horse racing is one of those exceptions, to provide a reasonable amount of revenue for the support of government. The conduct of gambling is therefore illegal unless specifically authorized by the Constitution, under State law and regulated. The main governing statute for off-track betting in New York State can be found in Article V and Article X of the Racing, Pari-Mutuel Wagering and Breeding Laws. The off-track betting corporations are allowed to operate under a plan of operation approved by the New York State Racing and Wagering Board<sup>6</sup> ("The Board"). Any changes or amendments to the plan must be approved by the Board before they may be implemented.

Section 1003.2 of the Racing Law provides that the corporation's plan of operation must include:

- a. A feasibility study denoting the revenue earnings expected from the simulcast facility and the costs expected to operate such facility. No feasibility study shall be received for a simulcast facility that is applying to renew its license. The form of the feasibility study shall be prescribed by the board and may include:
  - (i) the number of simulcast races to be displayed;
  - (ii) the types of wagering to be offered;
  - (iii) the level of attendance expected and the area from which such attendance will be drawn;
  - (iv) the level of anticipated wagering activity;
  - (v) the source and amount of revenues expected from other than pari-mutuel wagering;
  - (vi) the cost of operating the simulcast facility and the identification of costs to be amortized and the method of amortization of such costs;
  - (vii) the amount and source of revenues needed for financing the simulcast facility;
  - (viii) the probable impact of the proposed operation on revenues to local government;
- b. The security measures to be employed to protect the facility, to control crowds, to safeguard the transmission of the simulcast signals and to control the transmission of wagering data to effectuate common wagering pools;
- c. The type of data processing, communication and transmission equipment to be utilized;
- d. The description of the management groups responsible for the operation of the simulcast facility;
- e. The system of accounts to maintain a separate record of revenues collected by the simulcast facility, the distribution of such revenues and the accounting of costs relative to the simulcast operation;

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<sup>6</sup> New York State Racing, Pari-Mutuel Wagering and Breeding Law Section 1003.

- f. The location of the facility and a written confirmation from appropriate local officials that the location of such facility and the number of patrons expected to occupy such facility are in compliance with all applicable local ordinances; and
- g. The written agreements and letters of consent between specified parties pursuant to sections one thousand seven, one thousand eight and one thousand nine of this article.

Therefore, the OTBs are statutorily required to obtain Board approval for virtually anything that they do and must not only adhere to the law but also strict rules and guide lines issued by the Board.

## Profits and Losses

Currently in New York there are seven harness tracks in operation, four thoroughbred tracks and six regional off-track betting corporations with approximately 264 wagering locations throughout the State. New York City Off-Track Betting Corporation handles approximately half of the State's total pari-mutuel wagering activity. Approximately 38% of the total amount bet on thoroughbred racing in New York is bet on New York Racing Association races. (See TABLE II)

**TABLE II**  
**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**TOTAL FACILITY HANDLE BY TRACK AND REGION**

	<b>2008</b>						
	Capital	Catskill	Nassau	New York City	Suffolk	Western	All Regions
New York State Thoroughbred:							
NYRA:							
Aqueduct	22,828,242	12,342,837	42,479,181	113,982,551	26,174,585	12,347,858	230,155,254
Belmont	24,762,108	12,611,127	38,523,787	111,446,795	25,347,627	11,627,044	224,318,488
Saratoga	18,990,386	5,353,400	16,314,275	46,436,907	10,562,116	5,080,297	102,737,381
<b>Total NYRA</b>	<b>66,580,736</b>	<b>30,307,364</b>	<b>97,317,243</b>	<b>271,866,253</b>	<b>62,084,328</b>	<b>29,055,199</b>	<b>557,211,123</b>
Finger Lakes	7,581,438	3,679,630	5,794,697	18,370,779	3,938,472	10,854,296	50,219,312
<b>Handle on NYS Thoroughbred Tracks</b>	<b>74,162,174</b>	<b>33,986,994</b>	<b>103,111,940</b>	<b>290,237,032</b>	<b>66,022,800</b>	<b>39,909,495</b>	<b>607,430,435</b>
New York State Harness:							
Batavia	137,507	82,790	79,542	453,843	83,724	2,392,947	3,230,353
Buffalo	218,678	165,054	175,318	904,048	140,296	2,844,482	4,447,876
Monticello	2,879,026	4,358,194	3,622,145	12,578,936	2,507,687	3,261,878	29,207,866
Saratoga	3,416,361	859,427	786,001	428,811	750,689	1,308,696	7,549,985
Syracuse Mile	-	-	-	-	-	-	-
Vernon	763,844	141,682	-	549,527	-	745,518	2,200,571
Tioga	88,349	308,313	219,296	382,733	161,923	187,214	1,347,828
Yonkers	3,323,016	5,114,777	6,663,724	30,589,391	5,311,549	3,346,480	54,348,937
<b>Handle on NYS Harness Tracks</b>	<b>10,826,781</b>	<b>11,030,237</b>	<b>11,546,026</b>	<b>45,887,289</b>	<b>8,955,868</b>	<b>14,087,215</b>	<b>102,333,416</b>
<b>Handle on All New York State Tracks</b>	<b>84,988,955</b>	<b>45,017,231</b>	<b>114,657,966</b>	<b>336,124,321</b>	<b>74,978,668</b>	<b>53,996,710</b>	<b>709,763,851</b>
Out-of-State Thoroughbred	86,345,668	55,911,771	137,588,226	507,389,268	81,158,906	53,475,235	921,869,074
Out-of-State Harness	15,420,783	17,897,485	25,307,285	84,615,068	19,309,801	23,535,938	186,086,360
<b>Handle on Out-of-State Tracks</b>	<b>101,766,451</b>	<b>73,809,256</b>	<b>162,895,511</b>	<b>592,004,336</b>	<b>100,468,707</b>	<b>77,011,173</b>	<b>1,107,955,434</b>
Special Event Races:							
Breeders Cup	1,561,194	647,206	1,096,574	4,271,405	653,560	735,698	8,965,637
Kentucky Derby	1,428,982	1,645,079	2,131,803	5,343,351	1,642,147	1,472,731	13,664,093
Preakness Stakes	798,892	750,764	1,175,833	2,474,947	847,862	769,371	6,817,669
Handle on Special Event Races	3,789,068	3,043,049	4,404,210	12,089,703	3,143,569	2,977,800	29,447,399
<b>Total NYS OTB Handle on All Tracks</b>	<b>190,544,474</b>	<b>121,869,536</b>	<b>281,957,687</b>	<b>940,218,360</b>	<b>178,590,944</b>	<b>133,985,683</b>	<b>1,847,166,684</b>
<b>Analysis</b>							
Amount bet on NY Tracks	45%	37%	41%	36%	42%	40%	38%
Amount bet on Out - of - State Tracks	55%	63%	59%	64%	58%	60%	62%
Total	100%	100%	100%	100%	100%	100%	100%

Source: Quarterly Reports Filed with the New York State Racing and Wagering Board Pursuant to Section 524 of the Racing Law.

New York City Off-Track Betting Corporation and the New York Racing Association are clearly the two leading racing entities in the State, unfortunately they are also the two entities in the State in the worse financial condition, both are seeking legislative action to survive. In fact NYCOTB just filed for bankruptcy protection while NYRA recently emerged from bankruptcy.

### **New York City Off-Track Betting Corporation**

New York City Off-Track Betting Corporation's financial decline has gotten so bad that it filed for bankruptcy protection on December 3, 2009. A summary of key financial statistics is listed in TABLE III below. The decline in net revenue from racing, after paying statutory amounts, is slightly less than the decline in handle. Payments that NYCOTB makes to in-state tracks for taking bets on their races (known as direct payments) are on average about 6.39%<sup>7</sup>, while the amounts NYCOTB pay to out of state tracks are about 1.88% to 3.75% (see Attachment III). NYCOTB also has to pay the NYS tracks various statutory payments for taking bets on out of state races<sup>8</sup> and bets on New York tracks that are outside of an OTB's region<sup>9</sup>. NYCOTB pays about 6.10%<sup>10</sup> of regional payments to the NYS tracks on out-of-state signals and about .21%<sup>11</sup> to their in-state regional tracks for taking bets on NYS tracks out of their region. These payments are generally referred to as regional payments.

When you combine the direct payments, regional payments and contractual payments (see TABLE IV) it is easy to see that it is more economical for the NYCOTB to accept wagers on out of state tracks than on in state tracks. 64% of New York City Off-Track Betting's handle is on out of state wagers (See Table II). As NYCOTB take bets more and more on out of state tracks their net racing revenue, revenue from simulcasting after statutory and contractual payments, will increase. This explains why the net racing revenue has decreased less than handle, as reported in TABLE III.

The major problem for New York City Off-Track Betting Corporation, other than decreasing handle, is the huge increase in operating expenses. The largest increase in reported expenses is from the new accounting standard issued by the Governmental Accounting Standards Board known as GASB 45. (GASB 45 is explained in a following section of this report.)

The New York State Comptroller's Office assessed NYCOTBs financial condition after the State took it over and issued a report in August 2009. The report concluded that NYCOTB needs to reduce costs by studying and adjusting staffing levels and reviewing and adjusting other items such as consultant contracts, simulcast contracts and the corporate fleet of 87 vehicles<sup>12</sup>.

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<sup>7</sup> Direct payments NYCOTB made to NY tracks in 2008 were \$21,464,031. The amount of handle the NYCOTB had on NY racing for 2008 was \$336,124,321 which is 6.39%.

<sup>8</sup> Racing Law Sections 1015, 1016, 1017 and 1018.

<sup>9</sup> Racing Law Sections 1008/527 and 1009.

<sup>10</sup> Regional payments NYCOTB made to its regional NY tracks in 2008 under Sections 1015, 1016, 1017 and 1018 were approximately \$36,828,923. Total out of state handle for 2008 was \$604,094,039 which is 6.10%.

<sup>11</sup> Regional payments NYCOTB made to NY tracks in 2008 under Sections 1008/527 and 1009 were \$689,921 and handle on NYS Tracks was \$336,124,321 which is .21%.

<sup>12</sup> Office of the New York State Comptroller Report 2008-S-147, New York City Off-Track Betting Corporation, An Assessment of NYC Off-Track Betting Corporation's Financial Condition and Governance.

While the decrease in handle is a serious problem that must be addressed, New York City Off-Track Betting Corporation must look to decrease expenses to survive. However, decreasing expenses, while necessary, is not sufficient to save NYCOTB. Other changes are required.

**TABLE III**  
**New York City Off-Track Betting Corporation**

	<b>2004</b>	<b>2008</b>	<b>Difference</b>	<b>% of Change</b>
Total Net Handle	1,036,088,072	940,218,360	95,869,712	-9.25%
Net Racing Revenue	99,862,747	91,357,950	8,504,797	-8.52%
Operating expense	124,949,843	190,992,999	(66,043,156)	52.86%
516 Net Revenue / (Loss)	(10,625,123)	(79,802,715)	69,177,592	-651.08%
Total Surcharge to Localities	19,900,264	10,779,613	9,120,651	-45.83%
Total Section 516 Net Income /(Net Loss), Surcharge & Capital Acquisition Fund	13,142,398	(58,788,506)	71,930,904	-547.32%

Source: Quarterly Reports Filed with the New York State Racing and Wagering Board Pursuant to Section 524 of the Racing Law.

**TABLE IV**  
**New York City OTB**

	<b>In State Tracks</b>	<b>Out-of-State Tracks</b>
Direct Payments	6.39%	0.00%
Regional Payments	0.21%	6.10%
Contractual Payments*	2.55%	2.44%
<b>Total</b>	<b>9.15%</b>	<b>8.54%</b>

\* The methodology for arriving at the rates is explained in footnotes #7 through #11 on the previous page.

**Other New York OTBs**

While the financial results for each of the OTBs over the past five years vary, the one similar trait they all share is a decrease in racing revenue caused by a decrease in handle. ATTACHMENT V provides a financial summary of each off-track betting corporation from 2004 to 2008. Some individual key statistics are:

Capital OTB's distributions to its participating municipalities has declined about 25%, with approximately half of the decline attributed to reduced surcharge and

half to Section 516 net income<sup>13</sup> caused by reducing revenue after statutory payments. Statutory payments for the regulatory fee and in-state harness tracks increased while handle declined.

Catskill OTB's distributions to its participating municipalities also decreased about 39% with most of the decline attributed to reduced net racing revenue after statutory payments. Statutory payments for the regulatory fee increased while handle declined. Payments to in-state harness tracks increased as did in-state harness handle.

Nassau OTB's distributions to its participating municipalities have declined about 60% mainly due to decreased Section 516 net revenues. This decrease is attributed to two main factors. One being reduced net racing revenue after statutory payments caused by increased regulatory fees. The second reason is that corporate expenses increased approximately 35% while branch expenses increased about 4%.

Suffolk OTB's distributions to its participating municipalities have declined about 65% mainly due to decreased Section 516 net revenues. Most of the decline is attributed to reduced net racing revenue after statutory payments. Statutory payments for the regulatory fee increased as did rental expenses.

Western OTB's distributions to its participating municipalities increased during this period almost 200%. Western is the only OTB in the State that owns a race track, Batavia Downs which operates video gaming. While Western's net racing revenue decreased about 10% with a corresponding drop in surcharge, profits from the video gaming operation increased over 300% thereby more than offsetting the racing losses.

#### **GASB 45**

At the same time the off-track betting corporations have been experiencing significant decreases in revenue from decreased wagering activity, they have been required to adopt Governmental Accounting Standards Board Statement 45 ("GASB 45"). This accounting pronouncement requires governmental entities, including public benefit corporations such as the State's regional off-track betting corporations to record the estimated cost of offering their employees post-employment benefits such as health insurance. In the past these costs were recorded when paid but GASB 45 now requires these entities to record the estimated cost when the benefits are earned.

This has had the most significant impact on New York City Off-Track Betting Corporation as they offer the most post-employment retirement benefits of all the OTBs. For example, New York City OTB's reported net loss for 2008 was \$58.7million which is nearly the same amount of the GASB 45 post employment benefit expense reported for the same year. New York City Off-Track Betting Corporation's GASB 45 expense was

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<sup>13</sup> Section 516 net revenue is the net revenue remaining after the OTB pays all costs of its operations. A complete description of Section 516 net revenue can be found in Section 516 of the Racing Law.

\$115 million in 2006, \$21.4 million in 2007 and \$58.7 million in 2008. NYCOTBs reported accumulated deficit at the end of 2008 was \$248.7 million, almost \$200 million of that is caused from unfunded post-employment retirement benefits for its employees<sup>14</sup>.

GASB 45 expenses reported in 2008 for Suffolk OTB were \$3 million; Nassau OTB \$1.1 million; Western OTB \$1 million; Capital OTB \$48,000 and none for Catskill OTB. The OTBs have not uniformly applied GASB 45. NYCOTB and Capital OTB report the amounts under operating expenses and are taken into account for arriving at Section 516 net revenue. Nassau, Suffolk and Western report the GASB 45 amount, but do not include it to arrive at the Section 516 net revenue that is distributed to its municipalities. Catskill OTB reportedly has no GASB 45 expense to report.

The reporting of the GASB 45 expenses by NYCOTB is technically the reason that it has been required to file for bankruptcy protection. If NYCOTB had continued to record the costs only when paid, it could have continued to appear financially distressed, not insolvent. The regional OTBs must be required to uniformly report the GASB 45 expenses so that a complete picture of their situation is known.

#### **The New York Racing Association Inc.**

The New York Racing Association Inc.'s ("NYRA") financial difficulties have been well documented over the years. NYRA went through a series of what appeared to be fatal steps beginning in 2003 when it was indicted in a conspiracy to defraud the United States Government in a massive tax evasion scheme it participated in to help its mutual department tellers evade paying income taxes. NYRA entered into a deferred prosecution agreement which it successfully emerged from in late 2005. In November 2006 NYRA then filed for bankruptcy protection. During this same time NYRA's exclusive franchise to run racing at the State's three premier thoroughbred tracks was set to expire and the State was seeking proposals from several entities. In the fall of 2008 NYRA successfully emerged from bankruptcy and was awarded a 25 year franchise to continue its racing operations.

NYRA continues to struggle financially from its ever dwindling handle and track attendance figures. As a result it has become increasingly more dependent on the statutory monies it receives from the NYS OTB's, particularly NYCOTB. NYRA has made efforts to increase revenues and was the State's first authorized pari-mutuel wagering entity to offer internet wagering. NYRA has grown its account wagering operations significantly but the amounts are still too small to fund the operating deficits from live racing. State negotiations continue in an effort to select an operator for video gaming operations at Aqueduct but appear to be stalled yet again. Without a new source of revenue, such as video gaming, NYRA will surely be back in financial trouble very shortly. Should NYCOTB fail to make statutory payments to NYRA, NYRA's financial viability would be further exacerbated.

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<sup>14</sup> See Attachment V, NYCOTBs Balance Sheet at 12/31/2008.

**TABLE V****The New York Racing Association Inc.**

	<b>2004</b>	<b>2007*</b>	<b>Difference</b>	<b>% of Change</b>
Total Net Handle	460,276,349	429,421,474	30,854,875	-6.70%
Net Racing Revenue	287,530,000	277,991,000	9,539,000	-3.32%
Operating expense	300,908,000	298,465,000	2,443,000	-0.81%
Net Income / (Loss)	(15,988,000)	(34,278,000)	18,290,000	-114.40%

Source: Audited Financial Statements Filed with the New York State Racing and Wagering Board.  
Audited statements for 2008 are not available.

**Other New York Tracks**

Finger Lakes Racetrack and the State's seven harness tracks have generally experienced significant financial stability from video gaming operations at their facilities, although some continue to struggle. The tracks have been able to increase purses and renovate their facilities with the new stream of video gaming revenues now available to them.

Monticello Raceway, however, has been experiencing significant financial stress as both racing and video gaming revenues decline. Both Vernon Downs and Buffalo Raceway struggle because of competition from Native American casino gaming sites near their facilities.

ATTACHMENT VI provides a financial summary of each New York track from 2004 to 2008. The first ten pages of this schedule report each track by year providing a comparison of their performances. The remaining pages of this schedule report the five year trends of each track providing a historical summary of operations. Parts of the reports for Finger Lakes Gaming and Racing, Saratoga Gaming and Raceway and Empire City Casino / Yonkers Raceway have been redacted as a proceeding has been initiated to block the public release of this information. The New York Racing Association's 2008 information is subject to issues regarding freedom of information disclosure as well.

### **III. FACTS AND FIGURES**

#### **Legislative History**

In 1939 the New York Constitution, Article I, § 9 was amended to provide “*no ... gambling, except [state] lotteries ... and ... pari-mutuel betting on horse races as may be prescribed by the legislature and from which the state shall derive a reasonable revenue for the support of government, shall hereafter be authorized or allowed within this state ...* .” This legalized pari-mutuel wagering on horse races in New York. The Racing, Pari-Mutuel Wagering and Breeding Law was then enacted in 1940 to establish racing commissions and govern pari-mutuel betting on horse racing.

In 1970 the Racing, Pari-Mutuel Wagering and Breeding Law was amended to authorize off-track betting to be owned and operated by participating municipalities and create the New York City Off-Track Betting Corporation Law. The stated purpose of these laws was to help reduce deficits for municipalities, particularly New York City. It was also thought that legalized off-track betting would diminish illegal bookmaking on races and open new markets for the State’s harness and thoroughbred tracks. New York City Off-Track Betting quickly grew to more than 100 branches with a daily handle of almost \$2 million per day<sup>15</sup>. Illegal bookmaking on horse racing declined significantly.

The New York Court of Appeals upheld the creation of OTBs in 1972 and held that payments from OTB handle to local governments qualify as revenue for the state<sup>16</sup>. The regional system that is now in place was established in the following year. The legislature says the intention of the OTB regional system was to raise reasonable revenue for government, curb illegal bookmaking, and conduct off-track betting compatible with the horse racing and breeding industries of the state. At the time OTBs were forbidden to provide food or drink and even chairs, or bathrooms in order to reduce their direct competition with the tracks. These restrictions gradually eroded over time<sup>17</sup>.

In 1974 the Legislature passed a law allowing the regional OTBs to collect surcharge on winning wagers with the participating municipality’s authorization. This turned out to be a significant source of revenue for the participating municipalities and in fact is currently most of, if not all of, the benefits paid to them. Many in the industry, including bettors / fans believe that this surcharge makes the OTB less competitive as it serves as an additional tax paid by winning bettors.

Congress passed the federal Interstate Horse Racing Act of 1978 and defined conditions for establishing standards for interstate simulcasting<sup>18</sup>. This proves to be significant legislation for the racing industry as tracks and OTBs are now permitted to offer pari-mutuel wagering to various locations around the country where pari-mutuel wagering is

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<sup>15</sup> Delafield Commission report, March 1973.

<sup>16</sup> 30 N.Y.2d 207.

<sup>17</sup> L. 1973, ch. 346.

<sup>18</sup> 15 U.S.C. §§ 3001-07. The Act requires the written consent of the host tracks representative horsemen’s group, consent of the host track and of both the host and guest sites racing commissions.

permitted. Various states began passing laws similar to New York's and competition for wagering took off.

In 1984 New York allowed limited simulcast wagering and the establishment of a limited number of tele-theaters. Thoroughbred simulcasts were prohibited after 7:30 p.m. to protect the harness tracks. OTBs were restricted to two contemporaneous live out of state thoroughbred signals and a bridge after NYRA's races (from the time races ended at NYRA to 7:30 p.m.)<sup>19</sup>. With the Interstate Horse Racing Act in place and various states passing similar laws competition for wagering took off. Total New York Handle grew for a few more years then reached its peak in 1987 at \$3.49 billion. Total New York handle began its decline in 1988 and had never recovered.

In-home simulcasting was authorized as "an experiment" in 1990. Broader track-to-track simulcasting was also passed for all in state tracks OTBs were required to simulcast in state tracks. In addition the Racing and Wagering Board was also authorized to resolve disputes including binding arbitration of the rates OTBs paid to tracks<sup>20</sup>.

Dark day payments were imposed on the OTBs in 1997 giving harness tracks an off-set for OTBs taking simulcast wagering on out-of-state thoroughbred races. OTBs were required to pay 1.5% of regional handle to regional harness tracks that remain closed on NYRA dark days<sup>21</sup>. These payments OTBs make to the regional tracks have been substantial and many now question the need to continue these payments as the tracks enjoy substantial revenues from video gaming operations.

In 2001 video lottery terminals were authorized at the State's harness tracks, Finger Lakes, and Aqueduct. The tracks were initially allowed to keep 12 to 25 percent of total revenue as a vendor fee of which a portion must be reinvested back into the racing industry through purses and breeding funds<sup>22</sup>. By 2006 all of the harness tracks and Finger Lakes had video gaming operations and made in total over \$316 million in vendor fees from them in 2008. The only track that is authorized for video gaming operations but yet to get them remains Aqueduct.

At the request of the off-track betting corporations in 2003 the Legislature permitted OTBs to simulcast unlimited races including nighttime thoroughbred signals. In turn the OTBs were required to make payments to the harness tracks to guarantee they would get paid what they were paid in 2002. These payments have come to be known as hold harmless or maintenance of effort payments. Included with this legislation was a regulatory fee to be charged on all wagers equal to 39/100 of one percent of daily pools. This fee was created to fund the Racing and Wagering Board<sup>23</sup>. Also included was an additional statutory payment to regional tracks to be made on annual thoroughbred handle over \$100,000,000. The OTBs claim that the hold harmless payments and regulatory fees

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<sup>19</sup> L. 1984, ch. 363, § 14.

<sup>20</sup> L. 1990, ch. 346, §§ 27-32, 38.

<sup>21</sup> qL. 1997, ch. 445, § 23.

<sup>22</sup> L. 2001, ch. 383, pt. C. Legislation upheld by Court of Appeals in 2005. 5 N.Y.2d 243, Dalton v. Pataki, 5 N.Y.3d 243

<sup>23</sup> L. 2003, ch. 62, pt. F3, §§ 24, various.

have increased their expenses and are causing them to be less profitable while at the same time their revenue projections from nighttime thoroughbred proved to be overly optimistic. The result has been that OTB's revenue from the new unrestricted simulcasting formula never materialized and the hold harmless provision has caused what many agree to be a windfall of money to the harness tracks. The OTBs challenged the hold harmless payments as well as dark day payments but the New York Court of Appeals upheld the payments as interpreted by Racing and Wagering Board<sup>24</sup>. The OTBs can end these payments by ending the simulcasting of nighttime thoroughbred races but state that if they do they will lose customers.

Account wagering was expanded to include internet wagering in 2006<sup>25</sup>. The OTBs were slow to begin to offering internet wagering with only Capital, Nassau and New York City OTB currently doing so.

Halfway through 2008 New York State restructured NYCOTB and eliminated restrictions on capital acquisition surcharge and other surcharge in order to fund operations. With the authority to appoint NYCOTB board members now in control of the governor, NYCOTB is considered by some to be a State agency regulated by the Racing and Wagering Board - another State agency. The Task Force on the Future of Off-Track Betting was also established<sup>26</sup>.

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<sup>24</sup> 11 N.Y.3d 559.

<sup>25</sup> L. 2006, ch. 314.

<sup>26</sup> L. 2008, ch. 115.

## **Regulatory Environment in Other Jurisdictions**

As gambling began to grow throughout the country various other states also began to authorize off-track betting. In 1976 the Commission on the Review of the National Policy Toward Gambling reported that only two states (New York & Connecticut) had approved off-track betting. Simulcasting of horse races grew rapidly as each state passed its own laws to govern its operation. Now most of the forty three States that allow pari-mutuel wagering authorize off-track betting. Different states took different approaches to regulating off-track betting as their constitution and legislature allowed causing a wide variation in “legalized” operations.

The Task Force issued a survey regarding the structure and regulatory frame work of off-track betting and advance deposit wagering entities to over fifty racing jurisdictions, including international locations. Nineteen responses were received, eight stated that they either did not have off-track betting or advance deposit wagering in their jurisdiction or the response provided was incomplete.

A summary of the responses from those jurisdictions that reported relevant information for the study is attached as Attachment I. All of the jurisdictions that responded indicated that the off-track betting operations were either operated and / or owned by the race tracks or private business; none indicated that the operations were owned and / or operated by their Country/State or local municipality. New York State is unique in this regard.

By law the OTBs in New York are required to raise a reasonable amount of revenue for the support of government ***and*** ensure that off-track betting is conducted in a manner compatible with the well-being of the State’s horse racing and breeding industry<sup>27</sup>. These two statutory requirements create conflict as the OTBs struggle to maintain benefits paid to municipalities. The decisions the OTBs make are not always to the benefit of the NY tracks. The clearest example of this is the amount of out state racing the OTBs now accept bets on; versus bets accepted on the New York tracks (see TABLE VII). As a result adversarial situations between the tracks and the OTBs are sometimes created while they each struggle to compete against each other.

Clearly the New York OTB structure is not the optimal situation. If off-track betting was being created now, the present structure of six regional corporations, independently operated tracks, with racing regulated by one State agency and VLT’s by another, would not be the ideal plan. However, the political reality is that this will likely not change. Several commissions and task forces<sup>28</sup> have recommended structural changes to the system without ever being acted on. Regional off-track betting is here to stay, so the question becomes how to optimize its operations.

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<sup>27</sup> Racing, Pari-Mutuel Wagering and Breeding Law Section 518.

<sup>28</sup> Governor’s Commission on the Future of Horse Racing in New York State, March 1973; Examination of the regional OTB system in New York, Joint Legislative Task Force, September, 1979; Governor’s Advisory Commission on Racing in the 21<sup>st</sup> Century, June 1993

## Report on Racing Data

The total amount of wagers placed on horse racing in New York at the OTBs and tracks reached its peak in 1987 at \$3.49 billion, shortly after simulcast wagering was authorized. Total New York OTB handle reached its peak at a little over \$2.06 billion in 2005 while the tracks handle continued a steady decline. (See ATTACHMENT II)

Suffolk OTB reached its peak in handle in 1989. Two OTBs operating in upstate New York, Capital and Western, reached their peak in handle in 1990, the same year in-home simulcasting was authorized. Catskill and Nassau OTB reached their peak in 2005, two years after unlimited simulcasting was authorized. New York City OTBs biggest year in handle followed in 2006. (See TABLE VI)

**TABLE VI**  
**OTBs Highest Reported Handle**

	Year	Amount
Capital	1990	234,806,538
Catskill	2005	146,522,643
Nassau	2005	311,114,349
New York City	2006	<b>1,060,984,126</b>
Suffolk	1989	206,786,117
Western	1990	199,835,843

Source: New York State Racing & Wagering Board Annual Reports

The total amount wagered at New York State tracks began declining soon after off track betting was authorized. In 1974 the tracks reported the most amount of wagers accepted at their facilities at \$1.68 billion. In 2008 the total amount wagered at the tracks was just a little over \$600 million.

As the laws restricting simulcasting became continually less restrictive, the wagers accepted at the State's OTBs have changed. Table VII shows how the OTBs almost exclusively offered wagers on New York racing at their inception to how now out-of-state tracks have become the preferred wagering option for bettors at the OTBs. New York tracks appear to have difficulty competing with tracks nationally when options are made available to the bettors. Attachment II provides a 20 year annual summary of handle by OTB with total track handle.

**TABLE VII**  
**NYS OTB Wagering Trends**

Year	Amount Wagered on New York Tracks	Amount Wagered on Out-of-State Tracks	Total	Percent Wagered on New York Tracks
1988	1,864,582,108	86,255,340	1,950,837,448	95.58%
1993	1,529,650,139	110,192,392	1,639,842,531	93.28%
1998	1,086,274,382	786,030,549	1,872,304,931	58.02%
2003	832,611,505	1,189,840,653	2,022,452,158	41.17%
2008	709,763,851	1,137,402,833	1,847,166,684	38.42%

Source: New York State Racing & Wagering Board Annual Reports

## **Advance Deposit Wagering (ADW)**

The passage of the Interstate Horse Racing Act in 1978 set the framework for simulcasting horse racing for pari-mutuel wagering. Total wagering in the United States increased for a period of time as on track attendance and wagering began to dwindle. In 2008, 89.1% of all US handle was bet off-track<sup>29</sup>.

### **A Short History of the Growth of ADWs**

Off-track betting locations began to open around the country as various jurisdictions passed laws authorizing them. The advantage of operating wagering locations without the added cost of live racing and the maintenance of large facilities was quickly realized and seized upon. Account wagering then began to gain in popularity due to the convenience it offered the bettors / fans. With the growth of the internet, account wagering began to grow as well. The low overhead and operating cost for offering account wagering services is far less than that of the brick and mortar off-track betting locations.

Competition for the betting dollar became fierce because the delivery of the service is made instantly through the internet. Account wagering services responded by beginning to offer rebates<sup>30</sup> to their best customers. The practice of rebating became a controversial issue as many tracks lost big customers to the account wagering providers. Advance deposit wagering (ADW) became the sole area of growth for the industry as tracks struggled to pay operating cost. Rebates eventually became accepted by the industry as tracks began to offer them through their own account wagering systems.

In reaction to the rapid growth of ADWs and rebate shops, various jurisdictions as well as some tracks began to prohibit wagering locations that bet on their races from offering rebates on their races. Various jurisdictions such as Arizona, Texas and Connecticut also prohibited out of state wagering sites from taking bets from individuals located in their state.

Other jurisdictions such as California, Washington, Virginia and New Jersey began to regulate out of state ADWs<sup>31</sup> who take bets from residents within their state.

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<sup>29</sup> Jockey Club Fact Book.

<sup>30</sup> A rebate is the term the industry used to identify cash incentives paid to bettors based on the amount of money they wagered with an entity.

<sup>31</sup> See Attachment I.

### **ADWs and New York State**

The New York State Racing and Wagering Board initially included as a condition of approval for an out of state site to receive the simulcast signal from a New York Track that the site not accept any wagers from New York residents on New York races. This practice was followed for years until 2004 when the New York Racing Association, in an attempt to increase revenues, requested the approval of a favorable contract with Television Gaming Network (TVG), an out of state provider, without the restriction. This contract was subsequently approved.

In January 2008 the Racing Board no longer included the restriction on any simulcast approvals. The regional off-track betting corporations have complained and stated they believe its not legal for out of state entities to accept wagers from New York residence. They were advised to seek an opinion from the New York State Attorney General's Office did not. The Task Force on the Future of Off-Track Betting did so in a letter dated June 28, 2009. The Task Force was advised in September 2009 that the Attorney General's Office referred the matter to the Governor's office, which has given no opinion as of the date of this report.

The growth of ADWs has been significant. For example, the State of Oregon authorized account wagering in 2000 and by 2008 account wagering handle for Oregon was \$1.3 billion<sup>32</sup>.

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<sup>32</sup> Oregon Racing Commission.

## **OTB Distributions**

### **Distributions to Municipalities**

Sections 516 and 532 of the Racing Law govern distributions the OTBs are required to make to participating municipalities.

Section 516 requires net revenues, the amount remaining after payment of all costs of the corporation, to be distributed quarterly among each OTB's participating municipalities. Fifty percent of the net revenues are required to be distributed among the participating municipalities based on the proportion of handle the corporation had in the previous quarter and the remaining fifty percent is required to be distributed on the basis of population in each municipality.

Section 532 requires fifty percent of the surcharge collected to be distributed monthly in accordance with the formula for distribution described in Section 516<sup>33</sup>. A portion of the remaining fifty percent is to be distributed monthly to the municipality where the track was located that was wagered upon.

ATTACHMENT V includes a financial analysis of each regional off-track betting corporation from 2004 to 2008 as well as a detailed financial summary. The first five pages of this schedule provide a five year financial trend analysis of key statistics for each OTB, the next 35 pages compare each of the OTBs currently available past five years of operations year by year. The remaining pages of this schedule report the five year trends of each track providing a historical summary of operations. Not only is there a decrease in handle and related revenues reported during this period there is also an increase in expenses. The result has been ever decreasing distributions to municipalities.

Since their inception the OTBs have provided substantial revenues to local governments. The following summary reports these amounts by region.

### **Capital OTB**

The total amount of cash distributions to participating localities from 1972 to 2008 by Capital OTB was \$181,680,384<sup>34</sup> which averages out to \$4.9 million a year. Cash distributions reached a high of \$9.2 million in 2001 and have steadily declined since then. Since 2005 cash distributions have declined 32 % to \$4.3 million in 2008.

### **Catskill OTB**

The total amount of cash distributions to participating localities from 1976 to 2008 by Catskill OTB was \$216,699,468<sup>35</sup> which averages out to \$6.5 million a year. Cash distributions reached a high of \$20,178,203 in 2001. ( It should be noted that in 2001 the Board found that Catskill OTB had not been making distributions according to Statute which allowed them to accumulate a very large cash balance. As a result the Board

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<sup>33</sup> Section 532 was amended in 2008 to, in part, allow New York City OTB retain surcharge collected as revenue for operations. See Section 532.7.

<sup>34</sup> Source: Capital District Regional Off-Track Betting Corporation.

<sup>35</sup> Source: Catskill Regional Off-Track Betting Corporation.

directed Catskill OTB to make the distributions to the participating localities which resulted in a much higher than average distribution in 2001). The distributions have been steadily declining in recent years. Since 2005 cash distributions have declined 33% to \$6.2 million in 2008.

### **Nassau OTB**

The total amount of cash distributions to Nassau County from 1975 to 2008 by Nassau OTB was \$389,428,706<sup>36</sup> which averages out to \$11.4 million a year. Cash distributions reached a high of \$18 million in 2001 and have steadily declined since then. Since 2005 cash distributions have declined 61% to \$3.9 million in 2008.

### **New York City OTB**

The total amount of cash distributions to New York City from 1972 to 2008 by New York City OTB was \$1,271,227,742<sup>37</sup> which averages out to \$34.3 million a year. Cash distributions reached a high of \$65.2 million in 1977 and have steadily declined since then. Since 2005 cash distributions have declined 11% to \$15.4 million in 2008.

It should be noted that New York City OTB was on a fiscal year of July 1-June 30 from 1972 thru 2008. In June of 2008 New York City OTB was acquired by the State of New York and changed their fiscal year to a state fiscal year of April 1 – March 31. As a result of being acquired by the State of New York the formula for distribution of surcharge has changed and New York City will receive a much smaller portion and New York City OTB will be retaining a much larger portion for operations. For the first three quarters of 2008 NYCOTB reported that \$15.4 million of Section 532 surcharge plus \$2.5 million of Capital Acquisition Fund Surcharge that would have historically been paid to New York City as now being used to cover operating costs.

### **Suffolk OTB**

The total amount of cash distributions to Suffolk County from 1975 to 2008 by Suffolk OTB was \$197,866,033<sup>38</sup> which averages out to \$5.8 million a year. Cash distributions reached a high of \$9.2 million in 1989 and have steadily declined since then. Since 2005 cash distributions have declined 26% to \$2.2 million in 2008.

### **Western OTB**

The total amount of cash distributions to participating localities from 1975 to 2008 by Western OTB was \$168,421,727<sup>39</sup> which averages out to \$4.9 million a year. Cash distributions reached a high of \$8 million in 1987. Although distributions have steadily declined since that high in 1987, Western OTB, the State's only OTB that owns and operates a racetrack, has actually had an increase in cash distributions since 2005 of 24% to \$3.6 million in 2008 due to the video gaming operations they run at Batavia Downs.

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<sup>36</sup> Source: Nassau Regional Off-Track Betting Corporation.

<sup>37</sup> Source: New York City Off-Track Betting Corporation.

<sup>38</sup> Source: Suffolk Regional Off-Track Betting Corporation.

<sup>39</sup> Source: Western Regional Off-Track Betting Corporation.

## **IV. The Off-Track Betting Corporation's Position**

### **Organizational Structure**

The off-track betting corporations accept pari-mutuel wagers on horse racing under strict administration of the State Racing and Wagering Board and subject to the conditions of racing and wagering laws and rules<sup>40</sup>. Each of the State's six OTBs provides wagering opportunities in essentially the same way. See ATTACHMENT VII for a comparison of the OTB operations.

There are approximately one hundred and eighty seven full service branches, sixty eight EZ-bets / remote sites<sup>41</sup>, six tele-theaters<sup>42</sup> throughout the state. Each OTB also offers telephone account wagering to their customers. Capital, Nassau and New York City OTBs currently offer internet wagering. Each OTB has its own totalisator system<sup>43</sup>, telephone wagering operations (except for Nassau and Suffolk OTBs which share this operation) and marketing department.

The OTBs employ approximately two thousand nine hundred individuals, half of which are part time. Each OTB has its own board of directors, officers, lobbyists, executive staff and management that over see operations in the various departments such as personnel, accounting, branch operations, computer support (ITS) etc.

### **Assets, Liabilities and Undistributed benefits (aka Balance Sheet)**

The OTBs are required to distribute their net revenue, after payment of all expenses to their participating municipalities<sup>44</sup>. Therefore they are not permitted to accumulate net income to provide for reserves and invest in fixed assets like a private business typically does. In an effort to address this, the legislature allowed the OTBs to establish bond reserves and capital acquisition funds<sup>45</sup> where monies can be collected and held for payment of bonds and purchases of fixed assets. As a result the OTBs balance sheet is unlike that of a for-profit entity as the various portions of collected revenues are separately reported to reflect how each fund is allocated and distributed in what is typically the equity section.

What is clear when reviewing the last five years of the balance sheets of the OTBs reported in ATTACHMENT V is that New York City OTB has more liabilities than assets at the end of 2008 and that each OTBs' debt ratio (total assets divided by total

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<sup>40</sup> Racing, Pari-Mutuel Wagering and Breeding Law Section 518.

<sup>41</sup> EZ-Bets / remote sites are locations the OTBs contract with, such as bars, restaurants and bowling alleys where self service terminals are located with simulcasting made available. There are no tellers or OTB employees at these locations as there are at branches which are owned and / or operated by the OTB. See Section 1001.j of the Racing Law.

<sup>42</sup> Tele-theaters are essentially branches that also serve as public entertainment faculties and have more amenities than branches. See Section 1001.j of the Racing Law.

<sup>43</sup> Part 5100.1(20) defines totalisator system as a computer system that registers and computes the wagering and payoffs in pari-mutuel wagering.

<sup>44</sup> Racing, Pari-Mutuel Wagering and Breeding Law Section 516.

<sup>45</sup> Racing, Pari-Mutuel Wagering and Breeding Law Sections 509 and 509-A.

liabilities) and debt to equity ratio (total liabilities divided by total equity/undistributed benefits) has continually worsened.

The reported increase in liabilities for most of the OTBs is mainly due to the increase in accounts payable (mainly due to the maintenance of effort payments owed to the harness tracks) and for Suffolk and Western loans that were issued during this time period. However, the largest reported increase in liabilities is by far New York City OTB with an increase of almost one hundred ninety million dollars for post employment retirement benefits that were required to be reported in 2007 in accordance with GASB 45.

### **Section 516 Net Revenues (aka Profit and (Loss))**

While there are many opposing views concerning the issues surrounding the OTBs one thing is clear, Section 516 net revenues have been constantly declining, causing less benefits to be distributed to participating municipalities.

The ratio analysis presented on the first five pages of ATTACHMENT V present some insight into this trend. For example, operating revenues as a percentage of handle shows an increase over the last five years. Five of the OTBs report an increase in total branch and corporate expenses, as a percentage of handle, with increases in professional fees, salaries and wages, totalisator expense and fringe benefits (due to GASB 45). Advertising and promotion expenses actually decreased during this same time period.

Capital OTB is the only OTB that has been able to actually reduce branch expenses as a percentage of handle. However they have been unable to do so with corporate expenses.

### **Legislative Proposals**

The OTBs' position is "the system is broken" as they are forced to pay out more than they make. The response to their declining financial position has been to propose legislation that would eliminate certain payments to the State's harness tracks such as maintenance of effort and dark day; eliminate the regulatory fee that funds the Racing and Wagering Board; allow them to offer video gaming; and change the payment structure for the remaining statutory fees from paying as a percentage of gross handle to paying the required fees with funds remaining, if any, after all operating expenses.

### Summary of Comments Received

The Task Force requested comments from all the New York Tracks, Off-Track Betting Corporations, breeders, horsemen, each OTB participating municipality, each totalisator company providing services in New York, legislators, the New York State American Federation of Labor-Congress of Industrial Organizations and various out of state advance deposit wagering companies. Well over two hundred recommendations have been received from eighty two entities / individuals.

### TABLE VIII

#### Summary of Comments Received

NYS Tracks	6
Totalisator Companies	3
Local Municipalities	29
Horsemen & Breeders	8
NYS Off-Track Betting Corporations	5
Bettors / Fans	31
	<u>82</u>

Many of the responses were well thought out and constructive while some provided the same rhetoric and self-serving interest that have plagued the industry for years. Re-emerging themes were noted as many of the recommendations were made over and over. (See ATTACHMENTS XIII through XIX)

At least one of the OTBs advised their participating municipalities that the Task Force's mission was to take the revenue stream they currently received from OTB and divert it to the State<sup>46</sup>. The local municipalities were told that the Task Force's recommendations have been "pre-ordained" and they were asked to pass resolutions to support their OTBs legislative proposals and not support the Task Force's recommendations that would change the current structure.

Unfortunately no comments were received from Vernon or Tioga Downs and New York City OTB despite being repeatedly asked and invited to participate. It is especially regrettable that New York City OTB, whose problems were the reason for the creation of the Task Force refused to participate when all other Regional OTB corporations did. While understanding the crisis that is affecting NYC OTB, the Task Force believes their interaction with the others in the racing community could have assisted them in finding more practical solutions to their problems.

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<sup>46</sup> Minutes of the August 27, 2009 Western OTB Board meeting.

## **V. Conclusion**

In 1973, 1979 and 1993 task forces or commissions issued reports on racing and OTBs.

Each of these reports concluded, in part, that the structure of the regional off-track betting system in New York State must be changed to meet the stated goal of providing a reasonable amount of revenue for the support of government as well as the racing and breeding industry.

Now, the continued viability of racing and the breeding programs are in question. Since the State created OTB to provide revenue to support government, racing and breeding programs the State must now make major changes to ensure this goal can be met. Should no action be taken to properly align all of these interests, then horse racing in the state of New York will end.

Much has changed over the years since the advent of off-track betting, video gaming, pick six's, ADW's and a host of new competitors. With video gaming providing a new source of revenue to track operators and the horsemen to, in part, support racing and breeding programs the time is now at hand to review the various protectionist payments to the tracks provided for in the racing law while at the same time correction is made to the OTB structure.

What has not changed fundamentally is the OTB structure itself, despite repeated calls for such reform. It is clear that the OTBs cannot sustain current operating costs as market conditions continue to become more and more competitive. The OTB structure must be changed to eliminate duplicative services, streamline operations and achieve cost efficiencies.

## VI. Recommendations

To ensure the future success and viability of off track betting in New York State the Task Force makes the following legislative and non-legislative recommendations.

### Legislative

1. The Task Force recommends amending the Racing Law to centralize and consolidate the repetitive business functions that add cost with no discernable advantage to the industry or to the regional OTBs:
  - a. *Marketing* – Create a central unified market program that promotes New York Racing and wagering interest to maximize profits. Utilize existing resources from the New York State Lottery and I Love New York program. The OTBs should reduce their present marketing budgets as a result of this.
  - b. *Simulcasts of Races on Television* – Create a central unified television channel that promotes New York racing and wagering. The current system where each OTB has its own system of in-home simulcasting or none at all is inefficient and costly. New York should use its regulatory influence with cable franchisees to require the placement of two full time Statewide racing channels on each cable system.
  - c. *Account wagering including internet and telephone wagering* – Centralize account wagering services to provide a consistent stable platform that would be available throughout the state. Savings would be achieved through consolidation and handle should increase by making the service easily and readily available.
  - d. *Totalisator Operations* – Establish a centralized tote system for all of the OTBs and New York tracks to use. This will create cost savings by consolidating operations and eliminate interface fees currently charged between the New York entities. Bettors and fans will be able to use one wagering account at any New York track or OTB and tickets will be able to be cashed at any site as well thus enhancing the customer wagering experience and increase handle.
  - e. Require the New York tracks to use the centralized tote system and participate in the centralized marketing and television programs. Require the New York tracks to utilize the centralized account wagering platform should they wish to offer account wagering.
2. The Task Force recommends amending the Racing Law to require out-of-state advance deposit wagering operators who accept wagers from New York residents to be licensed by the New York Racing and Wagering Board. Impose the same regulatory fee, breeder's contribution fees and host fee on each wager accepted from New York State. Such a change would bring New York State in line with other racing jurisdictions regarding this matter and level the playing field for the New York entities.

3. The Task Force recommends amending the Racing Law to set rates on what the tracks charge for exporting their simulcast signal and what the OTBs pay for simulcast imports. The out of state ADWs are able to offer rebates because the rate which tracks sell their signal out of state is well below what the signal is sold to the local tracks. This pricing needs to be set legislatively for both the OTBs and out of state rate. The argument that the tracks are private business and therefore such action would be intrusive is meritless. The tracks receive sufficient benefits as a result of New York State's allowing them to operate as gambling entities, that they should be considered as regulated public utilities. The OTBs are forced (rightfully so) to carry the local product and many, but not all, of their payments for this signal are statutory. Part of the failing of the industry nationally has been their collective willingness to sell the simulcast signal well below value. (The current pricing model was developed before the widespread acceptance of cable, not to mention the internet.) This model is broken and rebates are the proof. If the OTBs were to act as one, they could collectively support the local tracks higher export rate by refusing to accept wagers on non-participating entity/state. The ADWs will be regulated to prevent slippage.
4. The Task Force recommends amending the Racing Law to set county payments at hold harmless levels or keep benefit distribution as it is. The Task Force heard tremendous feedback from localities about the importance of regional OTBs as sources of income to localities. Based on the fundamental restructuring the Task Force is recommending the localities be offered an option as well. Currently, each locality receives a portion of each of the respective Regional OTB net revenue and surcharge. As handle decreases, so do the payments to the localities. The localities should be offered a choice to relinquish their rights/board control in exchange for the state capturing those payments directly from statute for them. In exchange the locality will get the direct aid from the State at the level no lower than the previous year's amount.
5. The Task Force recommends amending the Racing Law to allow the OTBs to carry forward and carry back reported quarterly losses incurred in the same fiscal year. Wagering on horse racing is largely seasonal with heavy interest in the summer months and on special events such as the Triple Crown and Breeders Cup. As a result it is not uncommon for an OTB to report income in some quarters and losses in others all in the same year. By amending the law to reflect this business cycle this will provide cash flow relief to the OTBs and allow them to "annualize" their Section 516 net income.
6. The Task Force recommends amending the Racing Law to eliminate the restrictions on in-home simulcasting as currently provided for under Section 1003. Also allow un-restricted in-home simulcasting for both the tracks and OTBs and clearly include the authority for internet video streaming as well. The current statute did not contemplate internet use for simulcasting and creates an undue burden on the tracks and OTBs while frustrating bettors / fans. Freeing the tracks to display their races in format and forum they choose would provide them the opportunity to open markets that were not easily available to them. Relieving this

restriction would also enable the OTBs to compete with out of state ADWs and expand their market as well.

7. The Task Force recommends amending the Racing Law to eliminate the maintenance of effort and hold harmless payments to those tracks with video gaming operations that have been in operation for twenty four months or more. The financial consequences that were anticipated to injure the New York harness tracks as a result of night time thoroughbred wagering never materialized and with the authorization of video gaming at the tracks now providing significant revenues to racing operations these protectionist payments are no longer needed.
8. The Task Force recommends amending the Racing Law to eliminate dark day payments to those tracks with video gaming operations that have been in operation for twenty four months or more. With the authorization of video gaming at the tracks now providing significant revenues to racing operations these protectionist payments are no longer needed.
9. The Task Force recommends amending the Racing Law to require the OTBs to prominently display and give preference to, in all branches and simulcasting (including in-home), all live NYS races. One of the main objectives of the State's off-track betting systems is to operate in a manner compatible with the well being of the State's horse racing and breeding industries. It is imperative that the New York racing product be prominently promoted.
10. The Task Force recommends amending the Racing Law Section 527.5-a to eliminate the payment of one half of one percent of regular and multiple bets to tracks that have had video gaming operations for 24 months or more for capital improvements. In 2007 the OTBs distributed approximately \$353,000 to the harness tracks and \$193,000 to Finger Lakes that is restricted to be used for capital improvements at the respective tracks. With the authorization of video gaming at the tracks now providing significant revenues to racing operations and for capital improvements these payments are no longer needed.
11. The Task Force recommends amending the Racing Law to clarify the Racing and Wagering Board's regulatory authority over NYCOTB. It is important that regulatory actions are consistently applied and that there is no bias, real or perceived, shown in deference to any entity.
12. Should the above recommendations not be implemented, then privatizing the off-track betting corporation's branch operations should be seriously considered. Revenues from the sale / franchise agreements should be allocated to the participating municipalities and the private operator will be required to continue payments to the participating municipalities. A central state wide entity owned by the participating municipalities would continue to operate and manage marketing, televised racing channel, account wagering/ internet and totalisator operations.

## **Non-Legislative**

13. The Task Force believes that OTB management structure must be streamlined. In 2008 the OTBs paid a little over \$10.5 million in salaries and wages to their presidents, vice-presidents, officers and managers<sup>47</sup> not including benefits. Significant savings could be achieved now by consolidating and streamlining management operations.
14. The Task Force recommends the OTBs reduce cost. It is imperative that the OTBs, particularly New York City OTB, reduce expenses. Strict constraints must be put in place regarding their largest expense, post employment retirement benefits. With the implementation of GASB 45 it is clear that New York City OTB can not afford to continue to offer the current post employment retirement benefits that they offer their employees. Immediate steps must be taken to begin to control this cost.
15. The Task Force recommends that the OTBs adopt uniform reporting standards for GASB 45 expenses and determine how this liability will be funded. This is a substantial liability that is effecting distributions to municipalities but has no mechanism in place to fund the cost.
16. The Task Force recommends Co-opetition. While the OTBs and the tracks are competing for the same racing dollar, both have a common goal of promoting racing for the common good of all. Combining and unifying marketing efforts would provide a benefit to both organizations. The larger the number of people who follow racing, the greater the benefit to each group. This common goal can be supported even in a competitive framework.
17. The Task Force recommends reorganizing and refocusing marketing / promotions & customer service. It's clear from the comments received and the declines in handle that these areas need great improvement. A cohesive marketing and customer service plan must be initiated immediately.

It is easy to understand that many of these recommendations are supported by various individuals within the industry, some more than others. However, even those recommendations that almost all agree on will not be implemented without strong leadership and cooperation between the OTBs and the other racing interests. For example, OTBs have been discussing consolidating tote operations for well over a year but have yet to issue a request for proposal to initiate such change. In fact many times tote contracts are simply extended rather than competitively bid.

It should also be noted that while many of the recommendations the Task Force offers are similar to some that of the OTBs have offered there are some notable differences.

The Task Force does not support the OTBs recommendation that statutory amounts be paid only after payment of all OTB operating expenses. If this was adopted, there would

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<sup>47</sup> See Attachment V, Uniform Quarterly Report Summary for 2008.

be little incentive for the OTBs to reduce overhead. This would also result in the perverse outcome of out of State tracks receiving guaranteed payments while in State tracks would have to depend on the profitable operations of the OTBs. A distribution formula such as this seems to contradict Section 518 of the Racing Law that requires that off-track betting be conducted in a manner compatible with the well-being of the State's horse racing and breeding industry.

## **VII. TASK FORCE MEMBERS**

The five members of the Task Force were appointed by the governor, one was appointed on the recommendation of the temporary president of the senate and one was appointed on the recommendation of the speaker of the assembly.

John Van Lindt was appointed by the governor and elected Chairman of the Task Force at the first meeting by the other members. Mr. Van Lindt is an attorney and was Chairman of the New York State Racing and Wagering Board from 1979 -1986. He is a former Assistant District Attorney in Manhattan and a former Assistant Attorney General from the State Organized Crime Task Force. He served as Vice president of Hialeah Racecourse from 1989 to 2001 and was vice president of operations for New York City Off-Track Betting Corporation.

John Crotty was appointed by the governor and served as vice-chairman to the Task Force. Mr. Crotty was an Executive Director of JP Morgan Chase's municipal housing finance group, a group he was hired to start in 2007. Prior to joining JP Morgan Chase, John was the Executive Vice President of HDC from 2004 to 2007. HDC was the nation's leading issuer of affordable housing bonds during two of his three full years at HDC. Prior to joining HDC, John was Mayor Bloomberg's Director of City Legislative Affairs. Prior to joining the Bloomberg administration in 2002, John held a variety of finance management positions at MCI, PaineWebber, Winstar and Verizon from 1996 to 2002. In 2003 was appointed by Mayor Bloomberg to be a Member of the Board of Directors of the New York City Off-Track Betting Corporation.

Thomas Casaregola was appointed by the governor and served as secretary to the Task Force. He has been director of audits and investigations for the New York State Racing and Wagering Board since 1997. Prior to working at the Board Mr. Casaregola was a partner in a public accounting firm where he managed audits of local municipalities as well as various non-profit and for profit entities. Mr. Casaregola is certified public accountant and certified fraud examiner.

Bradley M. Fischer was appointed by the governor on the recommendation of the temporary president of the senate. Mr. Fischer is an attorney for Senate Racing and Wagering Committee and the Veterans, Homeland Security and Military Affairs Committee. Prior to his current position Mr. Fischer worked in a various capacities in the Senate Democratic Conference. Mr. Fischer replaced Jon McCloskey on the Task Force in August.

Jerry Skurnik was appointed by the governor on the recommendation of the speaker of the assembly. Mr. Skurnik has been a partner in Prime New York since 1988, a political consulting firm and the State's leading supplier of voter file products. Prior to starting Prime New York, he served as an Assistant to the Mayor of New York City.

The Task Force thanks Chairman Sabini and the New York State Racing and Wagering Board for providing support staff, and resources. Special thanks goes to Rick Goodell who was acting counsel to the Task Force, Joe Mahoney – acting public information officer, Kristen Buckley- special assistant and John McCloskey. The Task Force would not have been able to achieve its mission and issue this report without their support.

## Summary of Survey of other States/Jurisdictions handling of OTBs

States Offering OTB's	OTB's owned by the track	OTBs privately owned	Racing Commission approval required	Surcharge on Winning Wagers	Municipality share in OTB Revenues	State share in OTB Revenues	Host Fees	Statutes/Rules Governing OTB's	OTBs offer Account Wagering	# of physical locations	OTBs use same tote vendor	Restrictions on Simulcasting	ADW's Licensed	ADW's Regulated
California	No*	Yes	Yes	No	Yes	Yes	Yes	Yes	No	35	Yes	Yes	Yes	Yes
Washington	Yes	No **	Yes	No	No	Yes	No	Yes	No	15	Yes	No	Yes	Yes
Oregon	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	13	Yes	No	Yes	Yes
Illinois	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	26	No	No	No	No
Arizona	Yes	No **	Yes	No	No	Yes	No	Yes	No	80	No	Yes	No	No
Ohio	Yes	No **	Yes	Yes	No	Yes	No	Yes	No	1	Yes	No	No	No
Virginia	Yes	No	Local Referendum	No	Yes	Yes	No	Yes	Yes	8	Yes	No	Yes	Yes
South Dakota	No	Yes	Yes	No	No	No	Yes	Yes	No	3	Yes	No	No	No
Connecticut	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	11	Yes	No	No	No
New Jersey	Yes	No	Yes	Yes	No	No	No	Yes	No	3	Yes	No	No	Yes
Sweden	No	Yes	No	No	Yes	No	Yes	No	Yes	2,000	Yes	No	No	No

\*OTBs are run by Racetracks, Racing Fairs, and Indian Casinos

\*\*OTBs are run by Racetracks, they lease space in a bar/restaurant

Source: Compiled from data received in response to a survey performed by the Task Force on the Future of Off-Track Betting in New York State.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
TOTAL HANDLE BY REGIONAL CORPORATION (SINCE INCEPTION)**

ATTACHMENT II

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>On-Track</u>	<u>Total NYS</u>
1971	\$ -	\$ -	\$ -	\$ 118,588,586	\$ -	\$ -	\$ 118,588,586	1,626,519,870	\$ 1,745,108,456
1972	2,316,716	-	-	450,316,518	-	-	452,633,234	1,521,925,927	1,974,559,161
1973	11,414,046	-	-	691,280,360	-	-	702,694,406	1,654,110,434	2,356,804,840
1974	15,098,937	-	-	786,711,622	-	13,440,146	815,250,705	1,678,465,574	2,493,716,279
1975	* 19,796,767	-	27,903,980	773,550,528	30,367,693	55,239,443	906,858,411	1,640,911,224	2,547,769,635
1976	40,303,650	15,561,237	69,662,629	785,910,123	67,723,374	73,741,970	1,052,902,983	1,645,713,481	2,698,616,464
1977	55,041,267	41,729,116	90,692,862	777,437,682	77,426,355	85,725,016	1,128,052,298	1,448,492,902	2,576,545,200
1978	67,987,889	52,433,415	102,674,979	791,853,715	87,840,290	103,739,971	1,206,530,259	1,560,497,784	2,767,028,043
1979	91,720,613	66,849,752	134,958,752	835,815,437	109,146,866	133,535,290	1,372,026,710	1,590,246,285	2,962,272,995
1980	102,669,278	73,982,592	142,586,319	879,639,694	117,253,548	146,491,353	1,462,622,784	1,643,836,275	3,106,459,059
1981	108,653,823	80,120,747	149,594,168	891,276,192	122,394,341	153,324,442	1,505,363,713	1,584,271,013	3,089,634,726
1982	124,920,812	82,561,063	155,304,423	883,510,575	130,558,401	144,429,719	1,521,284,993	1,617,470,441	3,138,755,434
1983	134,616,018	88,668,362	159,422,909	866,764,759	136,539,171	145,961,464	1,531,972,683	1,584,173,721	3,116,146,404
1984	147,563,225	96,713,909	158,728,337	886,006,827	142,821,166	151,659,615	1,583,493,079	1,571,698,568	3,155,191,647
1985	157,719,562	106,083,129	155,085,757	871,867,750	140,669,804	143,303,334	1,574,729,336	1,596,187,321	3,170,916,657
1986	193,409,257	117,491,015	165,303,500	945,803,419	167,050,479	167,696,983	1,756,754,653	1,600,209,731	3,356,964,384
1987	209,892,621	132,723,923	180,195,868	1,003,377,015	195,383,498	187,591,674	1,909,164,599	1,580,991,775	3,490,156,374
1988	223,291,861	135,770,751	196,117,404	1,000,766,523	201,599,802	193,291,107	1,950,837,448	1,517,726,971	3,468,564,419
1989	228,130,290	135,137,777	212,472,817	940,787,164	206,786,117	196,986,948	1,920,301,113	1,438,758,913	3,359,060,026
1990	234,806,538	115,881,524	214,668,830	961,469,708	197,045,073	199,835,843	1,923,707,516	1,402,293,289	3,326,000,805
1991	226,402,623	121,541,890	196,960,292	904,201,790	185,302,638	185,500,554	1,819,909,787	1,348,935,030	3,168,844,817
1992	220,805,067	125,246,625	193,595,504	858,961,315	178,747,643	184,970,088	1,762,326,242	1,323,959,684	3,086,285,926
1993	209,279,030	117,974,312	186,542,545	775,251,135	174,420,032	176,375,477	1,639,842,531	1,213,923,598	2,853,766,129
1994	205,015,141	121,740,566	191,296,563	757,612,209	163,888,236	177,886,848	1,617,439,563	1,095,193,574	2,712,633,137
1995	214,677,508	130,493,497	220,127,790	854,457,195	177,060,836	184,052,016	1,780,868,842	1,031,376,424	2,812,245,266
1996	210,386,807	121,133,534	219,738,585	880,656,595	158,748,374	176,543,338	1,767,207,233	876,511,810	2,643,719,043
1997	216,408,562	124,587,519	235,579,004	927,920,479	159,290,619	171,259,698	1,835,045,881	833,086,330	2,668,132,211
1998	215,813,900	133,784,257	241,066,768	920,663,687	167,081,319	175,895,000	1,854,304,931	809,920,465	2,664,225,396
1999	218,214,375	137,406,986	251,104,041	975,936,705	176,267,452	183,594,503	1,942,524,062	803,489,340	2,746,013,402
2000	222,472,891	139,033,233	252,035,368	1,013,177,935	174,302,864	174,039,463	1,975,061,754	763,922,451	2,738,984,205
2001	229,435,034	144,736,947	258,206,071	1,014,631,269	186,820,326	176,319,570	2,010,149,217	780,191,946	2,790,341,163
2002	225,381,005	144,619,357	265,302,213	1,030,285,839	205,247,267	171,887,898	2,042,723,579	784,703,683	2,827,427,262
2003	220,865,269	143,265,650	261,867,738	1,025,066,708	211,476,632	159,910,161	2,022,452,158	725,668,204	2,748,120,362
2004	212,235,503	143,119,690	299,355,534	1,036,088,072	205,292,864	149,541,572	2,045,633,235	672,532,334	2,718,165,569
2005	213,061,004	146,522,643	311,114,349	1,046,424,502	199,046,909	145,402,654	2,061,572,061	582,951,231	2,644,523,292
2006	209,922,787	143,032,748	307,674,951	1,060,984,126	195,177,802	140,228,641	2,057,021,055	539,629,619	2,596,650,674
2007	201,839,522	131,807,834	293,523,497	1,030,197,904	188,158,721	139,435,042	1,984,962,520	622,293,849	2,607,256,369
2008	190,544,474	121,869,536	281,957,687	940,218,360	178,590,944	133,985,683	1,847,166,684	603,905,010	2,451,071,694
<b>TOTAL</b>	<b>\$ 6,032,113,672</b>	<b>\$ 3,733,625,136</b>	<b>\$ 6,782,422,034</b>	<b>\$ 33,195,470,022</b>	<b>\$ 5,415,527,456</b>	<b>\$ 5,302,822,524</b>	<b>\$ 60,461,980,844</b>	<b>\$ 114,891,848,015</b>	<b>\$ 226,050,070,895</b>

\* Schenectady was superseded by Capital District on August 11, 1975

Source: New York State Racing and Wagering Board annual reports

Summary of Rates Paid by the Off-Track Betting Corporations for Taking Bets on Various Tracks Races

2008 Rates	Capital OTB	Catskill OTB	Nassau OTB	NYC OTB	Suffolk OTB	Western OTB
Calder	3 75%	3 75%	3 75%	3 75%	3 75%	3 75%
Churchill	2 25%	2 25%	2 25%	2 25%	2 25%	2 25%
Fairgrounds	2 75%	2 75%	2 75%	2 75%	2 75%	2 75%
Gulfstream	3 05%	3 05%	3 05%	3 05%	3 05%	3 05%
Hollywood Park	2 75%	2 75%	2 75%	2 75%	2 75%	2 75%
Laurel	2 50%	2 50%	2 50%	2 50%	2 50%	2 50%
Meadowlands (Harness)	2 50%	2 35%	2 35%	2 25%	2 00%	2 00%
Monmouth	2 25%	2 32%	2 25%	2 25%	2 25%	2 25%
Northfield Park	2 00%	2 00%	2 00%	2 00%	2 00%	2 00%
NY - Aqueduct	Statutory + \$700k yr Contractual	Statutory + 1 25% Contractual	Statutory + 1 25% Contractual	Statutory +2 75% Contractual	Statutory + 1 35% Contractual	Statutory + 1-1 75% Contractual
NY - Belmont	Statutory + \$700k yr Contractual	Statutory + 1 25% Contractual	Statutory + 1 25% Contractual	Statutory +2 75% Contractual	Statutory + 1 35% Contractual	Statutory + 1-1 75% Contractual
NY - Saratoga Flats	Statutory + \$700k yr Contractual	Statutory + 1 25% Contractual	Statutory + 1 25% Contractual	Statutory +2 75% Contractual	Statutory + 1 35% Contractual	Statutory + 1-1 75% Contractual
NY - Buffalo	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
NY - Finger Lakes	Statutory + 1% Contractual	Statutory	Statutory + 1% Contractual	Statutory + 1 25% Contractual	Statutory + 1% Contractual	Statutory + 1 3% Contractual
NY - Monticello	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
NY - Saratoga Harness	Statutory + \$170k yr Contract	Statutory	Statutory	Statutory	Statutory	Statutory
NY - Yonkers	Statutory	Statutory	Statutory + 1 8% Contractual	Statutory + 3 25% Contractual	Statutory	Statutory + 5% Contractual
Philadelphia Park	2 00%	2 00%	2 00%	2 00%	2 00%	2 00%
Santa Anita	2 75%	2 75%	2 75%	2 75%	2 75%	2 75%
Tampa Bay	1 85%	1 88%	1 88%	1 88%	1 88%	2 00%

[Percentages broken down as WPS / Multiple / Triple / Exotic]

\*\* Note - Churchill Downs and Northfield Park's rate are from prior years rates.

Source: Simulcast contracts submitted to the New York State Racing and Wagering Board.

**New York State Race Tracks  
Video Gaming Statistics  
2004**

	Batavia Downs Casino	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway	Total
<u>Video Gaming</u>									
Credits Played	0	331,815,115	690,126,161	423,006,817	981,433,754			0	2,426,381,847
Credits won	0	<u>304,319,450</u>	<u>634,728,556</u>	<u>390,722,051</u>	<u>904,164,292</u>			0	<u>2,233,934,349</u>
Net Win	0	27,495,665	55,397,605	32,284,766	77,269,462	0	0	0	192,447,498
Education Contribution	0	16,772,356	33,792,538	19,693,707	47,134,371	0	0	0	117,392,972
Marketing Allowance	0	0	0	0	0	0	0	0	0
Lottery Administration	0	2,749,567	5,539,760	3,228,477	7,726,946	0	0	0	19,244,750
Capital Award	0	0	0	0	0	0	0	0	0
Racetrack Commission	0	7,973,743	16,065,306	9,362,582	22,408,144	0	0	0	55,809,775
Less: Purse Contributions*		1,858,982		2,424,909					4,283,891
Net Racetrack Commission	0	6,114,761	16,065,306	6,937,673	22,408,144	0	0	0	51,525,884
Total VGM Machines	0	990	1,010	1,744	1,324	0	0	0	5,068
Avg Machine win/year	0	27,773	54,849	18,512	58,361	0	0	0	37,973
Purse Contribution/Net Win		6.8%		7.5%					
	Batavia started gaming operations May 2005	Buffalo started gaming operations Mar 2004		Monticello started gaming operations Jun 2004		Tioga started gaming operations Jul 2006	Vernon started gaming operations Oct 2006	Yonkers started gaming operations Oct 2006	

\* Purse information was obtained from NYSRWB Form T05 filed by the tracks annually with the New York State Racing & Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**New York State Race Tracks  
Video Gaming Statistics  
2005**

	<b>Batavia Downs Casino</b>	<b>Fairground Gaming &amp; Raceway</b>	<b>Finger Lakes Gaming &amp; Raceway</b>	<b>Monticello Casino &amp; Raceway</b>	<b>Saratoga Gaming &amp; Raceway</b>	<b>Tioga Downs Casino</b>	<b>Vernon Downs Casino &amp; Hotel</b>	<b>Empire City Casino Yonkers Raceway</b>	<b>Total</b>
<u>Video Gaming</u>									
Credits Played	180,895,554	440,374,772	897,590,572	891,692,956	1,310,928,551			0	3,721,482,405
Credits won	<u>166,215,767</u>	<u>402,719,822</u>	<u>826,559,820</u>	<u>823,633,967</u>	<u>1,207,358,974</u>			<u>0</u>	<u>3,426,488,350</u>
Net Win	14,679,787	37,654,950	71,030,752	68,058,989	103,569,577	0	0	0	294,994,055
Education Contribution	7,339,894	19,968,119	37,631,484	35,808,960	55,507,275	0	0	0	156,255,732
Marketing Allowance	1,174,384	2,182,836	4,197,275	4,207,023	6,170,168	0	0	0	17,931,686
Lottery Administration	1,467,979	3,765,495	7,103,076	6,805,899	10,356,958	0	0	0	29,499,407
Capital Award	0	0	0	0	0	0	0	0	0
Racetrack Commission	4,697,531	11,738,498	22,098,918	21,237,106	31,535,177	0	0	0	91,307,230
Less: Purse Contributions*	1,100,981	3,019,958		5,114,870					9,235,809
Net Racetrack Commission	<u>3,596,550</u>	<u>8,718,540</u>	<u>22,098,918</u>	<u>16,122,236</u>	<u>31,535,177</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,071,421</u>
Total VGM Machines	586	990	1,010	1,576	1,324	0	0	0	5,486
Avg Machine win/year	25,051	38,035	70,327	43,185	78,225	0	0	0	53,772
Purse Contribution/Net Win	7.5%	8.0%		7.5%					
	Batavia started gaming operations May 2005					Tioga started gaming operations Jul 2006	Vernon started gaming operations Oct 2006	Yonkers started gaming operations Oct 2006	

\* Purse information was obtained from NYSRWB Form T05 filed by the tracks annually with the New York State Racing & Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**New York State Race Tracks  
Video Gaming Statistics  
2006**

	<b>Batavia Downs Casino</b>	<b>Fairground Gaming &amp; Raceway</b>	<b>Finger Lakes Gaming &amp; Raceway</b>	<b>Monticello Casino &amp; Raceway</b>	<b>Saratoga Gaming &amp; Raceway</b>	<b>Tioga Downs Casino</b>	<b>Vernon Downs Casino &amp; Hotel</b>	<b>Empire City Casino Yonkers Raceway</b>	<b>Total</b>
<u>Video Gaming</u>									
Credits Played	291,809,920	476,273,207	1,068,628,840	999,466,021	1,482,170,883	254,543,648	82,621,586	633,529,259	5,289,043,364
Credits won	<u>267,800,799</u>	<u>434,414,453</u>	<u>982,016,239</u>	<u>922,955,676</u>	<u>1,362,852,109</u>	<u>233,674,388</u>	<u>75,428,129</u>	<u>583,596,128</u>	<u>4,862,737,921</u>
Net Win	24,009,121	41,858,754	86,612,601	76,510,345	119,318,774	20,869,260	7,193,457	49,933,131	426,305,443
Education Contribution	12,004,559	20,929,378	44,404,678	39,050,483	61,902,299	10,434,629	3,596,729	26,963,890	219,286,645
Marketing Allowance	1,920,729	3,348,701	6,929,008	6,120,827	9,382,152	1,669,541	575,476	1,997,325	31,943,759
Lottery Administration	2,400,911	4,185,876	8,661,260	7,651,034	11,931,878	2,086,926	719,345	4,993,312	42,630,542
Capital Award	0	0	0	0	0	0	0	0	0
Racetrack Commission	7,682,918	13,394,804	26,617,654	23,688,000	36,102,445	6,678,164	2,301,906	15,978,602	132,444,493
Less: Purse Contributions*	1,800,683	3,557,908		5,959,902		1,762,069	593,460	4,138,458	17,812,480
Net Racetrack Commission	<u>5,882,235</u>	<u>9,836,896</u>	<u>26,617,654</u>	<u>17,728,098</u>	<u>36,102,445</u>	<u>4,916,095</u>	<u>1,708,446</u>	<u>11,840,144</u>	<u>114,632,013</u>
Total VGM Machines	591	959	1,200	1,587	1,331	750	777	2,590	9,785
Avg Machine win/year	40,625	43,648	72,177	48,211	89,646	27,826	9,258	19,279	43,567
Purse Contribution/Net Win	7.5%	8.5%		7.8%		8.4%	8.2%	8.3%	
						Tioga started gaming operations Jul 2006	Vernon started gaming operations Oct 2006	Yonkers started gaming operations Oct 2006	

\* Purse information was obtained from NYSRWB Form T05 filed by the tracks annually with the New York State Racing & Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**New York State Race Tracks  
Video Gaming Statistics  
2007**

	<b>Batavia Downs Casino</b>	<b>Fairground Gaming &amp; Raceway</b>	<b>Finger Lakes Gaming &amp; Raceway</b>	<b>Monticello Casino &amp; Raceway</b>	<b>Saratoga Gaming &amp; Raceway</b>	<b>Tioga Downs Casino</b>	<b>Vernon Downs Casino &amp; Hotel</b>	<b>Empire City Casino Yonkers Raceway</b>	<b>Total</b>
<u>Video Gaming</u>									
Credits Played	335,154,254	510,562,913	1,140,383,912	832,989,622	1,603,371,989	515,478,743	356,555,957	4,852,984,612	10,147,482,002
Credits won	<u>306,905,493</u>	<u>465,710,179</u>	<u>1,047,170,379</u>	<u>768,699,381</u>	<u>1,473,587,316</u>	<u>474,044,769</u>	<u>324,501,172</u>	<u>4,458,658,308</u>	<u>9,319,276,997</u>
Net Win	28,248,761	44,852,734	93,213,533	64,290,241	129,784,673	41,433,974	32,054,785	394,326,304	828,205,005
Education Contribution	14,124,381	22,426,368	47,903,173	32,598,640	67,909,444	20,716,988	16,027,392	228,188,675	449,895,061
Marketing Allowance	2,259,900	3,588,219	7,457,082	5,143,219	9,759,206	3,314,717	2,564,383	15,773,052	49,859,778
Lottery Administration	2,824,876	4,485,274	9,321,354	6,429,024	12,978,465	4,143,397	3,205,478	39,432,631	82,820,499
Capital Award	0	0	0	0	0	0	0	0	0
Racetrack Commission	9,039,605	14,352,873	28,531,925	20,119,358	39,137,555	13,258,872	10,257,532	110,931,947	245,629,667
Less: Purse Contributions*	2,118,718	3,812,482		5,306,355		3,509,532	2,633,415	25,079,733	42,460,235
Net Racetrack Commission	<u>6,920,887</u>	<u>10,540,391</u>	<u>28,531,925</u>	<u>14,813,003</u>	<u>39,137,555</u>	<u>9,749,340</u>	<u>7,624,117</u>	<u>85,852,214</u>	<u>203,169,432</u>
Total VGM Machines	592	959	1,199	1,587	1,770	750	761	5,446	13,064
Avg Machine win/year	47,718	46,770	77,743	40,511	73,325	55,245	42,122	72,407	63,396
Purse Contribution/Net Win	7.5%	8.5%		8.3%		8.5%	8.2%	6.4%	

\* Purse information was obtained from NYSRWB Form T05 filed by the tracks annually with the New York State Racing & Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**New York State Race Tracks  
Video Gaming Statistics  
2008**

	<b>Batavia Downs Casino</b>	<b>Fairground Gaming &amp; Raceway</b>	<b>Finger Lakes Gaming &amp; Raceway</b>	<b>Monticello Casino &amp; Raceway</b>	<b>Saratoga Gaming &amp; Raceway</b>	<b>Tioga Downs Casino</b>	<b>Vernon Downs Casino &amp; Hotel</b>	<b>Empire City Casino Yonkers Raceway</b>	<b>Total</b>
<u>Video Gaming</u>									
Credits Played	376,279,321	568,284,905	1,218,190,642	749,345,701	1,616,944,135	572,692,456	413,791,486	5,960,306,342	11,475,834,988
Credits won	<u>343,818,941</u>	<u>518,282,777</u>	<u>1,116,819,923</u>	<u>691,236,518</u>	<u>1,482,570,574</u>	<u>525,452,245</u>	<u>376,531,968</u>	<u>5,473,846,663</u>	<u>10,528,559,609</u>
Net Win	32,460,380	50,002,128	101,370,719	58,109,183	134,373,561	47,240,211	37,259,518	486,459,679	947,275,379
Education Contribution	13,702,495	18,920,293	47,373,477	24,038,943	64,575,711	18,545,391	14,021,326	245,107,194	446,284,830
Marketing Allowance	3,102,371	4,760,267	9,650,860	5,546,617	11,805,419	4,504,177	3,556,816	34,214,593	77,141,120
Lottery Administration	3,246,039	5,000,213	10,137,071	5,810,919	13,437,358	4,724,021	3,725,953	48,645,968	94,727,542
Capital Award	1,011,078	1,520,193	2,500,000	0	2,500,000	1,449,964	1,152,109	2,500,000	12,633,344
Racetrack Commission	11,398,398	19,801,162	31,709,312	22,712,705	42,055,075	18,016,705	14,803,317	155,991,927	316,488,601
Less: Purse Contributions*	2,434,528	4,250,181		4,946,342		3,994,526	3,064,421	35,392,612	54,082,610
Net Racetrack Commission	<u>8,963,870</u>	<u>15,550,981</u>	<u>31,709,312</u>	<u>17,766,363</u>	<u>42,055,075</u>	<u>14,022,179</u>	<u>11,738,896</u>	<u>120,599,315</u>	<u>262,405,991</u>
Total VGM Machines	603	959	1,198	1,587	1,770	758	761	5,334	12,970
Avg Machine win/year	53,831	52,140	84,617	36,616	75,917	62,322	48,961	91,200	73,036
Purse Contribution/Net Win	7.5%	8.5%		8.5%		8.5%	8.2%	7.3%	

\* Purse information was obtained from NYSRWB Form T05 filed by the tracks annually with the New York State Racing & Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**Batavia Downs Casino**

[Linked to 2004 - 2008]

	2004	2005	2006	2007	2008	Total
<u>Video Gaming</u>						
Credits Played	0	180,895,554	291,809,920	335,154,254	376,279,321	1,184,139,049
Credits won	0	166,215,767	267,800,799	306,905,493	343,818,941	1,084,741,000
Net Win	0	14,679,787	24,009,121	28,248,761	32,460,380	99,398,049
Education Contribution	0	7,339,894	12,004,559	14,124,381	13,702,495	47,171,329
Marketing Allowance	0	1,174,384	1,920,729	2,259,900	3,102,371	8,457,384
Lottery Administration	0	1,467,979	2,400,911	2,824,876	3,246,039	9,939,805
Capital Award	0	0	0	0	1,011,078	1,011,078
Racetrack Commission	0	4,697,531	7,682,918	9,039,605	11,398,398	32,818,452
Less: Purse Contributions*	0	1,100,981	1,800,683	2,118,718	2,434,528	7,454,910
Net Racetrack Commission	0	3,596,550	5,882,235	6,920,887	8,963,870	25,363,542
Total VGM Machines	0	586	591	592	603	2,372
Avg Machine win/year	0	25,051	40,625	47,718	53,831	41,905
Purse Contribution/Net Win		7.5%	7.5%	7.5%	7.5%	7.5%

Batavia started  
gaming  
operations May  
2005

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

<b>Fairgrounds Gaming &amp; Raceway</b>						
<b>[Linked to 2004 - 2008]</b>						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
<u>Video Gaming</u>						
Credits Played	331,815,115	440,374,772	476,273,207	510,562,913	568,284,905	2,327,310,912
Credits won	304,319,450	402,719,822	434,414,453	465,710,179	518,282,777	2,125,446,681
Net Win	27,495,665	37,654,950	41,858,754	44,852,734	50,002,128	201,864,231
Education Contribution	16,772,356	19,968,119	20,929,378	22,426,368	18,920,293	99,016,514
Marketing Allowance	0	2,182,836	3,348,701	3,588,219	4,760,267	13,880,023
Lottery Administration	2,749,567	3,765,495	4,185,876	4,485,274	5,000,213	20,186,425
Capital Award	0	0	0	0	1,520,193	1,520,193
Racetrack Commission	7,973,743	11,738,498	13,394,804	14,352,873	19,801,162	67,261,080
Less: Purse Contributions*	1,858,982	3,019,958	3,557,908	3,812,482	4,250,181	16,499,511
Net Racetrack Commission	6,114,761	8,718,540	9,836,896	10,540,391	15,550,981	50,761,569
Total VGM Machines	990	990	959	959	959	4,857
Avg Machine win/year	27,773	38,035	43,648	46,770	52,140	41,562
Purse Contribution/Net Win	6.8%	8.0%	8.5%	8.5%	8.5%	8.2%

Buffalo  
started  
gaming  
operations  
Mar 2004

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

**Finger Lakes Gaming & Raceway**

[Linked to 2004 - 2008]

	2004	2005	2006	2007	2008	Total
<u>Video Gaming</u>						
Credits Played	690,126,161	897,590,572	1,068,628,840	1,140,383,912	1,218,190,642	5,014,920,127
Credits won	634,728,556	826,559,820	982,016,239	1,047,170,379	1,116,819,923	4,607,294,917
Net Win	55,397,605	71,030,752	86,612,601	93,213,533	101,370,719	407,625,210
Education Contribution	33,792,538	37,631,484	44,404,678	47,903,173	47,373,477	211,105,350
Marketing Allowance	0	4,197,275	6,929,008	7,457,082	9,650,860	28,234,225
Lottery Administration	5,539,760	7,103,076	8,661,260	9,321,354	10,137,071	40,762,521
Capital Award	0	0	0	0	2,500,000	2,500,000
Racetrack Commission	16,065,306	22,098,918	26,617,654	28,531,925	31,709,312	125,023,115
Less: Purse Contributions*						
Net Racetrack Commission	16,065,306	22,098,918	26,617,654	28,531,925	31,709,312	125,023,115
Total VGM Machines	1,010	1,010	1,200	1,199	1,198	5,617
Avg Machine win/year	54,849	70,327	72,177	77,743	84,617	72,570
Purse Contribution/Net Win						

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

<b>Monticello Casino &amp; Raceway</b>						
[Linked to 2004 - 2008]						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
<u>Video Gaming</u>						
Credits Played	423,006,817	891,692,956	999,466,021	832,989,622	749,345,701	3,896,501,117
Credits won	390,722,051	823,633,967	922,955,676	768,699,381	691,236,518	3,597,247,593
Net Win	32,284,766	68,058,989	76,510,345	64,290,241	58,109,183	299,253,524
Education Contribution	19,693,707	35,808,960	39,050,483	32,598,640	24,038,943	151,190,733
Marketing Allowance	0	4,207,023	6,120,827	5,143,219	5,546,617	21,017,686
Lottery Administration	3,228,477	6,805,899	7,651,034	6,429,024	5,810,919	29,925,353
Capital Award	0	0	0	0	0	0
Racetrack Commission	9,362,582	21,237,106	23,688,000	20,119,358	22,712,705	97,119,751
Less: Purse Contributions*	2,424,909	5,114,870	5,959,902	5,306,355	4,946,342	23,752,378
Net Racetrack Commission	6,937,673	16,122,236	17,728,098	14,813,003	17,766,363	73,367,373
Total VGM Machines	1,744	1,576	1,587	1,587	1,587	8,081
Avg Machine win/year	18,512	43,185	48,211	40,511	36,616	37,032
Purse Contribution/Net Win	7.5%	7.5%	7.8%	8.3%	8.5%	7.9%

Monticello  
started  
gaming  
operations  
Jun 2004

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

<b>Saratoga Gaming &amp; Raceway</b>							
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
<u>Video Gaming</u>							
Credits Played		981,433,754	1,310,928,551	1,482,170,883	1,603,371,989	1,616,944,135	6,994,849,312
Credits won		904,164,292	1,207,358,974	1,362,852,109	1,473,587,316	1,482,570,574	6,430,533,265
Net Win		77,269,462	103,569,577	119,318,774	129,784,673	134,373,561	564,316,047
<u>Education Contribution</u>							
Marketing Allowance		47,134,371	55,507,275	61,902,299	67,909,444	64,575,711	297,029,100
Lottery Administration		0	6,170,168	9,382,152	9,759,206	11,805,419	37,116,945
Capital Award		7,726,946	10,356,958	11,931,878	12,978,465	13,437,358	56,431,605
Racetrack Commission		0	0	0	0	2,500,000	2,500,000
Less: Purse Contributions*		22,408,144	31,535,177	36,102,445	39,137,555	42,055,075	171,238,396
Net Racetrack Commission		22,408,144	31,535,177	36,102,445	39,137,555	42,055,075	171,238,396
<u>Total VGM Machines</u>							
Avg Machine win/year		1,324	1,324	1,331	1,770	1,770	7,519
Purse Contribution/Net Win		58,361	78,225	89,646	73,325	75,917	75,052
<u>Purse Contribution/Net Win</u>							

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

**Tioga Downs Casino**

[Linked to 2004 - 2008]

	2004	2005	2006	2007	2008	Total
<u>Video Gaming</u>						
Credits Played	0	0	254,543,648	515,478,743	572,692,456	1,342,714,847
Credits won	0	0	233,674,388	474,044,769	525,452,245	1,233,171,402
Net Win	0	0	20,869,260	41,433,974	47,240,211	109,543,445
Education Contribution	0	0	10,434,629	20,716,988	18,545,391	49,697,008
Marketing Allowance	0	0	1,669,541	3,314,717	4,504,177	9,488,435
Lottery Administration	0	0	2,086,926	4,143,397	4,724,021	10,954,344
Capital Award	0	0	0	0	1,449,964	1,449,964
Racetrack Commission	0	0	6,678,164	13,258,872	18,016,705	37,953,741
Less: Purse Contributions*	0	0	1,762,069	3,509,532	3,994,526	9,266,127
Net Racetrack Commission	0	0	4,916,095	9,749,340	14,022,179	28,687,614
Total VGM Machines	0	0	750	750	758	2,258
Avg Machine win/year	0	0	27,826	55,245	62,322	48,513
Purse Contribution/Net Win			8.4%	8.5%	8.5%	8.5%

Tioga started  
gaming  
operations Jul  
2006

08/09 Lottery  
report for  
Tioga has a  
\$46 variance  
from Net Win  
to Total  
Distribution

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

<b>Vernon Downs Casino &amp; Hotel</b>						
[Linked to 2004 - 2008]						
	2004	2005	2006	2007	2008	Total
<u>Video Gaming</u>						
Credits Played	0	0	82,621,586	356,555,957	413,791,486	852,969,029
Credits won	0	0	75,428,129	324,501,172	376,531,968	776,461,269
Net Win	0	0	7,193,457	32,054,785	37,259,518	76,507,760
Education Contribution	0	0	3,596,729	16,027,392	14,021,326	33,645,447
Marketing Allowance	0	0	575,476	2,564,383	3,556,816	6,696,675
Lottery Administration	0	0	719,345	3,205,478	3,725,953	7,650,776
Capital Award	0	0	0	0	1,152,109	1,152,109
Racetrack Commission	0	0	2,301,906	10,257,532	14,803,317	27,362,755
Less: Purse Contributions*	0	0	593,460	2,633,415	3,064,421	6,291,296
Net Racetrack Commission	0	0	1,708,446	7,624,117	11,738,896	21,071,459
Total VGM Machines	0	0	777	761	761	2,299
Avg Machine win/year	0	0	9,258	42,122	48,961	33,279
Purse Contribution/Net Win			8.2%	8.2%	8.2%	8.2%

Vernon started  
gaming  
operations Oct  
2006

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

**Empire City Casino Yonkers Raceway**[\[Linked to 2004 - 2008\]](#)

	2004	2005	2006	2007	2008	Total
<u>Video Gaming</u>						
Credits Played	0	0	633,529,259	4,852,984,612	5,960,306,342	11,446,820,213
Credits won	0	0	583,596,128	4,458,658,308	5,473,846,663	10,516,101,099
Net Win	0	0	49,933,131	394,326,304	486,459,679	930,719,114
Education Contribution	0	0	26,963,890	228,188,675	245,107,194	500,259,759
Marketing Allowance	0	0	1,997,325	15,773,052	34,214,593	51,984,970
Lottery Administration	0	0	4,993,312	39,432,631	48,645,968	93,071,911
Capital Award	0	0	0	0	2,500,000	2,500,000
Racetrack Commission	0	0	15,978,602	110,931,947	155,991,927	282,902,476
Less: Purse Contributions*	0	0	4,138,458	25,079,733	35,392,612	64,610,803
Net Racetrack Commission	0	0	11,840,144	85,852,214	120,599,315	218,291,673
Total VGM Machines	0	0	2,590	5,446	5,334	13,370
Avg Machine win/year	0	0	19,279	72,407	91,200	69,612
Purse Contribution/Net Win			8.3%	6.4%	7.3%	6.9%

Yonkers  
started gaming  
operations Oct  
2006

\* Purse information was obtained from NYSRWB Form T05 filed annually by the tracks with the New York State Racing and Wagering Board.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b>Exhibit 3 Analysis</b>							
<b><u>Out-of-State Thoroughbred Payments as a Percentage of Out-of-State Handle</u></b>							
2008	2.7%	2.6%	2.6%	2.5%	2.6%	2.7%	2.6%
2007	2.4%	2.3%	2.3%	2.2%	2.3%	2.4%	2.3%
2006	2.4%	2.3%	2.3%	2.2%	2.3%	2.4%	2.3%
2005	2.4%	2.4%	2.2%	2.3%	2.3%	2.4%	2.3%
2004	2.4%	2.3%	2.2%	2.2%	2.3%	2.3%	2.3%
<b><u>Total Simulcast Import Payments as a Percentage of Total Handle</u></b>							
2008	10.4%	10.6%	10.7%	11.0%	10.2%	10.4%	10.7%
2007	10.4%	10.1%	9.9%	10.8%	10.0%	10.4%	10.5%
2006	10.3%	10.9%	9.9%	10.9%	10.1%	10.3%	10.6%
2005	9.9%	10.1%	10.0%	10.7%	10.1%	10.3%	10.4%
2004	10.2%	10.1%	10.0%	10.7%	10.1%	10.4%	10.4%
<b><u>Operating Revenue as a Percentage to Handle</u></b>							
2008	11.9%	12.8%	11.2%	11.8%	12.2%	15.7%	12.1%
2007	11.8%	13.1%	12.0%	11.4%	12.3%	14.2%	11.9%
2006	11.9%	12.7%	12.0%	11.1%	13.3%	13.7%	11.8%
2005	11.9%	13.4%	11.9%	11.3%	13.1%	12.6%	11.9%
2004	12.1%	12.9%	11.6%	11.0%	12.7%	11.8%	11.6%
<b><u>Branch Expense as a Percentage of Handle</u></b>							
2008	7.6%	7.9%	7.1%	9.9%	8.2%	10.9%	9.0%
2007	7.3%	7.6%	6.6%	9.0%	7.7%	10.7%	8.3%
2006	7.1%	7.2%	6.5%	8.4%	8.5%	10.6%	8.1%
2005	7.1%	7.2%	6.3%	8.4%	8.1%	10.5%	8.0%
2004	7.7%	7.5%	6.5%	8.4%	8.0%	10.3%	8.1%
<b><u>Corporate Expense as a Percentage of Handle</u></b>							
2008	3.7%	2.3%	4.1%	10.4%	5.1%	3.6%	7.2%
2007	3.7%	2.0%	3.9%	5.7%	4.8%	3.4%	4.7%
2006	3.6%	1.8%	3.8%	14.3%	4.9%	3.1%	9.1%
2005	3.4%	1.7%	3.6%	3.5%	4.8%	3.0%	3.4%
2004	3.5%	1.9%	2.8%	3.7%	4.6%	2.9%	3.4%

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b><u>Total Expense as a Percentage of Handle</u></b>							
2008	11.4%	10.1%	11.2%	20.3%	13.3%	14.5%	16.2%
2007	11.0%	9.6%	10.4%	14.7%	12.6%	14.0%	13.1%
2006	10.6%	9.0%	10.2%	22.8%	13.4%	13.6%	17.2%
2005	10.6%	9.0%	9.9%	11.8%	12.8%	13.5%	11.4%
2004	11.2%	9.4%	9.3%	12.1%	12.7%	13.2%	11.5%
<b><u>Section 516 Net Revenue as a Percentage of Handle</u></b>							
2008	0.5%	2.6%	0.1%	-8.5%	-1.1%	1.1%	-4.1%
2007	0.8%	3.5%	1.6%	-3.3%	-0.2%	0.1%	-1.2%
2006	1.3%	3.7%	1.8%	-11.6%	0.0%	0.1%	-5.4%
2005	1.3%	4.5%	2.0%	-0.5%	0.2%	-0.9%	0.4%
2004	0.9%	3.6%	2.3%	-1.0%	0.1%	-1.4%	0.1%
<b>Exhibit 9 Analysis</b>							
<b><u>Advertising as a Percentage of Handle</u></b>							
2008	0.03%	0.14%	0.17%	0.09%	0.03%	0.15%	0.10%
2007	0.02%	0.14%	0.15%	0.14%	0.05%	0.10%	0.12%
2006	0.02%	0.15%	0.11%	0.10%	0.04%	0.10%	0.09%
2005	0.01%	0.32%	0.14%	0.16%	0.03%	0.10%	0.14%
2004	-0.01%	0.32%	0.17%	0.20%	0.01%	0.09%	0.15%
<b><u>Fringe Benefits as a Percentage of Handle</u></b>							
2008	1.15%	0.00%	1.84%	9.08%	2.66%	2.88%	5.49%
2007	1.26%	0.00%	1.85%	4.56%	2.59%	2.91%	3.22%
2006	1.24%	0.00%	1.82%	2.19%	2.73%	2.85%	1.98%
2005	1.21%	0.00%	1.90%	2.11%	2.60%	2.69%	1.92%
2004	1.50%	0.00%	1.52%	2.10%	2.75%	2.69%	1.92%

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b><u>Professional Fees as a Percentage of Handle</u></b>							
2008	0.26%	0.31%	0.29%	0.07%	0.11%	0.12%	0.15%
2007	0.00%	0.24%	0.28%	0.06%	0.13%	0.12%	0.11%
2006	0.00%	0.23%	0.26%	0.05%	0.13%	0.12%	0.10%
2005	0.00%	0.18%	0.18%	0.03%	0.12%	0.13%	0.08%
2004	0.00%	0.17%	0.17%	0.05%	0.13%	0.08%	0.08%
<b><u>Salaries &amp; Wages as a Percentage of Handle</u></b>							
2008	4.6%	4.6%	5.0%	6.8%	6.7%	7.1%	6.2%
2007	4.9%	4.3%	4.8%	6.4%	6.3%	6.7%	5.8%
2006	4.8%	4.2%	4.5%	16.9%	6.7%	6.6%	11.3%
2005	4.7%	4.1%	4.3%	6.1%	6.6%	6.5%	5.6%
2004	5.0%	4.4%	4.1%	6.4%	6.4%	6.7%	5.8%
<b><u>Tote Expense as a Percentage of Handle</u></b>							
2008	0.7%	0.5%	1.2%	0.3%	0.8%	0.1%	0.5%
2007	0.7%	0.5%	1.1%	0.3%	0.7%	0.1%	0.5%
2006	0.6%	0.5%	1.0%	0.3%	0.7%	0.1%	0.5%
2005	0.6%	0.5%	1.0%	0.3%	0.7%	0.1%	0.5%
2004	0.6%	0.5%	1.0%	0.3%	0.6%	0.1%	0.4%

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b>Exhibit 2 Analysis</b>							
<b><u>Current Ratio (Current Assets divided by Current Liabilities)</u></b>							
2008	1.07	3.55	1.13	0.25	0.54	0.68	0.61
2007	1.07	3.87	1.47	0.42	0.70	0.70	0.75
2006	1.03	3.97	1.53	0.55	0.94	0.72	0.88
2005	1.03	5.55	1.41	0.67	1.02	0.65	1.03
2004	1.11	5.02	0.56	0.87	1.00	0.18	0.94
<b><u>Cash Ratio (Cash &amp; Investments divided by Current Liabilities)</u></b>							
2008	0.95	3.49	1.07	0.23	0.38	0.56	0.56
2007	0.93	3.81	1.38	0.40	0.51	0.44	0.68
2006	0.88	3.90	1.36	0.51	0.74	0.45	0.78
2005	0.83	5.47	1.29	0.63	0.88	0.27	0.91
2004	0.88	4.96	0.34	0.80	0.68	0.09	0.81
<b><u>Debt Ratio (Total Assets divided by Total Liabilities)</u></b>							
2008	1.58	4.27	1.23	0.07	1.50	2.14	0.45
2007	1.63	4.65	1.33	0.14	1.69	2.25	0.59
2006	1.66	4.41	1.31	0.21	1.78	2.18	0.69
2005	1.69	6.21	1.26	0.65	1.70	2.10	1.37
2004	1.74	5.78	1.45	0.80	1.77	2.75	2.67
<b><u>Debt to Equity Ratio (Total Liabilities divided by Total Equity/ Undistributed Benefits)</u></b>							
2008	1.71	0.31	4.41	(1.07)	2.00	0.87	(1.81)
2007	1.59	0.27	3.03	(1.16)	1.46	0.79	(2.43)
2006	1.52	0.29	3.19	(1.26)	1.28	0.85	(3.21)
2005	1.44	0.19	3.84	(2.87)	1.42	0.91	2.67
2004	0.63	-	1.16	(1.07)	0.57	0.01	0.51

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b><u>Total number of wagering locations (branches/teletheaters)*</u></b>							<b><u>Total</u></b>
2008	80	25	21	68	25	45	264

							<u>Total</u>
<b><u>Total Number of employees*</u></b>							
Full Time 2008	159	48	142	745	124	232	1,450
Part Time 2008	154	193	158	380	217	351	1,453
Total 2008	313	241	300	1,125	341	583	2,903

\* - Information taken from the 2009 simulcast applications.

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2008

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Exhibit 3 - Income Statement</b>								
Net Handle on:								
In State Thoroughbred Tracks	\$ 74,162,174	33,986,994	103,111,940	290,237,032	66,022,800	39,909,495	607,430,435	202,476,812
Out of State Thoroughbred Tracks	90,134,736	58,954,820	141,992,436	519,478,971	84,302,475	56,453,035	951,316,473	317,105,491
In State Harness Tracks	10,826,781	11,030,237	11,546,026	45,887,289	8,955,868	14,087,215	102,333,416	34,111,139
Out of State Harness Tracks	15,420,783	17,897,485	25,307,285	84,615,068	19,309,801	23,535,938	186,086,360	62,028,787
Total Net Handle	<b>190,544,474</b>	<b>121,869,536</b>	<b>281,957,687</b>	<b>940,218,360</b>	<b>178,590,944</b>	<b>133,985,683</b>	<b>1,847,166,684</b>	<b>615,722,228</b>
Less:								
Returned to Bettors	144,863,810	91,465,174	216,194,853	708,809,481	136,340,933	99,558,160	1,397,232,411	465,744,137
Surcharge	6,536,746	4,760,896	8,033,269	36,645,101	5,211,934	5,775,574	66,963,520	22,321,173
	-	-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>39,143,918</b>	<b>25,643,466</b>	<b>57,729,565</b>	<b>194,763,778</b>	<b>37,038,077</b>	<b>28,651,949</b>	<b>382,970,753</b>	<b>127,656,918</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,479,800	1,078,269	2,321,156	6,787,151	1,433,507	1,213,790	14,313,673	4,771,224
NY State Regulatory Fee	952,722	609,348	1,409,788	4,701,092	892,955	669,928	9,235,833	3,078,611
NY State (Uncashed Tickets)	801,830	476,988	868,599	2,779,180	668,513	600,000	6,195,110	2,065,037
Breeders' Fund - Thoroughbred	939,188	454,446	1,221,356	4,725,882	879,695	554,245	8,774,812	2,924,937
Breeders' Fund - Harness	425,260	366,836	621,602	2,132,408	447,585	456,205	4,449,896	1,483,299
In State Thoroughbred Tracks	8,443,542	5,596,829	15,206,930	54,501,563	9,308,750	5,703,428	98,761,042	32,920,347
Out of State Thoroughbred Tracks	2,446,460	1,550,730	3,644,730	12,957,961	2,214,987	1,508,807	24,323,675	8,107,892
In State Harness Tracks	4,015,758	2,373,587	4,517,791	13,043,524	1,938,300	2,804,869	28,693,829	9,564,610
Out of State Harness Tracks	317,156	361,450	488,428	1,777,067	390,113	470,713	3,804,927	1,268,309
	-	-	-	-	-	-	-	-
Total Payments	<b>19,821,716</b>	<b>12,868,483</b>	<b>30,300,380</b>	<b>103,405,828</b>	<b>18,174,405</b>	<b>13,981,985</b>	<b>198,552,797</b>	<b>66,184,266</b>
	-	-	-	-	-	-	-	-
Net Racing Revenue	<b>19,322,202</b>	<b>12,774,983</b>	<b>27,429,185</b>	<b>91,357,950</b>	<b>18,863,672</b>	<b>14,669,964</b>	<b>184,417,956</b>	<b>61,472,652</b>
Other Revenue:								
Admission Income	57,541	83,860	126,869	345,185	76,488	1,723	691,666	230,555
Lottery Income	398,897	190,001	43,446	-	134,183	376,847	1,143,374	381,125
Concession Income	242,124	26,881	109,490	75,302	70,428	22,625	546,850	182,283
Derived from Section 532	1,659,609	1,344,943	2,069,059	15,630,892	1,320,903	1,570,576	23,595,982	7,865,327
Interest Income	106,719	465,051	231,215	474,154	56,288	32,610	1,366,037	455,346
Other Income	76,748	205,357	799,909	527,621	667,679	3,737,488	6,014,802	2,004,934
Uncashed Tickets	801,830	476,988	868,599	2,779,180	668,513	600,000	6,195,110	2,065,037
	-	-	-	-	-	-	-	-
Total Operating Revenue	<b>22,665,670</b>	<b>15,568,064</b>	<b>31,677,772</b>	<b>111,190,284</b>	<b>21,858,154</b>	<b>21,011,833</b>	<b>223,971,777</b>	<b>74,657,259</b>
Operating Expenses:								
Branch Expenses	14,559,257	9,568,136	20,046,633	93,053,746	14,573,930	14,594,902	166,396,604	55,465,535
Corporate Expenses	7,114,392	2,779,836	11,485,040	97,939,253	9,168,436	4,889,831	133,376,788	44,458,929
	-	-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>21,673,649</b>	<b>12,347,972</b>	<b>31,531,673</b>	<b>190,992,999</b>	<b>23,742,366</b>	<b>19,484,733</b>	<b>299,773,392</b>	<b>99,924,464</b>
	-	-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>992,021</b>	<b>3,220,092</b>	<b>146,099</b>	<b>(79,802,715)</b>	<b>(1,884,212)</b>	<b>1,527,100</b>	<b>(75,801,615)</b>	<b>(25,267,205)</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**2008**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	992,021	3,220,092	146,099	(79,802,715)	(1,884,212)	1,527,100	(75,801,615)	(25,267,205)
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(294,050)	304,725	-	-	-	-	10,675	3,558
Section 516 Net Revenue for Distribution (Loss)	697,971	3,524,817	146,099	(79,802,715)	(1,884,212)	1,527,100	(75,790,940)	(25,263,647)
Surcharge:								
Section 532 Revenues to Participating Localities	2,881,011	2,169,941	3,963,739	8,422,826	2,272,275	2,503,838	22,213,630	7,404,543
Section 532 Revenues to Other Localities	1,195,082	649,468	1,024,544	2,356,787	951,372	933,202	7,110,455	2,370,152
Total Surcharge to all Localities	4,076,093	2,819,409	4,988,283	10,779,613	3,223,647	3,437,040	29,324,085	9,774,695
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	294,050	(304,725)	-	-	-	-	(10,675)	(3,558)
Supplemental 1% Section 532	801,044	596,544	975,927	10,234,596	667,384	767,958	14,043,453	4,681,151
Other Fund Revenues net of Expenses	(1,180,727)	-	(702,208)	-	(620,665)	(1,006,279)	(3,509,879)	(1,169,960)
Total Capital Acquisition Funds	(85,633)	291,819	273,719	10,234,596	46,719	(238,321)	10,522,899	3,507,633
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	\$ 4,688,431	6,636,045	5,408,101	(58,788,506)	1,386,154	4,725,819	(35,943,956)	(11,981,319)

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
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<b>Exhibit 9 - Expenses</b>								-
<b>Branch Operating Expenses</b>								-
Admissions Tax	\$ 272,502	3,225	4,888	16,978	3,494	110,017	411,104	137,035
Advertising	87,546	173,962	53,133	-	49,921	5,498	370,060	123,353
Amortization & Depreciation	140,032	98,778	20,432	-	144,526	358,118	761,886	253,962
Cable TV	32,554	16,453	47,211	-	15,714	-	111,932	37,311
Courier Service	126,559	-	109,333	-	-	-	235,892	78,631
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,493,906	-	1,976,291	19,035,267	1,768,469	2,233,299	26,507,232	8,835,744
Insurance	294,379	992,573	113,387	1,463,666	116,724	188,707	3,169,436	1,056,479
Interest Expense	-	-	194,526	-	237,829	-	432,355	144,118
Maintenance & Repairs	887,246	340,264	180,650	375,835	221,018	984,977	2,989,990	996,663
Marketing & Promotions	164,520	-	-	-	404,016	-	568,536	189,512
Office Expense	80,576	37,331	110,241	174,617	98,147	-	500,912	166,971
Other Expenses & Services	467,444	57,066	943,885	224,201	45,394	1,129,483	2,867,473	955,824
Professional Fees	-	207,818	-	-	1,900	-	209,718	69,906
Racing Information	217,647	195,248	-	-	635,879	404,065	1,452,839	484,280
Rent	1,477,756	1,738,974	1,765,680	17,400,046	1,612,051	318,982	24,313,489	8,104,496
Rental of Equipment	3,170	13,618	496,979	10,055	360,453	-	884,275	294,758
Salaries and Wages	5,956,681	4,010,019	9,226,634	45,062,742	6,709,174	7,450,640	78,415,890	26,138,630
Security/Armored Carrier Expense	69,808	41,863	533,429	1,095,686	38,840	38,699	1,818,325	606,108
Simulcast Fees	480,147	410,392	203,968	1,940,308	138,754	-	3,173,569	1,057,856
Telephone & Data Lines	210,085	110,029	61,170	1,851,068	97,042	428,719	2,758,113	919,371
Totalizator Expense	1,288,606	620,151	3,433,567	2,596,764	1,386,528	114,168	9,439,784	3,146,595
Travel & Reimbursement	21,826	100,801	-	8,631	6	7,182	138,446	46,149
Utilities	786,267	399,572	571,231	1,797,879	488,050	822,348	4,865,347	1,621,782
<b>Total Branch Expenses</b>	<b>14,559,257</b>	<b>9,568,136</b>	<b>20,046,635</b>	<b>93,053,743</b>	<b>14,573,929</b>	<b>14,594,902</b>	<b>166,396,602</b>	<b>55,465,534</b>

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<b>Corporate Operating Expenses</b>								
Admissions Tax	\$ -	-	-	-	-	-	-	-
Advertising	(29,493)	-	419,707	830,264	-	190,861	1,411,339	470,446
Amortization & Depreciation	46,531	159,625	480,968	191,634	75,276	93,338	1,047,372	349,124
Cable TV	2,018,124	1,462	2,546	-	1,122	-	2,023,254	674,418
Courier Service	5	-	-	-	-	-	5	2
Directors Fees and Reimbursements	57,800	-	4,000	-	9,067	102,385	173,252	57,751
Fringe Benefits	699,482	-	3,204,274	66,361,767	2,974,643	1,619,064	74,859,230	24,953,077
Insurance	179,475	402,126	169,880	594,417	120,449	62,045	1,528,392	509,464
Interest Expense	-	-	-	-	-	52,015	52,015	17,338
Maintenance & Repairs	206,161	3,195	42,856	1,100,687	81,410	128,551	1,562,860	520,953
Marketing & Promotions	36,376	-	60,719	1,868,539	1,205	-	1,966,839	655,613
Office Expense	80,160	8,944	247,564	573,986	44,701	-	955,355	318,452
Other Expenses & Services	30,138	20,575	184,897	369,949	155,450	195,262	956,271	318,757
Professional Fees	504,054	170,033	810,404	655,303	193,476	157,803	2,491,073	830,358
Racing Information	21,816	-	-	-	1,685	-	23,501	7,834
Rent	21,454	319,261	249,303	4,952,081	47,429	1,440	5,590,968	1,863,656
Rental of Equipment	46,469	11,707	949	(40,861)	20,290	213,430	251,984	83,995
Salaries and Wages - President & Vice Presidents*	453,967	221,595	475,232	1,115,433	314,500	227,000	2,807,727	935,909
Salaries and Wages - Other Officers & Managers*	639,960	106,000	1,652,867	4,248,951	803,866	305,705	7,757,349	2,585,783
Salaries and Wages - Other	1,709,904	1,243,751	2,858,482	13,749,567	4,121,327	1,488,946	25,171,977	8,390,659
Security/Armored Carrier Expense	4,030	3,522	25,385	27,346	3,770	-	64,053	21,351
Simulcast Fees	3,700	-	731	231,604	-	-	236,035	78,678
Telephone & Data Lines	93,818	31,191	339,262	448,634	26,622	28,326	967,853	322,618
Totalizator Expense	330	-	-	-	-	-	330	110
Travel & Reimbursement	139,910	17,788	133,619	72,429	76,144	11,729	451,619	150,540
Utilities	150,221	59,062	121,395	587,524	96,004	11,932	1,026,138	342,046
<b>Total Corporate Expenses</b>	<b>7,114,392</b>	<b>2,779,836</b>	<b>11,485,040</b>	<b>97,939,254</b>	<b>9,168,436</b>	<b>4,889,832</b>	<b>133,376,790</b>	<b>44,458,930</b>

\* Source: The OTBs 2009 Simulcast Application Filed with the NYS Racing & Wagering Board

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<b>Combined Expenses</b>								
Admissions Tax	272,502	3,225	4,888	16,978	3,494	110,017	411,104	137,035
Advertising	58,053	173,962	472,840	830,264	49,921	196,359	1,781,399	593,800
Amortization & Depreciation	186,563	258,403	501,400	191,634	219,802	451,456	1,809,258	603,086
Cable TV	2,050,678	17,915	49,757	-	16,836	-	2,135,186	711,729
Courier Service	126,564	-	109,333	-	-	-	235,897	78,632
Directors Fees and Reimbursements	57,800	-	4,000	-	9,067	102,385	173,252	57,751
Fringe Benefits	2,193,388	-	5,180,565	85,397,034	4,743,112	3,852,363	101,366,462	33,788,821
Insurance	473,854	1,394,699	283,267	2,058,083	237,173	250,752	4,697,828	1,565,943
Interest Expense	-	-	194,526	-	237,829	52,015	484,370	161,457
Maintenance & Repairs	1,093,407	343,459	223,506	1,476,522	302,428	1,113,528	4,552,850	1,517,617
Marketing & Promotions	200,896	-	60,719	1,868,539	405,221	-	2,535,375	845,125
Office Expense	160,736	46,275	357,805	748,603	142,848	-	1,456,267	485,422
Other Expenses & Services	497,582	77,641	1,128,782	594,150	200,844	1,324,745	3,823,744	1,274,581
Professional Fees	504,054	377,851	810,404	655,303	195,376	157,803	2,700,791	900,264
Racing Information	239,463	195,248	-	-	637,564	404,065	1,476,340	492,113
Rent	1,499,210	2,058,236	2,014,983	22,352,127	1,659,480	320,422	29,904,458	9,968,153
Rental of Equipment	49,639	25,325	497,928	(30,806)	380,743	213,430	1,136,259	378,753
Salaries and Wages	8,760,512	5,581,365	14,213,215	64,176,693	11,948,867	9,472,291	114,152,943	38,050,981
Security/Armored Carrier Expense	73,838	45,384	558,814	1,123,032	42,610	38,699	1,882,377	627,459
Simulcast Fees	483,847	410,392	204,699	2,171,912	138,754	-	3,409,604	1,136,535
Telephone & Data Lines	303,903	141,219	400,432	2,299,702	123,664	457,045	3,725,965	1,241,988
Totalizator Expense	1,288,936	620,151	3,433,567	2,596,764	1,386,528	114,168	9,440,114	3,146,705
Travel & Reimbursement	161,736	118,589	133,619	81,060	76,150	18,911	590,065	196,688
Utilities	936,488	458,634	692,626	2,385,403	584,054	834,280	5,891,485	1,963,828
<b>TOTAL EXPENSES</b>	<b>21,673,649</b>	<b>12,347,972</b>	<b>31,531,675</b>	<b>190,992,997</b>	<b>23,742,365</b>	<b>19,484,734</b>	<b>299,773,392</b>	<b>99,924,464</b>

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<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 8,019,000	17,704,248	3,160,339	8,618,063	3,527,336	5,748,814	46,777,800	15,592,600
Investments	-	17,326	9,532,804	7,764,438	-	-	17,314,568	5,771,523
Accounts Receivable	253,236	199,148	243,309	1,334,903	596,992	1,177,420	3,805,008	1,268,336
Prepaid Expenses and Other Assets	768,919	130,675	558,722	(190,973)	960,792	-	2,228,135	742,712
<b>Total Current Assets</b>	<b>9,041,155</b>	<b>18,051,397</b>	<b>13,495,174</b>	<b>17,526,431</b>	<b>5,085,120</b>	<b>6,926,234</b>	<b>70,125,511</b>	<b>23,375,170</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,406,815	13,207,034	4,402,345
Buildings	10,388,481	3,404,000	406,950	-	10,876,368	42,133,642	67,209,441	22,403,147
Furniture & Fixtures	7,598,436	435,712	-	718,093	535,993	8,030,283	17,318,517	5,772,839
Automobile Equipment	269,409	247,194	343,124	1,234,222	441,271	585,433	3,120,653	1,040,218
Machinery & Equipment	-	1,763,802	273,239	28,523,316	2,283,188	-	32,843,545	10,947,848
Leasehold Improvements (Nassau - Other)	2,725,657	1,201,387	22,530,487	41,438,481	3,266,131	418,974	71,581,117	23,860,372
Total Fixed Assets	24,051,810	7,292,095	23,985,850	71,914,112	19,461,293	58,575,147	205,280,307	68,426,769
Less: Accumulated Depreciation	13,207,832	3,658,053	1,255,287	71,219,073	5,618,184	26,915,990	121,874,419	40,624,806
<b>Net Fixed Assets</b>	<b>10,843,978</b>	<b>3,634,042</b>	<b>22,730,563</b>	<b>695,039</b>	<b>13,843,109</b>	<b>31,659,157</b>	<b>83,405,888</b>	<b>27,801,963</b>
<b>Total Assets</b>	<b>19,885,133</b>	<b>21,685,439</b>	<b>36,225,737</b>	<b>18,221,470</b>	<b>18,928,229</b>	<b>38,585,391</b>	<b>153,531,399</b>	<b>51,177,133</b>
<b>Current Liabilities</b>								
Accounts Payable	5,961,283	3,695,161	7,554,475	48,392,397	5,545,515	6,789,768	77,938,599	25,979,533
Due to New York State	61,334	529,157	56,237	3,036,931	59,514	731,663	4,474,836	1,491,612
Due Breeders Fund	82,018	47,096	128,584	2,003,788	82,445	145,921	2,489,852	829,951
Due to Local Governments	50,341	-	73,469	608,207	-	39,627	771,644	257,215
Accrued Payroll, Fringe Benefits and Payroll Taxes	494,817	464,701	2,386,634	13,335,574	2,027,958	971,878	19,681,562	6,560,521
Due to NYS Retirement System - Current Portion	-	-	-	-	-	719,328	719,328	239,776
Telephone Betting Accounts	591,923	183,596	588,167	1,714,707	298,282	126,237	3,502,912	1,167,637
Notes and Mortgage Payable - Current Portion	100,000	-	52,381	-	396,326	504,276	1,052,983	350,994
Capital Lease Obligations - Current Portion	96,894	-	-	49,649	-	-	146,543	48,848
Uncashed Vouchers	99,864	-	100,505	303,158	187,870	103,148	794,545	264,848
Uncashed Winning Tickets	887,807	162,101	959,466	440,804	741,266	66,090	3,257,534	1,085,845
<b>Total Current Liabilities</b>	<b>8,426,281</b>	<b>5,081,812</b>	<b>11,899,918</b>	<b>69,885,215</b>	<b>9,339,176</b>	<b>10,197,936</b>	<b>114,830,338</b>	<b>38,276,779</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	-	437,125	437,125	145,708
Capital Lease Obligation	88,520	-	-	-	-	-	88,520	29,507
Other - OPEB, etc	45,913	-	-	196,435,628	-	146,663	196,628,204	65,542,735
Notes and Mortgages Payable	4,000,000	-	17,633,953	-	3,276,717	7,214,657	32,125,327	10,708,442
<b>Total Long Term Liabilities</b>	<b>4,134,433</b>	<b>-</b>	<b>17,633,953</b>	<b>196,435,628</b>	<b>3,276,717</b>	<b>7,798,445</b>	<b>229,279,176</b>	<b>76,426,392</b>
<b>Total Liabilities</b>	<b>12,560,714</b>	<b>5,081,812</b>	<b>29,533,871</b>	<b>266,320,843</b>	<b>12,615,893</b>	<b>17,996,381</b>	<b>344,109,514</b>	<b>114,703,171</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**2008**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,399,447	5,598,327	702,626	(177,392,495)	(417,901)	(9,196,478)	(178,306,474)	(59,435,491)
Surcharge to Counties Conducting Racing	-	38,828	-	52,006	56,512	1,968	149,314	49,771
Capital Acquisition Fund	5,525,484	11,191,741	8,351,584	-	8,541,025	29,750,724	63,360,558	21,120,186
<b>Total</b>	<b>7,924,931</b>	<b>16,828,896</b>	<b>9,054,210</b>	<b>(177,340,489)</b>	<b>8,179,636</b>	<b>20,556,214</b>	<b>(114,796,602)</b>	<b>(38,265,534)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	3,565,826	5,694,756	4,109,838	(71,379,889)	388,064	3,882,058	(53,739,347)	(17,913,116)
Surcharge Counties Conducting Racing	13,159	1,054,313	-	2,356,788	951,372	226,387	4,602,019	1,534,006
Capital Acquisition Fund Contributions	(85,633)	291,820	273,719	10,234,597	46,718	(238,322)	10,522,899	3,507,633
<b>Total Year To Date</b>	<b>3,493,352</b>	<b>7,040,889</b>	<b>4,383,557</b>	<b>(58,788,504)</b>	<b>1,386,154</b>	<b>3,870,123</b>	<b>(38,614,429)</b>	<b>(12,871,476)</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	5,965,273	11,293,083	4,812,464	(248,772,384)	(29,837)	(5,314,420)	(232,045,821)	(77,348,607)
Surcharge to Counties Conducting Racing	13,159	1,093,141	-	2,408,794	1,007,884	228,355	4,751,333	1,583,778
Capital Acquisition Fund	5,439,851	11,483,561	8,625,303	10,234,597	8,587,744	29,512,402	73,883,458	24,627,819
<b>Total Available</b>	<b>11,418,283</b>	<b>23,869,785</b>	<b>13,437,767</b>	<b>(236,128,993)</b>	<b>9,565,791</b>	<b>24,426,337</b>	<b>(153,411,030)</b>	<b>(51,137,010)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	4,080,705	6,205,006	6,745,901	9,612,497	2,299,051	3,613,644	32,556,804	10,852,268
Surcharge to Counties Conducting Racing	13,159	1,061,151	-	2,357,883	954,404	223,682	4,610,279	1,536,760
<b>Total Distributed</b>	<b>4,093,864</b>	<b>7,266,157</b>	<b>6,745,901</b>	<b>11,970,380</b>	<b>3,253,455</b>	<b>3,837,326</b>	<b>37,167,083</b>	<b>12,389,028</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	1,884,568	5,088,077	(1,933,437)	(258,384,882)	(2,328,888)	(8,928,064)	(264,602,626)	(88,200,875)
Surcharge to Counties Conducting Racing	-	31,990	-	50,911	53,480	4,673	141,054	47,018
Capital Acquisition Fund	5,439,851	11,483,561	8,625,303	10,234,597	8,587,744	29,512,402	73,883,458	24,627,819
<b>Total Undistributed Benefits</b>	<b>7,324,419</b>	<b>16,603,628</b>	<b>6,691,866</b>	<b>(248,099,374)</b>	<b>6,312,336</b>	<b>20,589,011</b>	<b>(190,578,114)</b>	<b>(63,526,038)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>19,885,133</b>	<b>21,685,440</b>	<b>36,225,737</b>	<b>18,221,469</b>	<b>18,928,229</b>	<b>38,585,392</b>	<b>153,531,400</b>	<b>51,177,133</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for all entities for the 2008 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures.

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits	48,022	58,705,000		
OTBs that report the GASB 45 amounts but <b>DO NOT REPORT THEM AS EXPENSES AFFECTING SECTION 516 DISTRIBUTIONS</b> (These amounts are not reflected in the figures reported above )		1,130,000	2,973,308	954,317
OTB that has no OPEB amounts to report	<b>XX</b>			

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	Capital	Catskill	Nassau	New York City	Suffolk	Western	All Regions	Average
<b>Exhibit 3 - Income Statement</b>								
Net Handle on:								
In State Thoroughbred Tracks	77,831,065	35,532,013	108,215,233	314,745,579	68,111,177	41,240,391	645,675,458	107,612,576
Out of State Thoroughbred Tracks	95,231,423	65,397,572	146,467,678	572,609,452	91,561,746	60,038,837	1,031,306,708	171,884,451
In State Harness Tracks	12,643,552	12,896,997	13,189,651	54,549,460	9,845,196	15,253,144	118,378,000	19,729,667
Out of State Harness Tracks	16,133,482	17,981,252	25,650,935	88,293,413	18,640,602	22,902,670	189,602,354	31,600,392
Total Net Handle	<b>201,839,522</b>	<b>131,807,834</b>	<b>293,523,497</b>	<b>1,030,197,904</b>	<b>188,158,721</b>	<b>139,435,042</b>	<b>1,984,962,520</b>	<b>330,827,087</b>
Less:								
Returned to Bettors	153,383,708	98,823,334	224,857,899	785,313,845	143,850,589	103,631,039	1,509,860,414	251,643,402
Surcharge	7,248,883	5,131,305	8,609,467	32,460,058	5,441,814	6,050,691	64,942,218	10,823,703
	-	-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>41,206,931</b>	<b>27,853,195</b>	<b>60,056,131</b>	<b>212,424,001</b>	<b>38,866,318</b>	<b>29,753,312</b>	<b>410,159,888</b>	<b>68,359,981</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,495,973	951,283	1,902,405	7,063,493	1,457,619	1,251,172	14,121,945	2,353,658
NY State Regulatory Fee	1,009,198	659,039	1,467,617	5,150,990	940,794	697,175	9,924,813	1,654,136
NY State (Uncashed Tickets)	814,640	468,531	850,287	3,485,619	585,550	650,000	6,854,627	1,142,438
Breeders' Fund - Thoroughbred	1,052,926	682,029	1,734,146	5,506,834	975,617	615,789	10,567,341	1,761,224
Breeders' Fund - Harness	454,493	392,658	654,474	2,353,976	456,005	459,875	4,771,481	795,247
In State Thoroughbred Tracks	8,924,938	6,089,691	15,797,024	58,718,029	9,868,847	6,092,655	105,491,184	17,581,864
Out of State Thoroughbred Tracks	2,313,214	1,534,321	3,330,991	12,713,987	2,065,026	1,436,086	23,393,625	3,898,938
In State Harness Tracks	4,278,661	2,195,884	2,835,476	14,070,108	2,032,024	2,815,804	28,227,957	4,704,660
Out of State Harness Tracks	335,929	368,167	498,784	1,816,128	377,741	457,337	3,854,086	642,348
City of Albany	304,435	-	-	-	-	-	304,435	50,739
City of Niagara	-	-	-	-	-	42,566	42,566	7,094
	-	-	-	-	-	-	-	-
Total Payments	<b>20,984,407</b>	<b>13,341,603</b>	<b>29,071,204</b>	<b>110,879,164</b>	<b>18,759,223</b>	<b>14,518,459</b>	<b>207,554,060</b>	<b>34,592,343</b>
	-	-	-	-	-	-	-	-
Net Racing Revenue	<b>20,222,524</b>	<b>14,511,592</b>	<b>30,984,927</b>	<b>101,544,837</b>	<b>20,107,095</b>	<b>15,234,853</b>	<b>202,605,828</b>	<b>33,767,638</b>
Other Revenue:								
Admission Income	62,017	93,320	142,455	374,420	96,940	2,185	771,337	128,556
Lottery Income	416,869	210,619	53,995	-	125,792	391,092	1,198,367	199,728
Concession Income	237,323	28,825	112,423	44,167	53,629	23,130	499,497	83,250
Derived from Section 532	1,783,913	1,448,250	2,232,040	9,578,056	1,404,818	1,643,369	18,090,446	3,015,074
Interest Income	125,919	222,437	472,819	1,502,591	153,796	60,164	2,537,726	422,954
Other Income	115,904	281,541	399,518	762,901	709,740	1,733,181	4,002,785	667,131
Uncashed Tickets	814,640	468,531	850,287	3,485,619	585,550	650,000	6,854,627	1,142,438
	-	-	-	-	-	-	-	-
Total Operating Revenue	<b>23,779,109</b>	<b>17,265,115</b>	<b>35,248,464</b>	<b>117,292,591</b>	<b>23,237,360</b>	<b>19,737,974</b>	<b>236,560,613</b>	<b>39,426,769</b>
Operating Expenses:								
Branch Expenses	14,709,522	9,970,853	19,245,668	92,375,701	14,564,647	14,869,309	165,735,700	27,622,617
Corporate Expenses	7,481,298	2,692,283	11,426,668	58,784,370	9,110,263	4,711,511	94,206,393	15,701,066
	-	-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>22,190,820</b>	<b>12,663,136</b>	<b>30,672,336</b>	<b>151,160,071</b>	<b>23,674,910</b>	<b>19,580,820</b>	<b>259,942,093</b>	<b>43,323,682</b>
	-	-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>1,588,289</b>	<b>4,601,979</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(437,550)</b>	<b>157,154</b>	<b>(23,381,480)</b>	<b>(3,896,913)</b>

Continued on next page

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	<b>1,588,289</b>	<b>4,601,979</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(437,550)</b>	<b>157,154</b>	<b>(23,381,480)</b>	<b>(3,896,913)</b>
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(309,600)	1,873,021	-	-	(39,851)	-	1,523,570	253,928
	-	-	-	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>1,278,689</b>	<b>6,475,000</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(477,401)</b>	<b>157,154</b>	<b>(21,857,910)</b>	<b>(3,642,985)</b>
Surcharge:								
Section 532 Revenues to Participating Localities	3,237,997	2,354,926	4,202,579	16,448,602	2,373,980	2,627,105	31,245,189	5,207,532
Section 532 Revenues to Other Localities	1,333,080	683,745	1,126,278	2,614,391	969,163	971,766	7,698,423	1,283,071
	-	-	-	-	-	-	-	-
Total Surcharge to all Localities	<b>4,571,077</b>	<b>3,038,671</b>	<b>5,328,857</b>	<b>19,062,993</b>	<b>3,343,143</b>	<b>3,598,871</b>	<b>38,943,612</b>	<b>6,490,602</b>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	309,600	(1,873,021)	-	-	39,851	-	(1,523,570)	(253,928)
Supplemental 1% Section 532	893,893	644,384	1,048,570	3,819,009	693,853	808,451	7,908,160	1,318,027
Other Fund Revenues net of Expenses	(1,328,145)	655,998	(956,685)	-	(480,986)	(1,035,280)	(3,145,098)	(524,183)
	-	-	-	-	-	-	-	-
Total Capital Acquisition Funds	<b>(124,652)</b>	<b>(572,639)</b>	<b>91,885</b>	<b>3,819,009</b>	<b>252,718</b>	<b>(226,829)</b>	<b>3,239,492</b>	<b>539,915</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>5,725,114</b>	<b>8,941,032</b>	<b>9,996,870</b>	<b>(10,985,478)</b>	<b>3,118,460</b>	<b>3,529,196</b>	<b>20,325,194</b>	<b>3,387,532</b>

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exh bit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	2,481	3,520	5,544	18,620	3,643	68,530	102,338	17,056
Advertising	74,761	188,338	148,390	-	91,021	3,250	505,760	84,293
Amortization & Depreciation	141,027	216,239	28,396	-	148,045	391,368	925,075	154,179
Cable TV	32,639	15,644	44,896	-	14,534	-	107,713	17,952
Courier Service	117,673	-	112,517	-	-	-	230,190	38,365
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,627,802	-	1,944,925	18,181,171	1,856,691	2,481,497	26,092,086	4,348,681
Insurance	317,789	1,033,800	127,794	1,935,506	173,593	234,842	3,823,324	637,221
Interest Expense	194	-	-	-	261,188	-	261,382	43,564
Maintenance & Repairs	898,547	400,222	169,181	607,623	258,021	1,095,716	3,429,310	571,552
Marketing & Promotions	161,419	-	5	-	384,601	-	546,025	91,004
Office Expense	80,884	19,021	113,791	221,129	64,020	-	498,845	83,141
Other Expenses & Services	454,431	68,736	852,788	413,705	72,824	1,042,307	2,904,791	484,132
Professional Fees	-	176,785	-	-	18,535	-	195,320	32,553
Racing Information	219,064	206,338	-	-	742,192	376,334	1,543,928	257,321
Rent	1,455,125	1,787,293	1,570,965	15,091,182	1,256,241	304,233	21,465,039	3,577,507
Rental of Equipment	3,968	13,884	657,947	10,214	334,347	-	1,020,360	170,060
Salaries and Wages	6,202,055	4,161,699	9,009,209	46,691,400	6,724,186	7,538,009	80,326,558	13,387,760
Security/Armored Carrier Expense	65,387	41,883	490,846	1,058,558	40,469	37,439	1,734,582	289,097
Simulcast Fees	474,484	408,741	182,561	2,023,432	141,257	-	3,230,475	538,413
Telephone & Data Lines	293,803	106,588	85,980	1,772,246	210,337	355,277	2,824,231	470,705
Totalizer Expense	1,298,891	648,571	3,144,863	2,611,958	1,312,891	122,606	9,139,780	1,523,297
Travel & Reimbursement	11,063	83,242	-	9,060	6	5,637	109,008	18,168
Utilities	776,035	390,308	555,070	1,729,895	474,845	810,019	4,736,172	789,362
<b>Total Branch Expenses</b>	<b>14,709,522</b>	<b>9,970,852</b>	<b>19,245,668</b>	<b>92,375,699</b>	<b>14,583,487</b>	<b>14,867,064</b>	<b>165,752,292</b>	<b>27,625,382</b>

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(30,887)	-	302,258	1,446,619	-	141,417	1,859,407	309,901
Amortization & Depreciation	61,431	141,290	466,339	136,257	89,353	72,479	967,149	161,192
Cable TV	7,354	800	2,278	-	992	-	11,424	1,904
Courier Service	12	-	-	-	-	-	12	2
Directors Fees and Reimbursements	58,600	-	4,000	2,250	10,279	48,906	124,035	20,673
Fringe Benefits	922,714	-	3,484,589	28,783,172	3,011,304	1,580,015	37,781,794	6,296,966
Insurance	207,051	423,590	171,797	767,954	130,632	97,410	1,798,434	299,739
Interest Expense	-	-	-	-	-	59,006	59,006	9,834
Maintenance & Repairs	254,337	3,142	24,192	1,061,358	64,683	123,430	1,531,142	255,190
Marketing & Promotions	44,949	-	55,878	143,695	639	-	245,161	40,860
Office Expense	237,779	7,378	193,382	709,476	35,607	-	1,183,622	197,270
Other Expenses & Services	594,201	21,427	109,937	240,302	118,256	508,352	1,592,475	265,413
Professional Fees	-	144,642	831,515	621,868	222,396	163,873	1,984,294	330,716
Racing Information	28,430	-	-	-	1,685	-	30,115	5,019
Rent	29,728	276,664	254,057	4,114,827	51,917	36,368	4,763,561	793,927
Rental of Equipment	994,213	14,326	971	204,899	34,169	-	1,248,578	208,096
Salaries and Wages	3,592,571	1,524,765	4,955,860	18,783,314	5,139,122	1,790,059	35,785,691	5,964,282
Security/Armored Carrier Expense	6,335	3,196	25,682	31,291	2,128	-	68,632	11,439
Simulcast Fees	58,323	-	4,250	165,989	-	-	228,562	38,094
Telephone & Data Lines	140,885	66,813	311,142	675,931	30,871	29,764	1,255,406	209,234
Totalizator Expense	13,800	-	-	-	-	-	13,800	2,300
Travel & Reimbursement	128,686	14,690	104,919	105,092	69,969	28,738	452,094	75,349
Utilities	130,786	49,560	123,621	790,075	95,379	31,694	1,221,115	203,519
<b>Total Corporate Expenses</b>	<b>7,481,298</b>	<b>2,692,283</b>	<b>11,426,667</b>	<b>58,784,369</b>	<b>9,109,381</b>	<b>4,711,511</b>	<b>94,205,509</b>	<b>15,700,918</b>

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	2,481	3,520	5,544	18,620	3,643	68,530	102,338	17,056
Advertising	43,874	188,338	450,648	1,446,619	91,021	144,667	2,365,167	394,195
Amortization & Depreciation	202,458	357,529	494,735	136,257	237,398	463,847	1,892,224	315,371
Cable TV	39,993	16,444	47,174	-	15,526	-	119,137	19,856
Courier Service	117,685	-	112,517	-	-	-	230,202	38,367
Directors Fees and Reimbursements	58,600	-	4,000	2,250	10,279	48,906	124,035	20,673
Fringe Benefits	2,550,516	-	5,429,514	46,964,343	4,867,995	4,061,512	63,873,880	10,645,647
Insurance	524,840	1,457,390	299,591	2,703,460	304,225	332,252	5,621,758	936,960
Interest Expense	194	-	-	-	261,188	59,006	320,388	53,398
Maintenance & Repairs	1,152,884	403,364	193,373	1,668,981	322,704	1,219,146	4,960,452	826,742
Marketing & Promotions	206,368	-	55,883	143,695	385,240	-	791,186	131,864
Office Expense	318,663	26,399	307,173	930,605	99,627	-	1,682,467	280,411
Other Expenses & Services	1,048,632	90,163	962,725	654,007	191,080	1,550,659	4,497,266	749,544
Professional Fees	-	321,427	831,515	621,868	240,931	163,873	2,179,614	363,269
Racing Information	247,494	206,338	-	-	743,877	376,334	1,574,043	262,341
Rent	1,484,853	2,063,957	1,825,022	19,206,009	1,308,158	340,601	26,228,600	4,371,433
Rental of Equipment	998,181	28,210	658,918	215,113	368,516	-	2,268,938	378,156
Salaries and Wages	9,794,626	5,686,464	13,965,069	65,474,714	11,863,308	9,328,068	116,112,249	19,352,042
Security/Armored Carrier Expense	71,722	45,079	516,528	1,089,849	42,597	37,439	1,803,214	300,536
Simulcast Fees	532,807	408,741	186,811	2,189,421	141,257	-	3,459,037	576,506
Telephone & Data Lines	434,688	173,401	397,122	2,448,177	241,208	385,041	4,079,637	679,940
Totalizator Expense	1,312,691	648,571	3,144,863	2,611,958	1,312,891	122,606	9,153,580	1,525,597
Travel & Reimbursement	139,749	97,932	104,919	114,152	69,975	34,375	561,102	93,517
Utilities	906,821	439,868	678,691	2,519,970	570,224	841,713	5,957,287	992,881
<b>TOTAL EXPENSES</b>	<b>22,190,820</b>	<b>12,663,135</b>	<b>30,672,335</b>	<b>151,160,068</b>	<b>23,692,868</b>	<b>19,578,575</b>	<b>259,957,801</b>	<b>43,326,300</b>

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	7,762,910	17,539,993	4,079,193	9,797,982	4,245,729	3,630,102	47,055,909	7,842,652
Investments	-	17,326	7,347,392	16,500,000	-	-	23,864,718	3,977,453
Accounts Receivable	309,848	169,405	162,233	603,598	541,321	2,155,320	3,941,725	656,954
Prepaid Expenses and Other Assets	836,339	127,649	580,803	577,579	953,312	-	3,075,682	512,614
<b>Total Current Assets</b>	<b>8,909,097</b>	<b>17,854,373</b>	<b>12,169,621</b>	<b>27,479,159</b>	<b>5,740,362</b>	<b>5,785,422</b>	<b>77,938,034</b>	<b>12,989,672</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,269,127	13,069,346	2,178,224
Buildings	10,301,214	3,308,499	406,950	-	10,832,229	40,568,348	65,417,240	10,902,873
Furniture & Fixtures	8,780,512	435,712	-	715,172	525,076	7,229,806	17,686,278	2,947,713
Automobile Equipment	373,263	226,492	306,807	1,233,868	400,338	572,088	3,112,856	518,809
Machinery & Equipment	-	1,591,213	203,188	27,602,683	2,211,186	-	31,608,270	5,268,045
Leasehold Improvements	2,857,924	1,185,454	24,027,059	30,467,308	3,247,138	420,029	62,204,912	10,367,485
Total Fixed Assets	25,382,740	6,987,370	25,376,054	60,019,031	19,274,309	56,059,398	193,098,902	32,183,150
Less: Accumulated Depreciation	13,719,969	3,399,650	1,047,305	59,752,650	4,911,947	24,692,822	107,524,343	17,920,724
<b>Net Fixed Assets</b>	<b>11,662,771</b>	<b>3,587,720</b>	<b>24,328,749</b>	<b>266,381</b>	<b>14,362,362</b>	<b>31,366,576</b>	<b>85,574,559</b>	<b>14,262,427</b>
<b>Total Assets</b>	<b>20,571,868</b>	<b>21,442,093</b>	<b>36,498,370</b>	<b>27,745,540</b>	<b>20,102,724</b>	<b>37,151,998</b>	<b>163,512,593</b>	<b>27,252,099</b>
<b>Current Liabilities</b>								
Accounts Payable	5,741,644	3,231,788	3,633,813	46,851,640	4,484,251	5,308,171	69,251,307	11,541,885
Due to New York State	77,186	528,352	58,494	3,429,276	210,945	248,058	4,552,311	758,719
Due Breeders Fund	100,566	69,543	378,527	1,741,979	11,634	102,105	2,404,354	400,726
Due to Local Governments	61,067	-	89,967	557,170	-	47,863	756,067	126,011
Accrued Payroll, Fringe Benefits and Payroll Taxes	462,865	473,351	2,434,275	11,086,447	2,006,856	878,100	17,341,894	2,890,316
Due to NYS Retirement System - Current Portion	-	-	-	-	-	780,857	780,857	130,143
Telephone Betting Accounts	650,590	199,336	553,679	1,768,133	329,275	131,108	3,632,121	605,354
Notes and Mortgage Payable - Current Portion	100,000	-	49,240	-	367,214	475,571	992,025	165,338
Capital Lease Obligations - Current Portion	110,614	-	-	-	-	-	110,614	18,436
Uncashed Vouchers	121,427	-	128,586	278,247	165,611	84,754	778,625	129,771
Uncashed Winning Tickets	912,176	110,828	976,243	449,174	673,987	204,242	3,326,650	554,442
<b>Total Current Liabilities</b>	<b>8,338,135</b>	<b>4,613,198</b>	<b>8,302,824</b>	<b>66,162,066</b>	<b>8,249,773</b>	<b>8,260,829</b>	<b>103,926,825</b>	<b>17,321,138</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	-	496,438	496,438	82,740
Capital Lease Obligation	185,415	-	-	-	-	-	185,415	30,903
OTHER	-	-	-	138,923,964	-	-	138,923,964	23,153,994
Notes and Mortgages Payable	4,100,000	-	19,141,335	-	3,673,314	7,718,933	34,633,582	5,772,264
<b>Total Long Term Liabilities</b>	<b>4,285,415</b>	<b>-</b>	<b>19,141,335</b>	<b>138,923,964</b>	<b>3,673,314</b>	<b>8,215,371</b>	<b>174,239,399</b>	<b>29,039,900</b>
<b>Total Liabilities</b>	<b>12,623,550</b>	<b>4,613,198</b>	<b>27,444,159</b>	<b>205,086,030</b>	<b>11,923,087</b>	<b>16,476,200</b>	<b>278,166,224</b>	<b>46,361,037</b>

## NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS

## Uniform Quarterly Report's Exhibits 2, 3 &amp; 9

2007

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,558,480	4,259,001	925,170	(143,341,078)	401,000	(9,030,086)	(144,227,513)	(24,037,919)
Surcharge to Counties Conducting Racing	-	45,112	-	52,964	72,747	-	170,823	28,471
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	8,288,310	29,977,554	64,031,978	10,671,996
<b>Total</b>	<b>8,300,516</b>	<b>16,068,493</b>	<b>9,184,868</b>	<b>(143,288,114)</b>	<b>8,762,057</b>	<b>20,947,468</b>	<b>(80,024,712)</b>	<b>(13,337,452)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	4,805,494	8,829,926	8,696,298	(17,419,248)	1,878,621	2,784,259	9,575,350	1,595,892
Surcharge Counties Conducting Racing	15,641	1,288,910	-	2,614,391	969,163	208,176	5,096,281	849,380
Capital Acquisition Fund Contributions	(124,651)	(572,639)	91,886	-	252,715	(226,830)	(579,519)	(96,587)
<b>Total Year To Date</b>	<b>4,696,484</b>	<b>9,546,197</b>	<b>8,788,184</b>	<b>(14,804,857)</b>	<b>3,100,499</b>	<b>2,765,605</b>	<b>14,092,112</b>	<b>2,348,685</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	7,363,974	13,088,927	9,621,468	(160,760,326)	2,279,620	(6,245,827)	(134,652,164)	(22,442,027)
Surcharge to Counties Conducting Racing	15,641	1,334,022	-	2,667,355	1,041,910	208,176	5,267,104	877,851
Capital Acquisition Fund	5,617,386	11,191,741	8,351,584	-	8,541,025	29,750,724	63,452,460	10,575,410
<b>Total Available</b>	<b>12,997,001</b>	<b>25,614,690</b>	<b>17,973,052</b>	<b>(158,092,971)</b>	<b>11,862,555</b>	<b>23,713,073</b>	<b>(65,932,600)</b>	<b>(10,988,767)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	5,033,030	7,490,600	8,918,841	16,632,171	2,697,521	2,949,074	43,721,237	7,286,873
Surcharge to Counties Conducting Racing	15,641	1,295,194	-	2,615,348	985,398	207,787	5,119,368	853,228
<b>Total Distributed</b>	<b>5,048,671</b>	<b>8,785,794</b>	<b>8,918,841</b>	<b>19,247,519</b>	<b>3,682,919</b>	<b>3,156,861</b>	<b>48,840,605</b>	<b>8,140,101</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,128,350	5,598,327	702,627	(177,392,497)	(417,901)	(9,194,901)	(178,575,995)	(29,762,666)
Surcharge to Counties Conducting Racing	202,582	38,828	-	52,007	56,512	415,963	765,892	127,649
Capital Acquisition Fund	5,617,386	11,191,741	8,351,584	-	8,541,025	29,750,724	63,452,460	10,575,410
<b>Total Undistributed Benefits</b>	<b>7,948,318</b>	<b>16,828,896</b>	<b>9,054,211</b>	<b>(177,340,490)</b>	<b>8,179,636</b>	<b>20,971,786</b>	<b>(114,357,643)</b>	<b>(19,059,607)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,571,868</b>	<b>21,442,094</b>	<b>36,498,370</b>	<b>27,745,540</b>	<b>20,102,723</b>	<b>37,447,986</b>	<b>163,808,581</b>	<b>27,301,430</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for some entities for the 2007 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures.

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits				21,428,000	
OTBs that report the GASB 45 amounts but <b>DO NOT REPORT THEM AS EXPENSES AFFECTING SECTION 516 DISTRIBUTIONS</b> (These amounts are not reflected in the figures reported above.)			43,828,000	3,074,649	
OTB that has no OPEB amounts to report for this year	<b>XX</b>	<b>XX</b>			<b>XX</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	\$ 80,245,436	\$ 38,877,337	\$ 114,318,097	\$ 332,669,816	\$ 72,374,593	\$ 41,357,878	\$ 679,843,157	\$ 113,307,193
Out of State Thoroughbred Tracks	98,321,347	71,641,040	152,076,148	578,839,019	95,411,835	59,233,409	1,055,522,798	175,920,466
In State Harness Tracks	10,597,162	9,226,449	8,057,603	30,260,589	5,206,507	12,944,369	76,292,679	12,715,447
Out of State Harness Tracks	<u>20,758,842</u>	<u>23,287,922</u>	<u>33,223,103</u>	<u>119,214,702</u>	<u>22,184,867</u>	<u>26,692,985</u>	<u>245,362,421</u>	<u>40,893,737</u>
Total Net Handle	<b>209,922,787</b>	<b>143,032,748</b>	<b>307,674,951</b>	<b>1,060,984,126</b>	<b>195,177,802</b>	<b>140,228,641</b>	<b>2,057,021,055</b>	<b>342,836,843</b>
Less:								
Returned to Bettors	159,495,714	107,230,208	235,751,928	808,862,187	149,072,417	104,009,482	1,564,421,936	260,736,989
Surcharge	<u>7,582,116</u>	<u>5,576,646</u>	<u>8,887,927</u>	<u>33,926,458</u>	<u>5,813,549</u>	<u>6,137,177</u>	<u>67,923,873</u>	<u>11,320,646</u>
OTB Take Out and Breakage	<b>42,844,957</b>	<b>30,225,894</b>	<b>63,035,096</b>	<b>218,195,481</b>	<b>40,291,836</b>	<b>30,081,982</b>	<b>424,675,246</b>	<b>70,779,208</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,423,365	1,052,724	2,087,029	6,932,912	1,433,530	1,239,935	14,169,495	2,361,583
NY State Regulatory Fee	1,049,635	715,164	1,538,375	5,304,921	968,135	701,143	10,277,373	1,712,896
NY State (Uncashed Tickets)	767,200	523,263	822,906	2,897,298	645,487	650,000	6,306,154	1,051,026
Breeders' Fund - Thoroughbred	1,190,210	726,331	1,736,677	6,121,070	1,100,118	640,743	11,515,149	1,919,192
Breeders' Fund - Harness	491,587	413,527	690,441	2,465,198	454,754	468,931	4,984,438	830,740
In State Thoroughbred Tracks	9,223,023	6,681,178	16,545,560	60,838,834	10,421,031	6,084,114	109,793,740	18,298,957
Out of State Thoroughbred Tracks	2,350,790	1,676,998	3,478,613	12,871,292	2,205,550	1,423,497	24,006,740	4,001,123
In State Harness Tracks	4,398,482	3,358,765	2,926,089	15,641,986	1,978,119	2,730,643	31,034,084	5,172,347
Out of State Harness Tracks	435,016	481,406	711,018	2,468,374	447,516	521,867	5,065,197	844,200
City of Albany	325,134	-	-	-	-	-	325,134	54,189
City of Niagara	-	-	-	-	-	48,439	48,439	8,073
Total Payments	<b>21,654,442</b>	<b>15,629,356</b>	<b>30,536,708</b>	<b>115,541,885</b>	<b>19,654,240</b>	<b>14,509,312</b>	<b>217,525,943</b>	<b>36,254,324</b>
Net Racing Revenue	<b>21,190,515</b>	<b>14,596,538</b>	<b>32,498,388</b>	<b>102,653,596</b>	<b>20,637,596</b>	<b>15,572,670</b>	<b>207,149,303</b>	<b>34,524,884</b>
Other Revenue:								
Admission Income	73,360	93,055	154,171	387,160	96,316	1,847	805,909	134,318
Lottery Income	441,473	248,902	48,947	-	99,304	403,219	1,241,845	206,974
Concession Income	232,931	29,527	113,945	41,528	54,064	22,821	494,816	82,469
Derived from Section 532	1,916,043	1,652,645	2,240,880	10,159,804	1,557,487	1,723,730	19,250,589	3,208,432
Interest Income	124,193	818,870	509,783	1,360,606	161,139	67,351	3,041,942	506,990
Other Income	237,638	162,040	501,416	435,888	2,801,400	808,153	4,946,535	824,423
Uncashed Tickets	767,200	523,263	822,906	2,897,298	645,487	650,000	6,306,154	1,051,026
Total Operating Revenue	<b>24,983,353</b>	<b>18,124,840</b>	<b>36,890,436</b>	<b>117,935,880</b>	<b>26,052,793</b>	<b>19,249,791</b>	<b>243,237,093</b>	<b>40,539,516</b>
Operating Expenses:								
Branch Expenses	14,805,227	10,238,241	19,860,149	89,541,288	16,501,299	14,796,707	165,742,911	27,623,819
Corporate Expenses	7,476,672	2,641,018	11,626,414	151,960,013	9,611,101	4,333,263	187,648,481	31,274,747
Total Operating Expenses - Including Depreciation	<b>22,281,899</b>	<b>12,879,259</b>	<b>31,486,563</b>	<b>241,501,301</b>	<b>26,112,400</b>	<b>19,129,970</b>	<b>353,391,392</b>	<b>58,898,565</b>
Section 516 Net Revenues from Operations	<b>2,701,454</b>	<b>5,245,581</b>	<b>5,403,873</b>	<b>(123,565,421)</b>	<b>(59,607)</b>	<b>119,821</b>	<b>(110,154,299)</b>	<b>(18,359,050)</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	<b>2,701,454</b>	<b>5,245,581</b>	<b>5,403,873</b>	<b>(123,565,421)</b>	<b>(59,607)</b>	<b>119,821</b>	<b>(110,154,299)</b>	<b>(18,359,050)</b>
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	309,610	-	-	(413,035)	-	(516,225)	(86,038)
Section 516 Net Revenue for Distribution (Loss)	<b>2,288,654</b>	<b>5,555,191</b>	<b>5,403,873</b>	<b>(123,565,421)</b>	<b>(472,642)</b>	<b>119,821</b>	<b>(110,670,524)</b>	<b>(18,445,087)</b>
Surcharge:								
Section 532 Revenues to Participating Localities	3,401,894	2,569,464	4,465,830	17,425,134	2,538,126	2,679,516	33,079,964	5,513,327
Section 532 Revenues to Other Localities	1,336,623	651,225	1,104,455	2,385,119	980,639	910,004	7,368,065	1,228,011
Total Surcharge to all Localities	<b>4,738,517</b>	<b>3,220,689</b>	<b>5,570,285</b>	<b>19,810,253</b>	<b>3,518,765</b>	<b>3,589,520</b>	<b>40,448,029</b>	<b>6,741,338</b>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(309,610)			413,035	-	516,225	86,038
Supplemental 1% Section 532	927,556	703,312	1,076,762	3,956,401	737,297	823,927	8,225,255	1,370,876
Other Fund Revenues net of Expenses	(1,407,176)	-	(470,769)		130,935	(1,031,977)	(2,778,987)	(463,165)
Total Capital Acquisition Funds	<b>(66,820)</b>	<b>393,702</b>	<b>605,993</b>	<b>3,956,401</b>	<b>1,281,267</b>	<b>(208,050)</b>	<b>5,962,493</b>	<b>993,749</b>
<b>TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS</b>	<b>\$ 6,960,351</b>	<b>\$ 9,169,582</b>	<b>\$ 11,580,151</b>	<b>\$ (99,798,767)</b>	<b>\$ 4,327,390</b>	<b>\$ 3,501,291</b>	<b>\$ (64,260,002)</b>	<b>\$ (10,710,000)</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	5,975	-	3,605	68,532	78,112	13,019
Advertising	69,983	220,841	150,797	-	75,260	2,031	518,912	86,485
Amortization & Depreciation	138,525	244,745	33,742	-	450,303	1,072,306	1,939,621	323,270
Cable TV	30,777	14,068	41,138	-	15,606	-	101,589	16,932
Courier Service	118,365	-	116,896	-	-	-	235,261	39,210
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,590,125	-	1,890,906	16,345,727	2,259,713	2,452,076	24,538,547	4,089,758
Insurance	385,731	1,007,961	133,557	3,135,189	286,340	303,874	5,252,652	875,442
Interest Expense	2,597	-	796,376	-	281,099	-	1,080,072	180,012
Maintenance & Repairs	796,439	376,501	217,195	644,675	238,731	891,666	3,165,207	527,535
Marketing & Promotions	258,907	-	160	-	318,768	-	577,835	96,306
Office Expense	106,758	19,431	109,835	230,758	110,120	-	576,902	96,150
Other Expenses & Services	538,010	68,115	874,397	401,668	30,594	1,078,452	2,991,236	498,539
Professional Fees	-	180,901	23,123	-	1,072	-	205,096	34,183
Racing Information	201,835	185,545	-	-	691,797	347,138	1,426,315	237,719
Rent	1,436,510	1,753,731	1,639,958	14,255,429	1,272,424	308,194	20,666,246	3,444,374
Rental of Equipment	9,123	17,762	653,101	1,642	402,876	-	1,084,504	180,751
Salaries and Wages	6,280,146	4,459,124	8,645,200	45,999,875	7,837,419	7,544,611	80,766,375	13,461,063
Security/Armored Carrier Expense	66,206	44,999	476,979	1,013,579	30,101	55,436	1,687,300	281,217
Simulcast Fees	442,431	393,832	171,017	1,942,502	137,750	-	3,087,532	514,589
Telephone & Data Lines	307,168	119,479	132,324	1,275,073	195,674	329,103	2,358,821	393,137
Totalizator Expense	1,309,047	692,659	3,180,489	2,684,174	1,357,084	103,907	9,327,360	1,554,560
Travel & Reimbursement	12,661	83,835	-	6,266	-	3,912	106,674	17,779
Utilities	703,883	354,711	566,982	1,604,733	504,963	763,186	4,498,458	749,743
<b>Total Branch Expenses</b>	<b>14,805,227</b>	<b>10,238,240</b>	<b>19,860,147</b>	<b>89,541,290</b>	<b>16,501,299</b>	<b>15,324,424</b>	<b>166,270,627</b>	<b>27,711,771</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses *</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(38,149)	-	181,510	1,019,818	-	134,144	1,297,323	216,221
Amortization & Depreciation	47,620	116,398	440,851	457,675	169,484	214,687	1,446,715	241,119
Cable TV	19,730	-	1,596	-	874	-	22,200	3,700
Courier Service	199	-	-	-	-	-	199	33
Directors Fees and Reimbursements	57,900	-	4,000	2,250	30,217	93,597	187,964	31,327
Fringe Benefits	1,006,404	-	3,696,223	6,865,806	3,077,197	1,549,850	16,195,480	2,699,247
Insurance	243,953	406,321	188,527	1,387,781	192,942	89,370	2,508,894	418,149
Interest Expense	544	-	-	-	-	1,517	124,048	21,018
Maintenance & Repairs	222,448	3,120	41,963	1,081,320	79,486	141,595	1,569,932	261,655
Marketing & Promotions	52,581	-	70,504	188,339	2,537	-	313,961	52,327
Office Expense	205,075	8,784	209,908	516,848	41,889	-	982,504	163,751
Other Expenses & Services	484,989	33,514	158,624	205,628	181,815	453,825	1,518,395	253,066
Professional Fees	-	148,010	791,863	534,381	247,397	166,740	1,888,391	314,732
Racing Information	33,492	-	-	-	1,685	-	35,177	5,863
Rent	31,421	228,531	264,302	4,747,127	52,851	107,940	5,432,172	905,362
Rental of Equipment	894,019	12,866	5,373	52,092	33,768	-	998,118	166,353
Salaries and Wages	3,756,548	1,583,497	5,057,661	133,289,074	5,324,866	1,675,642	150,687,288	25,114,548
Security/Armored Carrier Expense	7,937	3,003	24,483	24,514	5,145	-	65,082	10,847
Simulcast Fees	52,692	-	-	104,079	-	-	156,771	26,129
Telephone & Data Lines	140,608	48,019	285,971	450,199	30,896	33,177	988,870	164,812
Totalizator Expense	13,715	-	(8,105)	-	-	-	5,610	935
Travel & Reimbursement	119,869	14,794	99,936	109,219	15,107	13,447	372,372	62,062
Utilities	123,077	34,161	111,224	923,860	121,427	62,913	1,376,662	229,444
<b>Total Corporate Expenses</b>	<b>7,476,672</b>	<b>2,641,018</b>	<b>11,626,414</b>	<b>151,960,010</b>	<b>9,611,100</b>	<b>4,860,975</b>	<b>188,176,189</b>	<b>31,362,698</b>

\* Capital OTB includes Cable TV expenses

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	5,975	-	3,605	68,532	78,112	13,019
Advertising	31,834	220,841	332,307	1,019,818	75,260	136,175	1,816,235	302,706
Amortization & Depreciation	186,145	361,143	474,593	457,675	619,787	1,286,993	3,386,336	564,389
Cable TV	50,507	14,068	42,734	-	16,480	-	123,789	20,632
Courier Service	118,564	-	116,896	-	-	-	235,460	39,243
Directors Fees and Reimbursements	57,900	-	4,000	2,250	30,217	93,597	187,964	31,327
Fringe Benefits	2,596,529	-	5,587,129	23,211,533	5,336,910	4,001,926	40,734,027	6,789,005
Insurance	629,684	1,414,282	322,084	4,522,970	479,282	393,244	7,761,546	1,293,591
Interest Expense	3,141	-	796,376	-	282,616	124,048	1,206,181	201,030
Maintenance & Repairs	1,018,887	379,621	259,158	1,725,995	318,217	1,033,261	4,735,139	789,190
Marketing & Promotions	311,488	-	70,664	188,339	321,305	-	891,796	148,633
Office Expense	311,833	28,215	319,743	747,606	152,009	-	1,559,406	259,901
Other Expenses & Services	1,022,999	101,629	1,033,021	607,296	212,409	1,532,277	4,509,631	751,605
Professional Fees	-	328,911	814,986	534,381	248,469	166,740	2,093,487	348,915
Racing Information	235,327	185,545	-	-	693,482	347,138	1,461,492	243,582
Rent	1,467,931	1,982,262	1,904,260	19,002,556	1,325,275	416,134	26,098,418	4,349,736
Rental of Equipment	903,142	30,628	658,474	53,734	436,644	-	2,082,622	347,104
Salaries and Wages	10,036,694	6,042,621	13,702,861	179,288,949	13,162,285	9,220,253	231,453,663	38,575,611
Security/Armored Carrier Expense	74,143	48,002	501,462	1,038,093	35,246	55,436	1,752,382	292,064
Simulcast Fees	495,123	393,832	171,017	2,046,581	137,750	-	3,244,303	540,717
Telephone & Data Lines	447,776	167,498	418,295	1,725,272	226,570	362,280	3,347,691	557,949
Totalizator Expense	1,322,762	692,659	3,172,384	2,684,174	1,357,084	103,907	9,332,970	1,555,495
Travel & Reimbursement	132,530	98,629	99,936	115,485	15,107	17,359	479,046	79,841
Utilities	826,960	388,872	678,206	2,528,593	626,390	826,099	5,875,120	979,187
<b>TOTAL EXPENSES</b>	<b>22,281,899</b>	<b>12,879,258</b>	<b>31,486,561</b>	<b>241,501,300</b>	<b>26,112,399</b>	<b>20,185,399</b>	<b>354,446,816</b>	<b>59,074,469</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	7,131,842	18,318,099	1,976,008	4,938,194	5,569,779	4,044,233	41,978,155	6,996,359
Investments	-	17,326	9,717,603	27,000,000	-	-	36,734,929	6,122,488
Accounts Receivable	338,759	108,820	549,158	736,128	691,724	1,816,490	4,241,079	706,847
Prepaid Expenses and Other Assets	917,670	203,327	941,083	1,349,506	826,103	679,810	4,917,499	819,583
<b>Total Current Assets</b>	<b>8,388,271</b>	<b>18,647,572</b>	<b>13,183,852</b>	<b>34,023,828</b>	<b>7,087,606</b>	<b>6,540,533</b>	<b>87,871,662</b>	<b>14,645,277</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,240,310	13,040,529	2,173,422
Buildings	10,329,289	1,520,644	406,950	-	11,203,251	39,472,612	62,932,746	10,488,791
Furniture & Fixtures	10,588,169	425,213	-	431,436	424,639	4,267,526	16,136,983	2,689,497
Automobile Equipment	357,939	243,552	311,856	1,059,260	300,411	533,520	2,806,538	467,756
Machinery & Equipment	-	1,533,721	198,803	26,282,423	3,307,646	2,862,823	34,185,416	5,697,569
Leasehold Improvements	2,787,905	1,169,030	24,760,229	38,723,702	4,109,935	777,768	72,328,569	12,054,762
Total Fixed Assets	27,133,129	5,132,160	26,109,888	66,496,821	21,404,224	55,154,559	201,430,781	33,571,797
Less: Accumulated Depreciation	14,613,073	3,059,932	848,040	63,022,908	8,662,032	23,030,425	113,236,410	18,872,735
<b>Net Fixed Assets</b>	<b>12,520,056</b>	<b>2,072,228</b>	<b>25,261,848</b>	<b>3,473,913</b>	<b>12,742,192</b>	<b>32,124,134</b>	<b>88,194,371</b>	<b>14,699,062</b>
<b>Total Assets</b>	<b>20,908,327</b>	<b>20,719,800</b>	<b>38,445,700</b>	<b>37,497,741</b>	<b>19,829,798</b>	<b>38,664,667</b>	<b>176,066,033</b>	<b>29,344,339</b>
<b>Current Liabilities</b>								
Accounts Payable	5,177,916	3,154,400	2,547,901	44,350,969	3,569,096	6,068,001	64,868,283	10,811,381
Due to New York State	80,253	613,534	72,256	3,199,797	86,310	58,570	4,110,720	685,120
Due Breeders Fund	127,185	77,888	203,648	2,078,563	127,881	183,963	2,799,128	466,521
Due to Local Governments	83,266	45,112	115,791	-	72,747	52,761	369,677	61,613
Accrued Payroll, Fringe Benefits and Payroll Taxes	467,907	459,332	2,799,614	5,092,686	1,918,665	816,101	11,554,305	1,925,718
Due to NYS Retirement System - Current Portion	-	-	-	4,752,000	154,119	1,037,844	5,943,963	990,661
Telephone Betting Accounts	655,874	205,287	1,609,384	1,799,198	373,069	121,073	4,763,885	793,981
Notes and Mortgage Payable - Current Portion	262,661	-	46,287	-	313,600	448,500	1,071,048	178,508
Capital Lease Obligations - Current Portion	163,308	-	-	-	-	-	163,308	27,218
Uncashed Vouchers	118,508	-	227,255	263,331	174,127	115,003	898,224	149,704
Uncashed Winning Tickets	992,760	140,866	993,121	780,283	775,198	124,440	3,806,668	634,445
<b>Total Current Liabilities</b>	<b>8,129,638</b>	<b>4,696,419</b>	<b>8,615,257</b>	<b>62,316,827</b>	<b>7,564,812</b>	<b>9,026,256</b>	<b>100,349,209</b>	<b>16,724,868</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	110,773,000	-	496,438	111,269,438	18,544,906
Capital Lease Obligation	278,173	-	-	-	-	-	278,173	46,362
Other	-	-	-	7,071,325	-	-	7,071,325	1,178,554
Notes and Mortgages Payable	4,200,000	-	20,645,575	-	3,575,678	8,194,504	36,615,757	6,102,626
<b>Total Long Term Liabilities</b>	<b>4,478,173</b>	<b>-</b>	<b>20,645,575</b>	<b>117,844,325</b>	<b>3,575,678</b>	<b>8,690,942</b>	<b>155,234,693</b>	<b>25,872,449</b>
<b>Total Liabilities</b>	<b>12,607,811</b>	<b>4,696,419</b>	<b>29,260,832</b>	<b>180,161,152</b>	<b>11,140,490</b>	<b>17,717,198</b>	<b>255,583,902</b>	<b>42,597,317</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,643,886	5,390,998	475,111	(141,592,330)	412,987	(9,150,576)	(141,819,924)	(23,636,654)
Surcharge to Counties Conducting Racing	-	-	-	462,712	-	-	462,712	77,119
Capital Acquisition Fund	5,808,855	11,370,678	7,653,706	-	8,059,424	30,185,604	63,078,267	10,513,045
<b>Total</b>	<b>8,452,741</b>	<b>16,761,676</b>	<b>8,128,817</b>	<b>(141,129,618)</b>	<b>8,472,411</b>	<b>21,035,028</b>	<b>(78,278,945)</b>	<b>(13,046,491)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	6,008,861	8,124,655	9,869,703	(265,704)	2,478,519	2,799,337	29,015,371	4,835,895
Surcharge Counties Conducting Racing	6,822	-	-	363,903	-	197,912	568,637	94,773
Capital Acquisition Fund Contributions	(66,820)	393,702	605,992	-	868,232	(208,050)	1,593,056	265,509
<b>Total Year To Date</b>	<b>5,948,863</b>	<b>8,518,357</b>	<b>10,475,695</b>	<b>98,199</b>	<b>3,346,751</b>	<b>2,789,199</b>	<b>31,177,064</b>	<b>5,196,177</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	8,652,747	13,515,653	10,344,814	(141,858,034)	2,478,471	(6,351,239)	(113,217,588)	(18,869,598)
Surcharge to Counties Conducting Racing	6,822	-	-	826,616	-	197,912	1,031,350	171,892
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	9,340,692	29,977,554	65,084,360	10,847,393
<b>Total Available</b>	<b>14,401,605</b>	<b>25,280,033</b>	<b>18,604,512</b>	<b>(141,031,418)</b>	<b>11,819,163</b>	<b>23,824,227</b>	<b>(47,101,878)</b>	<b>(7,850,313)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	6,094,265	9,256,653	9,419,644	1,483,044	3,129,853	2,678,225	32,061,684	5,343,614
Surcharge to Counties Conducting Racing	6,822	-	-	148,949	-	198,534	354,305	59,051
<b>Total Distributed</b>	<b>6,101,087</b>	<b>9,256,653</b>	<b>9,419,644</b>	<b>1,631,993</b>	<b>3,129,853</b>	<b>2,876,759</b>	<b>32,415,989</b>	<b>5,402,665</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,558,480	4,258,999	925,170	(143,341,078)	401,000	(9,031,665)	(144,229,094)	(24,038,182)
Surcharge to Counties Conducting Racing	-	-	-	677,667	-	1,579	679,246	113,208
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	8,288,310	29,977,554	64,031,978	10,671,996
<b>Total Undistributed Benefits</b>	<b>8,300,516</b>	<b>16,023,381</b>	<b>9,184,868</b>	<b>(142,663,411)</b>	<b>8,689,310</b>	<b>20,947,468</b>	<b>(79,517,870)</b>	<b>(13,252,978)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,908,327</b>	<b>20,719,800</b>	<b>38,445,700</b>	<b>37,497,741</b>	<b>19,829,800</b>	<b>38,664,666</b>	<b>176,066,032</b>	<b>29,344,339</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for some entities for the 2006 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures.

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits	115,525,000
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OTB that has no OPEB amounts to report for this year	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
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**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	\$ 81,498,026	\$ 41,364,026	\$ 118,777,561	\$ 340,003,080	\$ 74,739,277	\$ 44,243,373	\$ 700,625,343	\$ 116,770,891
Out of State Thoroughbred Tracks	97,262,347	71,326,890	150,275,752	550,506,561	94,300,450	60,803,204	1,024,475,204	170,745,867
In State Harness Tracks	10,163,223	9,193,081	8,259,865	30,973,836	5,878,091	12,385,270	76,853,366	12,808,894
Out of State Harness Tracks	24,137,408	24,638,646	33,801,171	124,941,025	24,129,091	27,970,807	259,618,148	43,269,691
Total Net Handle	<b>213,061,004</b>	<b>146,522,643</b>	<b>311,114,349</b>	<b>1,046,424,502</b>	<b>199,046,909</b>	<b>145,402,654</b>	<b>2,061,572,061</b>	<b>343,595,344</b>
Less:								
Returned to Bettors	161,780,612	109,778,640	238,494,587	798,253,666	152,243,277	107,871,069	1,568,421,851	261,403,642
Surcharge	7,775,738	5,780,496	8,978,025	33,680,453	5,828,961	6,372,986	68,416,659	11,402,777
OTB Take Out and Breakage	<b>43,504,654</b>	<b>30,963,507</b>	<b>63,641,737</b>	<b>214,490,383</b>	<b>40,974,671</b>	<b>31,158,599</b>	<b>424,733,551</b>	<b>70,788,925</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,746,990	1,254,359	2,526,046	8,082,287	1,721,517	1,377,463	16,708,662	2,784,777
NY State Regulatory Fee	943,309	639,435	1,372,224	4,620,753	876,308	639,149	9,091,178	1,515,196
NY State (Uncashed Tickets)	751,200	540,000	796,625	2,871,658	596,399	610,000	6,165,882	1,027,647
Breeders' Fund - Thoroughbred	1,224,943	650,624	1,582,005	5,316,700	996,466	606,306	10,377,044	1,729,507
Breeders' Fund - Harness	359,656	431,258	706,827	2,527,320	494,677	483,633	5,003,371	833,895
In State Thoroughbred Tracks	9,241,379	6,905,404	16,778,050	59,517,281	10,560,315	6,480,397	109,482,826	18,247,138
Out of State Thoroughbred Tracks	2,321,382	1,678,749	3,356,568	12,414,619	2,203,157	1,488,926	23,463,401	3,910,567
In State Harness Tracks	3,636,777	2,255,113	3,154,083	14,392,291	2,125,203	2,652,059	28,215,526	4,702,588
Out of State Harness Tracks	530,929	509,170	769,550	2,617,722	492,145	563,820	5,483,336	913,889
City of Albany	349,972	-	-	-	-	-	349,972	58,329
City of Niagara	-	-	-	-	-	55,576	55,576	9,263
Total Payments	<b>21,106,537</b>	<b>14,864,112</b>	<b>31,041,978</b>	<b>112,360,631</b>	<b>20,066,187</b>	<b>14,957,329</b>	<b>214,396,774</b>	<b>35,732,796</b>
Net Racing Revenue	<b>22,398,117</b>	<b>16,099,395</b>	<b>32,599,759</b>	<b>102,129,752</b>	<b>20,908,484</b>	<b>16,201,270</b>	<b>210,336,777</b>	<b>35,056,130</b>
Other Revenue:								
Admission Income	85,606	91,760	149,293	411,855	98,008	3,409	839,931	139,989
Lottery Income	466,989	275,008	53,223	22,884	87,355	396,306	1,301,765	216,961
Concession Income	184,730	30,727	105,104	70,401	53,200	20,897	465,059	77,510
Derived from Section 532	1,993,259	1,715,725	2,111,830	10,019,482	1,563,189	1,787,603	19,191,088	3,198,515
Interest Income	95,479	486,711	281,699	734,080	47,510	15,748	1,661,227	276,871
Other Income	(604,353)	464,161	941,846	1,738,392	2,622,704	(770,787)	4,391,963	731,994
Uncashed Tickets	751,200	540,000	796,625	2,871,658	596,398	610,000	6,165,881	1,027,647
Total Operating Revenue	<b>25,371,027</b>	<b>19,703,487</b>	<b>37,039,379</b>	<b>117,998,504</b>	<b>25,976,848</b>	<b>18,264,446</b>	<b>244,353,691</b>	<b>40,725,615</b>
Operating Expenses:								
Branch Expenses	15,227,102	10,603,717	19,736,852	87,392,602	16,049,092	15,229,552	164,238,917	27,373,153
Corporate Expenses	7,323,526	2,547,900	11,119,823	36,120,921	9,484,769	4,411,936	71,008,875	11,834,813
Total Operating Expenses - Including Depreciation	<b>22,550,628</b>	<b>13,151,617</b>	<b>30,856,675</b>	<b>123,513,523</b>	<b>25,533,861</b>	<b>19,641,488</b>	<b>235,247,792</b>	<b>39,207,965</b>
Section 516 Net Revenues from Operations	<b>2,820,399</b>	<b>6,551,870</b>	<b>6,182,704</b>	<b>(5,515,019)</b>	<b>442,987</b>	<b>(1,377,042)</b>	<b>9,105,899</b>	<b>1,517,650</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	2,820,399	6,551,870	6,182,704	(5,515,019)	442,987	(1,377,042)	9,105,899	1,517,650
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	198,518	-	-	(116,488)	-	(330,770)	(55,128)
Section 516 Net Revenue for Distribution (Loss)	<u>2,407,599</u>	<u>6,750,388</u>	<u>6,182,704</u>	<u>(5,515,019)</u>	<u>326,499</u>	<u>(1,377,042)</u>	<u>8,775,129</u>	<u>1,462,522</u>
Surcharge:								
Section 532 Revenues to Participating Localities	3,475,972	2,649,028	4,692,191	17,284,741	2,545,873	2,787,377	33,435,182	5,572,530
Section 532 Revenues to Other Localities	1,358,562	692,069	1,083,166	2,468,742	982,683	945,741	7,530,963	1,255,161
Total Surcharge to all Localities	<u>4,834,534</u>	<u>3,341,097</u>	<u>5,775,357</u>	<u>19,753,483</u>	<u>3,528,556</u>	<u>3,733,118</u>	<u>40,966,145</u>	<u>6,827,691</u>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(198,518)	-	-	116,488	-	330,770	55,128
Supplemental 1% Section 532	947,945	723,674	1,090,838	3,907,488	737,216	852,265	8,259,426	1,376,571
Other Fund Revenues net of Expenses	(1,257,598)	-	(1,905,233)	-	(326,410)	(862,329)	(4,351,570)	(725,262)
Total Capital Acquisition Funds	<u>103,147</u>	<u>525,156</u>	<u>(814,395)</u>	<u>3,907,488</u>	<u>527,294</u>	<u>(10,064)</u>	<u>4,238,626</u>	<u>706,438</u>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<u>\$ 7,345,280</u>	<u>\$ 10,616,641</u>	<u>\$ 11,143,666</u>	<u>\$ 18,145,952</u>	<u>\$ 4,382,349</u>	<u>\$ 2,346,012</u>	<u>\$ 53,979,900</u>	<u>\$ 8,996,650</u>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	5,822	-	3,876	216,416	226,114	37,686
Advertising	67,444	475,938	263,716	-	55,236	641	862,975	143,829
Amor ization & Depreciation	146,347	336,543	54,289	-	453,459	1,081,826	2,072,464	345,411
Cable TV	29,083	14,015	34,275	-	16,182	-	93,555	15,593
Courier Service	111,194	-	116,273	-	-	-	227,467	37,911
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,632,960	-	1,824,584	15,231,527	2,210,318	2,441,877	23,341,266	3,890,211
Insurance	434,162	1,007,916	145,811	1,756,723	337,753	345,895	4,028,260	671,377
Interest Expense	7,693	-	585,617	-	301,260	-	894,570	149,095
Maintenance & Repairs	902,303	309,856	267,860	472,723	190,030	846,600	2,989,372	498,229
Marketing & Promotions	236,145	-	-	-	234,871	-	471,016	78,503
Office Expense	98,623	15,884	191,248	225,847	89,874	-	621,476	103,579
Other Expenses & Services	579,209	78,777	904,738	279,316	62,229	1,074,900	2,979,169	496,528
Professional Fees	-	141,685	140,359	-	45	-	282,089	47,015
Racing Information	206,712	195,886	-	-	667,593	318,119	1,388,310	231,385
Rent	1,466,631	1,638,010	1,556,120	14,066,340	1,140,570	412,659	20,280,330	3,380,055
Rental of Equipment	10,971	20,483	644,797	5,121	380,334	-	1,061,706	176,951
Salaries and Wages	6,446,249	4,554,502	8,636,748	46,202,078	7,657,055	7,512,978	81,009,610	13,501,602
Security//Armored Carrier Expense	82,604	45,021	291,755	1,071,588	23,936	135,481	1,650,385	275,064
Simulcast Fees	457,215	396,792	182,070	2,034,334	142,375	-	3,212,786	535,464
Telephone & Data Lines	260,833	108,367	153,775	1,777,675	237,001	342,080	2,879,731	479,955
Totalizator Expense	1,313,999	791,289	3,158,210	2,727,514	1,349,370	141,184	9,481,566	1,580,261
Travel & Reimbursement	11,850	75,881	-	5,733	1,199	5,298	99,961	16,660
Utilities	724,875	396,872	578,786	1,536,087	456,718	789,168	4,482,506	747,084
<b>Total Branch Expenses</b>	<b>15,227,102</b>	<b>10,603,717</b>	<b>19,736,853</b>	<b>87,392,606</b>	<b>16,011,284</b>	<b>15,665,122</b>	<b>164,636,684</b>	<b>27,439,447</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses *</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(41,888)	-	157,145	1,704,239	289	142,397	1,962,182	327,030
Amor ization & Depreciation	60,660	83,348	345,870	462,624	145,044	249,463	1,347,009	224,502
Cable TV	6,487	-	996	-	3,195	-	10,678	1,780
Courier Service	4,115	-	-	-	-	-	4,115	686
Directors Fees and Reimbursements	54,605	-	4,500	3,250	9,100	90,677	162,132	27,022
Fringe Benefits	943,359	-	4,092,960	6,862,862	2,969,881	1,463,555	16,332,617	2,722,103
Insurance	256,002	372,671	197,527	651,871	190,705	96,674	1,765,450	294,242
Interest Expense	2,822	-	-	1,919	-	97,919	102,660	17,110
Maintenance & Repairs	197,102	78,091	30,408	996,365	88,991	114,547	1,505,504	250,917
Marketing & Promotions	46,034	-	66,139	317,614	81	12,546	442,414	73,736
Office Expense	197,337	9,865	152,030	726,982	29,407	-	1,115,621	185,937
Other Expenses & Services	609,543	31,490	211,301	405,673	177,607	327,788	1,763,402	293,900
Professional Fees	-	115,924	434,668	365,097	244,838	184,675	1,345,202	224,200
Racing Information	32,508	-	-	-	441	-	32,949	5,492
Rent	111,376	206,471	259,335	4,597,524	3,698	97,700	5,276,104	879,351
Rental of Equipment	836,932	17,615	5,958	43,824	30,405	-	934,734	155,789
Salaries and Wages	3,525,027	1,521,142	4,740,604	17,586,689	5,410,976	1,868,972	34,653,410	5,775,568
Security/Armored Carrier Expense	8,468	2,699	22,048	66,497	2,715	-	102,427	17,071
Simulcast Fees	54,700	-	-	95,020	-	-	149,720	24,953
Telephone & Data Lines	151,621	58,551	235,845	399,853	36,839	31,852	914,561	152,427
Totalizator Expense	3,609	-	-	-	-	-	3,609	602
Travel & Reimbursement	132,553	13,391	115,052	89,963	20,175	11,086	382,220	63,703
Utilities	130,554	36,644	47,439	743,052	120,385	57,654	1,135,728	189,288
<b>Total Corporate Expenses</b>	<b>7,323,526</b>	<b>2,547,902</b>	<b>11,119,825</b>	<b>36,120,918</b>	<b>9,484,772</b>	<b>4,847,505</b>	<b>71,444,448</b>	<b>11,907,408</b>

\* Capital OTB includes Cable TV expenses

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	5,822	-	3,876	216,416	226,114	37,686
Advertising	25,556	475,938	420,861	1,704,239	55,525	143,038	2,825,157	470,860
Amor ization & Depreciation	207,007	419,890	400,159	462,624	598,503	1,331,289	3,419,472	569,912
Cable TV	35,570	14,015	35,271	-	19,377	-	104,233	17,372
Courier Service	115,309	-	116,273	-	-	-	231,582	38,597
Directors Fees and Reimbursements	54,605	-	4,500	3,250	9,100	90,677	162,132	27,022
Fringe Benefits	2,576,319	-	5,917,544	22,094,389	5,180,199	3,905,432	39,673,883	6,612,314
Insurance	690,164	1,380,587	343,338	2,408,594	528,458	442,569	5,793,710	965,618
Interest Expense	10,515	-	585,617	1,919	301,260	97,919	997,230	166,205
Maintenance & Repairs	1,099,405	387,947	298,268	1,469,088	279,021	961,147	4,494,876	749,146
Marketing & Promotions	282,179	-	66,139	317,614	234,952	12,546	913,430	152,238
Office Expense	295,960	25,749	343,278	952,829	119,281	-	1,737,097	289,516
Other Expenses & Services	1,188,752	110,266	1,116,039	684,989	239,836	1,402,688	4,742,570	790,428
Professional Fees	-	257,609	575,027	365,097	244,883	184,675	1,627,291	271,215
Racing Information	239,220	195,886	-	-	668,034	318,119	1,421,259	236,877
Rent	1,578,007	1,844,481	1,815,455	18,663,864	1,144,268	510,359	25,556,434	4,259,406
Rental of Equipment	847,903	38,098	650,755	48,945	410,739	-	1,996,440	332,740
Salaries and Wages	9,971,276	6,075,644	13,377,352	63,788,767	13,068,031	9,381,950	115,663,020	19,277,170
Security/Armored Carrier Expense	91,072	47,720	313,803	1,138,085	26,651	135,481	1,752,812	292,135
Simulcast Fees	511,915	396,792	182,070	2,129,354	142,375	-	3,362,506	560,418
Telephone & Data Lines	412,454	166,917	389,620	2,177,528	273,840	373,932	3,794,291	632,382
Totalizator Expense	1,317,608	791,289	3,158,210	2,727,514	1,349,370	141,184	9,485,175	1,580,863
Travel & Reimbursement	144,403	89,272	115,052	95,696	21,374	16,384	482,181	80,364
Utilities	855,429	433,516	626,225	2,279,139	577,103	846,822	5,618,234	936,372
<b>TOTAL EXPENSES</b>	<b>22,550,628</b>	<b>13,151,616</b>	<b>30,856,678</b>	<b>123,513,524</b>	<b>25,496,056</b>	<b>20,512,627</b>	<b>236,081,129</b>	<b>39,346,855</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 6,060,782	\$ 17,604,467	\$ 8,923,967	\$ 5,789,597	\$ 5,988,270	\$ 2,725,694	47,092,777	7,848,796
Investments	-	17,326	2,813,463	19,000,000	1,000,000	-	22,830,789	3,805,132
Accounts Receivable	443,709	34,984	626,221	760,288	763,915	2,774,524	5,403,641	900,607
Prepaid Expenses and Other Assets	1,015,811	213,591	418,561	1,035,813	364,488	928,233	3,976,497	662,750
<b>Total Current Assets</b>	<b>7,520,302</b>	<b>17,870,368</b>	<b>12,782,212</b>	<b>26,585,698</b>	<b>8,116,673</b>	<b>6,428,451</b>	<b>79,303,704</b>	<b>13,217,284</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,146,875	7,214,847	13,103,599	2,183,933
Buildings	10,132,704	1,352,434	479,550	-	10,802,573	39,389,234	62,156,495	10,359,416
Furniture & Fixtures	10,356,553	425,213	-	417,946	425,679	3,137,444	14,762,835	2,460,473
Automobile Equipment	339,233	311,416	279,829	976,240	513,375	529,970	2,950,063	491,677
Machinery & Equipment	-	1,450,613	179,881	25,288,086	3,301,463	3,719,649	33,939,692	5,656,615
Leasehold Improvements	2,710,901	1,139,577	25,948,458	38,029,507	3,905,194	1,430,212	73,163,849	12,193,975
Total Fixed Assets	26,609,218	4,919,253	27,319,768	64,711,779	21,095,159	55,421,356	200,076,533	33,346,089
Less: Accumulated Depreciation	13,491,122	2,805,102	745,725	60,954,103	8,710,427	21,690,801	108,397,280	18,066,213
<b>Net Fixed Assets</b>	<b>13,118,096</b>	<b>2,114,151</b>	<b>26,574,043</b>	<b>3,757,676</b>	<b>12,384,732</b>	<b>33,730,555</b>	<b>91,679,253</b>	<b>15,279,876</b>
<b>Total Assets</b>	<b>\$ 20,638,398</b>	<b>\$ 19,984,519</b>	<b>\$ 39,356,255</b>	<b>\$ 30,343,374</b>	<b>\$ 20,501,405</b>	<b>40,159,006</b>	<b>170,982,957</b>	<b>28,497,160</b>
<b>Current Liabilities</b>								
Accounts Payable	\$ 4,285,587	\$ 1,548,727	\$ 2,660,381	\$ 28,094,218	\$ 2,661,178	\$ 5,125,215	44,375,306	7,395,884
Due to New York State	98,486	107,363	89,153	3,841,122	103,372	671,569	4,911,065	818,511
Due Breeders Fund	111,919	71,729	177,696	609,960	117,552	1,089,942	2,178,798	363,133
Due to Local Governments	75,756	43,199	219,356	-	67,883	47,760	453,954	75,659
Accrued Payroll, Fringe Benefits and Payroll Taxes	409,377	497,545	3,678,496	4,653,586	1,883,540	827,128	11,949,672	1,991,612
Due to NYS Retirement System - Current Portion	-	-	-	-	1,560,091	840,503	2,400,594	400,099
Telephone Betting Accounts	588,063	236,727	1,110,083	1,723,426	396,643	130,153	4,185,095	697,516
Notes and Mortgage Payable - Current Portion	435,319	-	43,512	-	292,315	1,068,432	1,839,578	306,596
Capital Lease Obligations - Current Portion	157,443	-	-	-	-	-	157,443	26,241
Uncashed Vouchers	144,018	-	122,387	258,220	163,674	71,856	760,155	126,693
Uncashed Winning Tickets	975,548	713,895	979,512	417,359	738,923	90,011	3,915,248	652,541
<b>Total Current Liabilities</b>	<b>7,281,516</b>	<b>3,219,185</b>	<b>9,080,576</b>	<b>39,597,891</b>	<b>7,985,171</b>	<b>9,962,569</b>	<b>77,126,908</b>	<b>12,854,485</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	154,119	497,193	651,312	108,552
Capital Lease Obligation	441,480	-	-	-	-	-	441,480	73,580
Other	-	-	-	6,981,412	-	-	6,981,412	1,163,569
Notes and Mortgages Payable	4,462,661	-	22,146,862	-	3,889,703	8,664,215	39,163,441	6,527,240
<b>Total Long Term Liabilities</b>	<b>4,904,141</b>	<b>-</b>	<b>22,146,862</b>	<b>6,981,412</b>	<b>4,043,822</b>	<b>9,161,408</b>	<b>47,237,645</b>	<b>7,872,941</b>
<b>Total Liabilities</b>	<b>\$ 12,185,657</b>	<b>\$ 3,219,185</b>	<b>\$ 31,227,438</b>	<b>\$ 46,579,303</b>	<b>\$ 12,028,993</b>	<b>\$ 19,123,977</b>	<b>124,364,553</b>	<b>20,727,426</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	\$ 2,882,836	\$ 5,259,185	\$ 2,231,534	\$ (16,325,474)	\$ 187,276	\$ (7,619,358)	(13,384,001)	(2,230,667)
Surcharge to Counties Conducting Racing	-	-	-	466,652	-	-	466,652	77,775
Capital Acquisition Fund	5,705,707	10,855,042	8,468,099	-	7,715,352	30,195,669	62,939,869	10,489,978
<b>Total</b>	<b>8,588,543</b>	<b>16,114,227</b>	<b>10,699,633</b>	<b>(15,858,822)</b>	<b>7,902,628</b>	<b>22,576,311</b>	<b>50,022,520</b>	<b>8,337,087</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	6,233,546	9,278,798	10,874,893	639,887	2,662,452	1,410,335	31,099,911	5,183,319
Surcharge Counties Conducting Racing	-	120,616	-	336,949	-	211,986	669,551	111,592
Capital Acquisition Fund Contributions	103,147	525,156	(814,393)	-	737,216	(10,065)	541,061	90,177
<b>Total Year To Date</b>	<b>6,336,693</b>	<b>9,924,570</b>	<b>10,060,500</b>	<b>976,836</b>	<b>3,399,668</b>	<b>1,612,256</b>	<b>32,310,523</b>	<b>5,385,087</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	9,116,382	14,537,983	13,106,427	(15,685,587)	2,733,240	(6,209,023)	17,599,422	2,933,237
Surcharge to Counties Conducting Racing	-	120,616	-	803,601	-	211,986	1,136,203	189,367
Capital Acquisition Fund	5,808,855	11,380,198	7,653,706	-	8,569,056	30,185,604	63,597,419	10,599,570
<b>Total Available</b>	<b>14,925,237</b>	<b>26,038,797</b>	<b>20,760,133</b>	<b>(14,881,986)</b>	<b>11,302,296</b>	<b>24,188,567</b>	<b>82,333,044</b>	<b>13,722,174</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	6,472,493	9,166,213	12,631,316	1,231,554	2,829,885	2,943,754	35,275,215	5,879,203
Surcharge to Counties Conducting Racing	-	107,252	-	122,389	-	209,785	439,426	73,238
<b>Total Distributed</b>	<b>6,472,493</b>	<b>9,273,465</b>	<b>12,631,316</b>	<b>1,353,943</b>	<b>2,829,885</b>	<b>3,153,539</b>	<b>35,714,641</b>	<b>5,952,440</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,643,886	5,371,770	475,111	(16,917,141)	412,987	(9,152,777)	(17,166,164)	(2,861,027)
Surcharge to Counties Conducting Racing	-	13,364	-	681,212	-	2,201	696,777	116,130
Capital Acquisition Fund	5,808,855	11,380,198	7,653,706	-	8,059,424	30,185,604	63,087,787	10,514,631
<b>Total Undistributed Benefits</b>	<b>8,452,741</b>	<b>16,765,332</b>	<b>8,128,817</b>	<b>(16,235,929)</b>	<b>8,472,411</b>	<b>21,035,028</b>	<b>46,618,400</b>	<b>7,769,733</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	\$ 20,638,398	\$ 19,984,517	\$ 39,356,255	\$ 30,343,374	\$ 20,501,404	\$ 40,159,005	170,982,953	28,497,159

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	84,110,402	41,119,505	116,511,010	343,030,302	78,762,001	47,336,000	710,869,220	118,478,203
Out of State Thoroughbred Tracks	96,279,402	70,025,217	140,026,121	548,224,513	96,792,065	64,482,280	1,015,829,598	169,304,933
In State Harness Tracks	10,873,443	9,468,494	10,119,354	41,319,969	7,572,034	11,764,927	91,118,221	15,186,370
Out of State Harness Tracks	20,972,256	22,506,474	32,699,049	103,513,288	22,166,764	25,958,365	227,816,196	37,969,366
Total Net Handle	<b>212,235,503</b>	<b>143,119,690</b>	<b>299,355,534</b>	<b>1,036,088,072</b>	<b>205,292,864</b>	<b>149,541,572</b>	<b>2,045,633,235</b>	<b>340,938,873</b>
Less:								
Returned to Bettors	161,258,837	107,270,433	229,406,706	791,273,743	157,243,766	111,157,018	1,557,610,503	259,601,751
Surcharge	7,767,564	5,721,739	9,127,188	33,598,344	5,917,320	6,518,408	68,650,563	11,441,761
	-	-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>43,209,102</b>	<b>30,127,518</b>	<b>60,821,640</b>	<b>211,215,985</b>	<b>42,131,778</b>	<b>31,866,146</b>	<b>419,372,169</b>	<b>69,895,362</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,650,587	1,219,508	2,444,880	8,057,295	1,783,159	1,410,394	16,565,823	2,760,971
NY State Regulatory Fee	827,718	558,167	1,167,528	4,040,743	800,642	583,212	7,978,010	1,329,668
NY State (Uncashed Tickets)	840,000	485,663	823,318	3,199,463	596,078	615,000	6,559,522	1,093,254
Breeders' Fund - Thoroughbred	1,073,882	647,151	1,533,984	5,338,445	1,039,727	651,615	10,284,804	1,714,134
Breeders' Fund - Harness	494,767	417,190	722,486	2,490,583	498,694	467,184	5,090,904	848,484
In State Thoroughbred Tracks	9,393,289	6,849,070	16,162,052	61,262,235	11,123,167	6,930,660	111,720,473	18,620,079
Out of State Thoroughbred Tracks	2,270,882	1,631,833	3,024,129	12,295,593	2,219,125	1,474,048	22,915,610	3,819,268
In State Harness Tracks	4,302,042	2,136,581	3,041,951	12,437,929	2,207,817	2,714,487	26,840,807	4,473,468
Out of State Harness Tracks	419,675	486,267	892,878	2,230,952	474,489	591,202	5,095,463	849,244
City of Albany	338,391	-	-	-	-	-	338,391	56,399
City of Niagara	-	-	-	-	-	63,567	63,567	10,595
	-	-	-	-	-	-	-	-
Total Payments	<b>21,611,233</b>	<b>14,431,430</b>	<b>29,813,206</b>	<b>111,353,238</b>	<b>20,742,898</b>	<b>15,501,369</b>	<b>213,453,374</b>	<b>35,575,562</b>
	-	-	-	-	-	-	-	-
Net Racing Revenue	<b>21,597,869</b>	<b>15,696,088</b>	<b>31,008,434</b>	<b>99,862,747</b>	<b>21,388,880</b>	<b>16,364,777</b>	<b>205,918,795</b>	<b>34,319,799</b>
Other Revenue:								
Admission Income	83,182	101,905	152,738	416,075	133,752	2,780	890,432	148,405
Lottery Income	485,239	288,675	51,518	15,691	78,739	417,291	1,337,153	222,859
Concession Income	216,021	32,203	109,513	111,198	69,169	21,294	559,398	93,233
Derived from Section 532	1,941,736	1,663,288	2,057,471	9,830,823	1,488,345	1,804,455	18,786,118	3,131,020
Interest Income	35,536	45,224	34,848	263,309	28,446	10,620	417,983	69,664
Other Income	441,375	217,561	615,167	625,414	2,355,261	(1,644,491)	2,610,287	435,048
Uncashed Tickets	840,000	485,663	823,318	3,199,463	596,078	615,000	6,559,522	1,093,254
	-	-	-	-	-	-	-	-
Total Operating Revenue	<b>25,640,958</b>	<b>18,530,607</b>	<b>34,853,007</b>	<b>114,324,720</b>	<b>26,138,670</b>	<b>17,591,726</b>	<b>237,079,688</b>	<b>39,513,281</b>
Operating Expenses:								
Branch Expenses	16,321,873	10,757,484	19,327,094	86,966,833	16,502,834	15,405,770	165,281,888	27,546,981
Corporate Expenses	7,456,524	2,649,040	8,524,420	37,983,010	9,498,812	4,349,576	70,461,382	11,743,564
	-	-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>23,778,397</b>	<b>13,406,524</b>	<b>27,851,514</b>	<b>124,949,843</b>	<b>26,001,646</b>	<b>19,755,346</b>	<b>235,743,270</b>	<b>39,290,545</b>
	-	-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>5,124,083</b>	<b>7,001,493</b>	<b>(10,625,123)</b>	<b>137,024</b>	<b>(2,163,620)</b>	<b>1,336,418</b>	<b>222,736</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	1,862,561	5,124,083	7,001,493	(10,625,123)	137,024	(2,163,620)	1,336,418	222,736
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	1,905,564	-	-	-	-	1,492,764	248,794
	-	-	-	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<u>1,449,761</u>	<u>7,029,647</u>	<u>7,001,493</u>	<u>(10,625,123)</u>	<u>137,024</u>	<u>(2,163,620)</u>	<u>2,829,182</u>	<u>471,530</u>
Surcharge:								
Section 532 Revenues to Participating Localities	3,463,597	2,503,693	4,747,670	17,347,136	2,625,565	2,833,497	33,521,158	5,586,860
Section 532 Revenues to Other Localities	1,420,731	840,405	1,198,186	2,553,128	1,071,458	1,026,753	8,110,661	1,351,777
	-	-	-	-	-	-	-	-
Total Surcharge to all Localities	<u>4,884,328</u>	<u>3,344,098</u>	<u>5,945,856</u>	<u>19,900,264</u>	<u>3,697,023</u>	<u>3,860,250</u>	<u>41,631,819</u>	<u>6,938,637</u>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(1,905,564)	-	-	-	-	(1,492,764)	(248,794)
Supplemental 1% Section 532	941,500	714,353	1,123,861	3,867,257	731,952	853,703	8,232,626	1,372,104
Other Fund Revenues net of Expenses	(1,084,881)	138,068	(1,733,719)	-	-	(1,199,018)	(3,879,550)	(646,592)
	-	-	-	-	-	-	-	-
Total Capital Acquisition Funds	<u>269,419</u>	<u>(1,053,143)</u>	<u>(609,858)</u>	<u>3,867,257</u>	<u>731,952</u>	<u>(345,315)</u>	<u>2,860,312</u>	<u>476,719</u>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,603,508</u>	<u>9,320,602</u>	<u>12,337,491</u>	<u>13,142,398</u>	<u>4,565,999</u>	<u>1,351,315</u>	<u>47,321,313</u>	<u>7,886,886</u>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	9,296	-	5,073	-	14,369	2,395
Advertising	43,498	454,518	233,176	-	12,888	1,254	745,334	124,222
Amortization & Depreciation	163,476	363,015	20,340	-	476,111	1,114,231	2,137,173	356,196
Cable TV	27,490	15,738	28,935	-	17,428	-	89,591	14,932
Courier Service	87,905	-	120,186	-	-	-	208,091	34,682
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	2,079,163	-	1,597,724	14,838,201	2,823,548	2,591,225	23,929,861	3,988,310
Insurance	473,923	1,016,028	137,310	1,897,273	338,927	323,469	4,186,930	697,822
Interest Expense	13,676	-	239,021	-	319,843	-	572,540	95,423
Maintenance & Repairs	866,315	364,663	252,391	452,119	231,640	947,197	3,114,325	519,054
Marketing & Promotions	240,481	-	-	-	283,694	-	524,175	87,363
Office Expense	121,836	45,955	146,872	180,516	27,522	-	522,701	87,117
Other Expenses & Services	623,129	64,536	885,148	414,308	31,992	961,842	2,980,955	496,826
Professional Fees	-	130,564	65,250	-	2,400	-	198,214	33,036
Racing Information	218,422	242,725	-	-	739,602	348,399	1,549,148	258,191
Rent	1,482,219	1,655,750	1,811,996	13,578,596	1,115,330	457,958	20,101,849	3,350,308
Rental of Equipment	189,212	13,008	650,233	3,080	355,839	-	1,211,372	201,895
Salaries and Wages	6,964,563	4,686,354	8,879,889	47,375,307	7,587,056	7,830,132	83,323,301	13,887,217
Security/Armoured Carrier Expense	79,480	43,661	429,211	1,074,662	31,024	149,879	1,807,917	301,320
Simulcast Fees	408,653	382,738	188,002	1,925,835	141,450	-	3,046,678	507,780
Telephone & Data Lines	236,942	119,579	123,148	1,176,793	223,255	339,114	2,218,831	369,805
Totalizator Expense	1,361,897	713,913	3,006,817	2,643,112	1,327,565	143,444	9,196,748	1,532,791
Travel & Reimbursement	6,533	70,096	-	150	500	5,050	82,329	13,722
Utilities	633,060	374,612	502,150	1,406,881	410,147	793,929	4,120,779	686,797
<b>Total Branch Expenses</b>	<b>16,321,873</b>	<b>10,757,453</b>	<b>19,327,095</b>	<b>86,966,833</b>	<b>16,502,834</b>	<b>16,007,123</b>	<b>165,883,211</b>	<b>27,647,202</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(55,553)	-	265,369	2,036,934	-	131,128	2,377,878	396,313
Amortization & Depreciation	89,129	98,313	65,448	470,909	176,413	232,734	1,132,946	188,824
Cable TV	2,771	-	1,102	-	4,851	-	8,724	1,454
Courier Service	194	-	(19)	-	-	-	175	29
Directors Fees and Reimbursements	50,350	-	4,500	4,250	10,450	91,249	160,799	26,800
Fringe Benefits	1,101,236	-	2,939,658	6,950,332	2,822,218	1,438,123	15,251,567	2,541,928
Insurance	287,897	361,322	185,443	798,170	182,516	97,693	1,913,041	318,840
Interest Expense	6,029	-	20,181	11,213	-	6,757	44,180	7,363
Maintenance & Repairs	217,208	62,546	22,529	1,356,375	114,297	100,531	1,873,486	312,248
Marketing & Promotions	17,362	-	36,903	236,155	-	28,461	318,881	53,147
Office Expense	191,603	10,270	147,736	893,538	39,597	(17,196)	1,265,548	210,925
Other Expenses & Services	567,918	26,494	259,191	312,879	220,845	331,981	1,719,308	286,551
Professional Fees	-	106,825	450,416	549,452	260,381	126,104	1,493,178	248,863
Racing Information	34,134	-	-	-	-	-	34,134	5,689
Rent	35,837	208,184	232,635	4,474,903	4,206	96,553	5,052,318	842,053
Rental of Equipment	791,443	22,287	14,283	144,209	4,085	-	976,307	162,718
Salaries and Wages	3,615,972	1,634,250	3,447,663	18,634,817	5,497,599	2,195,889	35,026,190	5,837,698
Security/Armoured Carrier Expense	8,352	2,592	26,110	58,877	2,460	-	98,391	16,399
Simulcast Fees	52,477	-	-	109,248	-	-	161,725	26,954
Telephone & Data Lines	175,350	66,634	247,854	250,912	35,393	31,513	807,656	134,609
Totalizator Expense	-	-	1,207	-	-	-	1,207	201
Travel & Reimbursement	139,163	12,370	91,915	94,726	26,938	11,277	376,389	62,732
Utilities	127,652	36,953	64,300	595,110	96,563	48,132	968,710	161,452
<b>Total Corporate Expenses</b>	<b>7,456,524</b>	<b>2,649,040</b>	<b>8,524,424</b>	<b>37,983,009</b>	<b>9,498,812</b>	<b>4,950,929</b>	<b>71,062,738</b>	<b>11,843,790</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	9,296	-	5,073	-	14,369	2,395
Advertising	(12,055)	454,518	498,545	2,036,934	12,888	132,382	3,123,212	520,535
Amortization & Depreciation	252,605	461,328	85,788	470,909	652,524	1,346,965	3,270,119	545,020
Cable TV	30,261	15,738	30,037	-	22,279	-	98,315	16,386
Courier Service	88,099	-	120,167	-	-	-	208,266	34,711
Directors Fees and Reimbursements	50,350	-	4,500	4,250	10,450	91,249	160,799	26,800
Fringe Benefits	3,180,399	-	4,537,382	21,788,533	5,645,766	4,029,348	39,181,428	6,530,238
Insurance	761,820	1,377,350	322,753	2,695,443	521,443	421,162	6,099,971	1,016,662
Interest Expense	19,705	-	259,202	11,213	319,843	6,757	616,720	102,787
Maintenance & Repairs	1,083,523	427,209	274,920	1,808,494	345,937	1,047,728	4,987,811	831,302
Marketing & Promotions	257,843	-	36,903	236,155	283,694	28,461	843,056	140,509
Office Expense	313,439	56,225	294,608	1,074,054	67,119	(17,196)	1,788,249	298,042
Other Expenses & Services	1,191,047	91,030	1,144,339	727,187	252,837	1,293,823	4,700,263	783,377
Professional Fees	-	237,389	515,666	549,452	262,781	126,104	1,691,392	281,899
Racing Information	252,556	242,725	-	-	739,602	348,399	1,583,282	263,880
Rent	1,518,056	1,863,934	2,044,631	18,053,499	1,119,536	554,511	25,154,167	4,192,361
Rental of Equipment	980,655	35,295	664,516	147,289	359,924	-	2,187,679	364,613
Salaries and Wages	10,580,535	6,320,604	12,327,552	66,010,124	13,084,655	10,026,021	118,349,491	19,724,915
Security/Armoured Carrier Expense	87,832	46,253	455,321	1,133,539	33,484	149,879	1,906,308	317,718
Simulcast Fees	461,130	382,738	188,002	2,035,083	141,450	-	3,208,403	534,734
Telephone & Data Lines	412,292	186,213	371,002	1,427,705	258,648	370,627	3,026,487	504,415
Totalizator Expense	1,361,897	713,913	3,008,024	2,643,112	1,327,565	143,444	9,197,955	1,532,993
Travel & Reimbursement	145,696	82,466	91,915	94,876	27,438	16,327	458,718	76,453
Utilities	760,712	411,565	566,450	2,001,991	506,710	842,061	5,089,489	848,248
<b>TOTAL EXPENSES</b>	<b>23,778,397</b>	<b>13,406,493</b>	<b>27,851,519</b>	<b>124,949,842</b>	<b>26,001,646</b>	<b>20,958,052</b>	<b>236,945,949</b>	<b>39,490,992</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	5,391,833	16,717,518	(123,819)	4,991,620	3,981,596	1,200,537	32,159,285	5,359,881
Investments	-	17,326	3,193,031	17,796,607	-	-	21,006,964	3,501,161
Accounts Receivable	313,773	52,663	951,934	849,767	1,132,078	586,404	3,886,619	647,770
Prepaid Expenses and Other Assets	1,105,909	162,330	2,154,626	1,177,779	697,893	454,456	5,752,993	958,832
<b>Total Current Assets</b>	<b>6,811,515</b>	<b>16,949,837</b>	<b>6,175,772</b>	<b>24,815,773</b>	<b>5,811,567</b>	<b>2,241,397</b>	<b>62,805,861</b>	<b>10,467,644</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,146,875	7,098,749	12,987,501	2,164,584
Buildings	9,970,335	1,485,583	479,550	-	10,584,271	37,462,532	59,982,271	9,997,045
Furniture & Fixtures	9,785,046	425,213	-	385,470	430,980	2,932,434	13,959,143	2,326,524
Automobile Equipment	295,483	297,197	292,113	864,284	537,216	582,595	2,868,888	478,148
Machinery & Equipment	-	1,441,465	3,690	24,313,440	3,075,442	3,313,913	32,147,950	5,357,992
Leasehold Improvements	2,770,953	1,081,276	25,754,553	37,050,948	3,775,213	1,430,212	71,863,155	11,977,193
Total Fixed Assets	25,891,644	4,970,734	26,961,956	62,614,142	20,549,997	52,820,435	193,808,908	32,301,485
Less: Accumulated Depreciation	12,534,684	2,432,781	622,881	58,520,517	8,165,566	19,607,129	101,883,558	16,980,593
<b>Net Fixed Assets</b>	<b>13,356,960</b>	<b>2,537,953</b>	<b>26,339,075</b>	<b>4,093,625</b>	<b>12,384,431</b>	<b>33,213,306</b>	<b>91,925,350</b>	<b>15,320,892</b>
<b>Total Assets</b>	<b>20,168,475</b>	<b>19,487,790</b>	<b>32,514,847</b>	<b>28,909,398</b>	<b>18,195,998</b>	<b>35,454,703</b>	<b>154,731,211</b>	<b>25,788,535</b>
<b>Current Liabilities</b>								
Accounts Payable	3,199,522	1,698,200	3,128,488	17,217,758	1,955,521	2,148,661	29,348,150	4,891,358
Due to New York State	81,668	583,383	75,421	3,406,198	59,020	64,982	4,270,672	711,779
Due Breeders Fund	108,557	66,855	172,970	574,959	-	1,118,798	2,042,139	340,357
Due to Local Governments	77,261	59,591	109,593	-	92,081	57,957	396,483	66,081
Accrued Payroll, Fringe Benefits and Payroll Taxes	347,973	514,561	2,200,109	4,736,062	1,871,789	844,408	10,514,902	1,752,484
Due to NYS Retirement System - Current Portion	100,383	-	-	-	390,206	1,057,386	1,547,975	257,996
Telephone Betting Accounts	601,134	264,385	2,242,176	1,825,320	324,066	115,468	5,372,549	895,425
Notes and Mortgage Payable - Current Portion	447,417	-	40,902	-	272,545	7,200,000	7,960,864	1,326,811
Capital Lease Obligations - Current Portion	72,383	-	-	-	-	-	72,383	12,064
Uncashed Vouchers	203,847	-	105,629	268,356	175,451	56,568	809,851	134,975
Uncashed Winning Tickets	911,008	186,586	998,851	350,292	673,819	86,729	3,207,285	534,548
<b>Total Current Liabilities</b>	<b>6,151,153</b>	<b>3,373,561</b>	<b>9,074,139</b>	<b>28,378,945</b>	<b>5,814,498</b>	<b>12,750,957</b>	<b>65,543,253</b>	<b>10,923,876</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	296,821	127,434	424,255	70,709
Capital Lease Obligation	530,790	-	-	515,979	-	-	1,046,769	174,462
Other	-	-	-	7,148,114	-	-	7,148,114	1,191,352
Notes and Mortgages Payable	4,897,980	-	12,567,524	-	4,182,051	-	21,647,555	3,607,926
<b>Total Long Term Liabilities</b>	<b>5,428,770</b>	<b>-</b>	<b>12,567,524</b>	<b>7,664,093</b>	<b>4,478,872</b>	<b>127,434</b>	<b>30,266,693</b>	<b>5,044,449</b>
<b>Total Liabilities</b>	<b>11,579,923</b>	<b>3,373,561</b>	<b>21,641,663</b>	<b>36,043,038</b>	<b>10,293,370</b>	<b>12,878,391</b>	<b>95,809,946</b>	<b>15,968,324</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,784,988	3,609,418	2,709,624	(12,807,977)	482,251	7,386,658	4,164,962	694,160
Surcharge to Counties Conducting Racing	-	-	-	543,297	-	-	543,297	90,550
Capital Acquisition Fund	5,436,288	11,895,983	9,251,505	4,847,940	7,697,283	17,713,174	56,842,173	9,473,696
<b>Total</b>	<b>8,221,276</b>	<b>15,505,401</b>	<b>11,961,129</b>	<b>(7,416,740)</b>	<b>8,179,534</b>	<b>25,099,832</b>	<b>61,550,432</b>	<b>10,258,405</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	5,241,083	9,554,849	11,749,162	(143,498)	2,762,589	652,681	29,816,866	4,969,478
Surcharge Counties Conducting Racing	10,671	-	-	352,231	-	219,553	582,455	97,076
Capital Acquisition Fund Contributions	269,417	(1,040,941)	(609,855)	285,878	731,952	(345,315)	(708,864)	(118,144)
<b>Total Year To Date</b>	<b>5,521,171</b>	<b>8,513,908</b>	<b>11,139,307</b>	<b>494,611</b>	<b>3,494,541</b>	<b>526,919</b>	<b>29,690,457</b>	<b>4,948,410</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	8,026,071	13,164,267	14,458,786	(12,951,475)	3,244,840	8,039,339	33,981,828	5,663,638
Surcharge to Counties Conducting Racing	10,671	-	-	895,528	-	219,553	1,125,752	187,625
Capital Acquisition Fund	5,705,707	10,855,042	8,641,650	5,133,818	8,429,235	17,367,859	56,133,311	9,355,552
<b>Total Available</b>	<b>13,742,449</b>	<b>24,019,309</b>	<b>23,100,436</b>	<b>(6,922,129)</b>	<b>11,674,075</b>	<b>25,626,751</b>	<b>91,240,891</b>	<b>15,206,815</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	5,143,227	7,905,083	12,227,252	5,439	3,771,447	2,830,887	31,883,335	5,313,889
Surcharge to Counties Conducting Racing	10,671	-	-	206,072	-	219,553	436,296	72,716
<b>Total Distributed</b>	<b>5,153,898</b>	<b>7,905,083</b>	<b>12,227,252</b>	<b>211,511</b>	<b>3,771,447</b>	<b>3,050,440</b>	<b>32,319,631</b>	<b>5,386,605</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,660,637	5,259,185	2,231,534	(12,951,475)	187,276	(7,619,358)	(10,232,201)	(1,705,367)
Surcharge to Counties Conducting Racing	222,208	-	-	689,456	-	-	911,664	151,944
Capital Acquisition Fund	5,705,707	10,855,042	8,641,650	5,128,379	7,715,352	30,195,669	68,241,799	11,373,633
<b>Total Undistributed Benefits</b>	<b>8,588,552</b>	<b>16,114,227</b>	<b>10,873,184</b>	<b>(7,133,640)</b>	<b>7,902,628</b>	<b>22,576,311</b>	<b>58,921,262</b>	<b>9,820,210</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,168,475</b>	<b>19,487,788</b>	<b>32,514,847</b>	<b>28,909,398</b>	<b>18,195,998</b>	<b>35,454,702</b>	<b>154,731,208</b>	<b>25,788,535</b>

Note: NYC Undistributed benefit beginning balance is from previous month. Amounts added and distributed are monthly.

**Capital District Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 84,110,402	\$ 81,498,026	\$ 80,245,436	\$ 77,831,065	\$ 74,162,174
Out of State Thoroughbred Tracks	96,279,402	97,262,347	98,321,347	95,231,423	90,134,736
In State Harness Tracks	10,873,443	10,163,223	10,597,162	12,643,552	10,826,781
Out of State Harness Tracks	20,972,256	24,137,408	20,758,842	16,133,482	15,420,783
Total Net Handle	<b>212,235,503</b>	<b>213,061,004</b>	<b>209,922,787</b>	<b>201,839,522</b>	<b>190,544,474</b>
Less:					
Returned to Bettors	161,258,837	161,780,612	159,495,714	153,383,708	144,863,810
Surcharge	7,767,564	7,775,738	7,582,116	7,248,883	6,536,746
OTB Take Out and Breakage	<b>43,209,102</b>	<b>43,504,654</b>	<b>42,844,957</b>	<b>41,206,931</b>	<b>39,143,918</b>
	0 00%	0 00%	0 00%	0 00%	0 00%
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,650,587	1,746,990	1,423,365	1,495,973	1,479,800
NY State Regulatory Fee	827,718	943,309	1,049,635	1,009,198	952,722
NY State (Uncashed Tickets)	840,000	751,200	767,200	814,640	801,830
Breeders' Fund - Thoroughbred	1,073,882	1,224,943	1,190,210	1,052,926	939,188
Breeders' Fund - Harness	494,767	359,656	491,587	454,493	425,260
In State Thoroughbred Tracks	9,393,289	9,241,379	9,223,023	8,924,938	8,443,542
Out of State Thoroughbred Tracks	2,270,882	2,321,382	2,350,790	2,313,214	2,446,460
In State Harness Tracks	4,302,042	3,636,777	4,398,482	4,278,661	4,015,758
Out of State Harness Tracks	419,675	530,929	435,016	335,929	317,156
City of Albany	338,391	349,972	325,134	304,435	-
City of Niagara	-	-	-	-	-
Total Payments	<b>21,611,233</b>	<b>21,106,537</b>	<b>21,654,442</b>	<b>20,984,407</b>	<b>19,821,716</b>
Net Racing Revenue	<b>21,597,869</b>	<b>22,398,117</b>	<b>21,190,515</b>	<b>20,222,524</b>	<b>19,322,202</b>
Other Revenue:					
Admission Income	83,182	85,606	73,360	62,017	57,541
Lottery Income	485,239	466,989	441,473	416,869	398,897
Concession Income	216,021	184,730	232,931	237,323	242,124
Derived from Section 532	1,941,736	1,993,259	1,916,043	1,783,913	1,659,609
Interest Income	35,536	95,479	124,193	125,919	106,719
Other Income	441,375	(604,353)	237,638	115,904	76,748
Uncashed Tickets	840,000	751,200	767,200	814,640	801,830
Total Operating Revenue	<b>25,640,958</b>	<b>25,371,027</b>	<b>24,983,353</b>	<b>23,779,109</b>	<b>22,665,670</b>
Operating Expenses:					
Branch Expenses	16,321,873	15,227,102	14,805,227	14,709,522	14,559,257
Corporate Expenses	7,456,524	7,323,526	7,476,672	7,481,298	7,114,392
Total Operating Expenses - Including Depreciation	<b>23,778,397</b>	<b>22,550,628</b>	<b>22,281,899</b>	<b>22,190,820</b>	<b>21,673,649</b>
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>2,820,399</b>	<b>2,701,454</b>	<b>1,588,289</b>	<b>992,021</b>
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>2,820,399</b>	<b>2,701,454</b>	<b>1,588,289</b>	<b>992,021</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	(412,800)	(412,800)	(309,600)	(294,050)
Section 516 Net Revenue for Distribution (Loss)	<b>1,449,761</b>	<b>2,407,599</b>	<b>2,288,654</b>	<b>1,278,689</b>	<b>697,971</b>
Surcharge:					
Section 532 Revenues to Participating Localities	3,463,597	3,475,972	3,401,894	3,237,997	2,881,011
Section 532 Revenues to Other Localities	1,420,731	1,358,562	1,336,623	1,333,080	1,195,082
Total Surcharge to all Localities	<b>4,884,328</b>	<b>4,834,534</b>	<b>4,738,517</b>	<b>4,571,077</b>	<b>4,076,093</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	412,800	412,800	412,800	309,600	294,050
Supplemental 1% Section 532	941,500	947,945	927,556	893,893	801,044
Other Fund Revenues net of Expenses	(1,084,881)	(1,257,598)	(1,407,176)	(1,328,145)	(1,180,727)
Total Capital Acquisition Funds	<b>269,419</b>	<b>103,147</b>	<b>(66,820)</b>	<b>(124,652)</b>	<b>(85,633)</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>\$ 6,603,508</b>	<b>\$ 7,345,280</b>	<b>\$ 6,960,351</b>	<b>\$ 5,725,114</b>	<b>\$ 4,688,431</b>

**Capital District Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	2,481 0	272,502 0
Advertising	43,498	67,444	69,983	74,761	87,546
Amortization & Depreciation	163,476	146,347	138,525	141,027	140,032
Cable TV	27,490	29,083	30,777	32,639	32,554
Courier Service	87,905	111,194	118,365	117,673	126,559
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,079,163	1,632,960	1,590,125	1,627,802	1,493,906
Insurance	473,923	434,162	385,731	317,789	294,379
Interest Expense	13,676	7,693	2,597	194	0
Maintenance & Repairs	866,315	902,303	796,439	898,547	887,246
Marketing & Promotions	240,481	236,145	258,907	161,419	164,520
Office Expense	121,836	98,623	106,758	80,884	80,576
Other Expenses & Services	623,129	579,209	538,010	454,431	467,444
Professional Fees	-	-	-	-	-
Racing Informa ion	218,422	206,712	201,835	219,064	217,647
Rent	1,482,219	1,466,631	1,436,510	1,455,125	1,477,756
Rental of Equipment	189,212	10,971	9,123	3,968	3,170
Salaries and Wages	6,964,563	6,446,249	6,280,146	6,202,055	5,956,681
Security/Armored Carrier Expense	79,480	82,604	66,206	65,387	69,808
Simulcast Fees	408,653	457,215	442,431	474,484	480,147
Telephone & Data Lines	236,942	260,833	307,168	293,803	210,085
Totalizator Expense	1,361,897	1,313,999	1,309,047	1,298,891	1,288,606
Travel & Reimbursement	6,533	11,850	12,661	11,063	21,826
Utilities	633,060	724,875	703,883	776,035	786,267
<b>Total Branch Expenses</b>	<b>16,321,873</b>	<b>15,227,102</b>	<b>14,805,227</b>	<b>14,709,522</b>	<b>14,559,257</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	(55,553)	(41,888)	(38,149)	(30,887)	(29,493)
Amortization & Depreciation	89,129	60,660	47,620	61,431	46,531
Cable TV	2,771	6,487	19,730	7,354	2,018,124
Courier Service	194	4,115	199	12	5
Directors Fees and Reimbursements	50,350	54,605	57,900	58,600	57,800
Fringe Benefits	1,101,236	943,359	1,006,404	922,714	699,482
Insurance	287,897	256,002	243,953	207,051	179,475
Interest Expense	6,029	2,822	544	0	0
Maintenance & Repairs	217,208	197,102	222,448	254,337	206,161
Marketing & Promotions	17,362	46,034	52,581	44,949	36,376
Office Expense	191,603	197,337	205,075	237,779	80,160
Other Expenses & Services	567,918	609,543	484,989	594,201	30,138
Professional Fees	-	-	-	-	504,054
Racing Informa ion	34,134	32,508	33,492	28,430	21,816
Rent	35,837	111,376	31,421	29,728	21,454
Rental of Equipment	791,443	836,932	894,019	994,213	46,469
Salaries and Wages	3,615,972	3,525,027	3,756,548	3,592,571	1,709,904
Security/Armored Carrier Expense	8,352	8,468	7,937	6,335	4,030
Simulcast Fees	52,477	54,700	52,692	58,323	3,700
Telephone & Data Lines	175,350	151,621	140,608	140,885	93,818
Totalizator Expense	0	3,609	13,715	13,800	330
Travel & Reimbursement	139,163	132,553	119,869	128,686	139,910
Utilities	127,652	130,554	123,077	130,786	150,221
<b>Total Corporate Expenses</b>	<b>7,456,524</b>	<b>7,323,526</b>	<b>7,476,672</b>	<b>7,481,298</b>	<b>7,114,392</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	2,481	272,502
Advertising	(12,055)	25,556	31,834	43,874	58,053
Amortization & Depreciation	252,605	207,007	186,145	202,458	186,563
Cable TV	30,261	35,570	50,507	39,993	2,050,678
Courier Service	88,099	115,309	118,564	117,685	126,564
Directors Fees and Reimbursements	50,350	54,605	57,900	58,600	57,800
Fringe Benefits	3,180,399	2,576,319	2,596,529	2,550,516	2,193,388
Insurance	761,820	690,164	629,684	524,840	473,854
Interest Expense	19,705	10,515	3,141	194	-
Maintenance & Repairs	1,083,523	1,099,405	1,018,887	1,152,884	1,093,407
Marketing & Promotions	257,843	282,179	311,488	206,368	200,896
Office Expense	313,439	295,960	311,833	318,663	160,736
Other Expenses & Services	1,191,047	1,188,752	1,022,999	1,048,632	497,582
Professional Fees	-	-	-	-	504,054
Racing Informa ion	252,556	239,220	235,327	247,494	239,463
Rent	1,518,056	1,578,007	1,467,931	1,484,853	1,499,210
Rental of Equipment	980,655	847,903	903,142	998,181	49,639
Salaries and Wages	10,580,535	9,971,276	10,036,694	9,794,626	8,760,512
Security/Armored Carrier Expense	87,832	91,072	74,143	71,722	73,838
Simulcast Fees	461,130	511,915	495,123	532,807	483,847
Telephone & Data Lines	412,292	412,454	447,776	434,688	303,903
Totalizator Expense	1,361,897	1,317,608	1,322,762	1,312,691	1,288,936
Travel & Reimbursement	145,696	144,403	132,530	139,749	161,736
Utilities	760,712	855,429	826,960	906,821	936,488
<b>TOTAL EXPENSES</b>	<b>23,778,397</b>	<b>22,550,628</b>	<b>22,281,899</b>	<b>22,190,820</b>	<b>21,673,649</b>

**Capital District Regional Off-Track Betting Corporation**

(Unaudited)

2004                      2005                      2006                      2007                      2008

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	\$ 5,391,833	\$ 6,060,782	\$ 7,131,842	\$ 7,762,910	\$ 8,019,000
Investments	-	-	-	-	-
Accounts Receivable	313,773	443,709	338,759	309,848	253,236
Prepaid Expenses and Other Assets	1,105,909	1,015,811	917,670	836,339	768,919
<b>Total Current Assets</b>	<b>6,811,515</b>	<b>7,520,302</b>	<b>8,388,271</b>	<b>8,909,097</b>	<b>9,041,155</b>

**Fixed Assets**

Land	3,069,827	3,069,827	3,069,827	3,069,827	3,069,827
Buildings	9,970,335	10,132,704	10,329,289	10,301,214	10,388,481
Furniture & Fixtures	9,785,046	10,356,553	10,588,169	8,780,512	7,598,436
Automobile Equipment	295,483	339,233	357,939	373,263	269,409
Machinery & Equipment	-	-	-	-	-
Leasehold Improvements	2,770,953	2,710,901	2,787,905	2,857,924	2,725,657
<b>Total Fixed Assets</b>	<b>25,891,644</b>	<b>26,609,218</b>	<b>27,133,129</b>	<b>25,382,740</b>	<b>24,051,810</b>
Less: Accumulated Depreciation	12,534,684	13,491,122	14,613,073	13,719,969	13,207,832
<b>Net Fixed Assets</b>	<b>13,356,960</b>	<b>13,118,096</b>	<b>12,520,056</b>	<b>11,662,771</b>	<b>10,843,978</b>
	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 20,168,475</b>	<b>\$ 20,638,398</b>	<b>\$ 20,908,327</b>	<b>\$ 20,571,868</b>	<b>\$ 19,885,133</b>

**Current Liabilities**

Accounts Payable	\$ 3,199,522	\$ 4,285,587	\$ 5,177,916	\$ 5,741,644	\$ 5,961,283
Due to New York State	81,668	98,486	80,253	77,186	61,334
Due Breeders Fund	108,557	111,919	127,185	100,566	82,018
Due to Local Governments*	77,261	75,756	83,266	61,067	50,341
Accrued Payroll, Fringe Benefits and Payroll Taxes	347,973	409,377	467,907	462,865	494,817
Due to NYS Retirement System - Current Portion	100,383 0	-	-	-	-
Telephone Betting Accounts	601,134	588,063	655,874	650,590	591,923
Notes and Mortgage Payable - Current Portion	447,417	435,319	262,661	100,000	100,000
Capital Lease Obligations - Current Portion	72,383	157,443	163,308	110,614	96,894
Uncashed Vouchers	203,847	144,018	118,508	121,427	99,864
Uncashed Winning Tickets	911,008	975,548	992,760	912,176	887,807
<b>Total Current Liabilities</b>	<b>6,151,153</b>	<b>7,281,516</b>	<b>8,129,638</b>	<b>8,338,135</b>	<b>8,426,281</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	-	-	-
Capital Lease Obligation	530,790	441,480	278,173	185,415	88,520
Other	-	-	-	-	45,913 0
Notes and Mortgages Payable	4,897,980	4,462,661	4,200,000	4,100,000	4,000,000
<b>Total Long Term Liabilities</b>	<b>5,428,770</b>	<b>4,904,141</b>	<b>4,478,173</b>	<b>4,285,415</b>	<b>4,134,433</b>
	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 11,579,923</b>	<b>\$ 12,185,657</b>	<b>\$ 12,607,811</b>	<b>\$ 12,623,550</b>	<b>\$ 12,560,714</b>

**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	\$ 2,784,988	\$ 2,882,836	\$ 2,643,886	\$ 2,558,480	\$ 2,399,447
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	5,436,288	5,705,707	5,808,855	5,742,036	5,525,484
<b>Total</b>	<b>8,221,276</b>	<b>8,588,543</b>	<b>8,452,741</b>	<b>8,300,516</b>	<b>7,924,931</b>

**Year To Date**

Net Earnings and Regular Surcharge	5,241,083	6,233,546	6,008,861	4,805,494	3,565,826
Surcharge Counties Conducting Racing	10,671 0	-	6,822 0	15,641 0	13,159 0
Capital Acquisition Fund Contributions	269,417	103,147	(66,820)	(124,651)	(85,633)
<b>Total Year To Date</b>	<b>5,521,171</b>	<b>6,336,693</b>	<b>5,948,863</b>	<b>4,696,484</b>	<b>3,493,352</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	8,026,071	9,116,382	8,652,747	7,363,974	5,965,273
Surcharge to Counties Conducting Racing	10,671 0	-	6,822 0	15,641 0	13,159 0
Capital Acquisition Fund	5,705,707	5,808,855	5,742,036	5,617,386	5,439,851
<b>Total Available</b>	<b>13,742,449</b>	<b>14,925,237</b>	<b>14,401,605</b>	<b>12,997,001</b>	<b>11,418,283</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	5,143,227	6,472,493	6,094,265	5,033,030	4,080,705
Surcharge to Counties Conducting Racing	10,671 0	-	6,822 0	15,641 0	13,159 0
<b>Total Distributed</b>	<b>5,153,898</b>	<b>6,472,493</b>	<b>6,101,087</b>	<b>5,048,671</b>	<b>4,093,864</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	2,660,637	2,643,886	2,558,480	2,128,350	1,884,568
Surcharge to Counties Conducting Racing	222,208 0	-	-	202,582 0	-
Capital Acquisition Fund	5,705,707	5,808,855	5,742,036	5,617,386	5,439,851
<b>Total Undistributed Benefits</b>	<b>8,588,552</b>	<b>8,452,741</b>	<b>8,300,516</b>	<b>7,948,318</b>	<b>7,324,419</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>\$ 20,168,475</b>	<b>\$ 20,638,398</b>	<b>\$ 20,908,327</b>	<b>\$ 20,571,868</b>	<b>\$ 19,885,133</b>
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**Catskill Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 41,119,505	\$ 41,364,026	\$ 38,877,337	\$ 35,532,013	\$ 33,986,994
Out of State Thoroughbred Tracks	70,025,217	71,326,890	71,641,040	65,397,572	58,954,820
In State Harness Tracks	9,468,494	9,193,081	9,226,449	12,896,997	11,030,237
Out of State Harness Tracks	22,506,474	24,638,646	23,287,922	17,981,252	17,897,485
Total Net Handle	<b>143,119,690</b>	<b>146,522,643</b>	<b>143,032,748</b>	<b>131,807,834</b>	<b>121,869,536</b>
Less:					
Returned to Bettors	107,270,433	109,778,640	107,230,208	98,823,334	91,465,174
Surcharge	5,721,739	5,780,496	5,576,646	5,131,305	4,760,896
OTB Take Out and Breakage	<b>30,127,518</b>	<b>30,963,507</b>	<b>30,225,894</b>	<b>27,853,195</b>	<b>25,643,466</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,219,508	1,254,359	1,052,724	951,283	1,078,269
NY State Regulatory Fee	558,167	639,435	715,164	659,039	609,348
NY State (Uncashed Tickets)	485,663	540,000	523,263	468,531	476,988
Breeders' Fund - Thoroughbred	647,151	650,624	726,331	682,029	454,446
Breeders' Fund - Harness	417,190	431,258	413,527	392,658	366,836
In State Thoroughbred Tracks	6,849,070	6,905,404	6,681,178	6,089,691	5,596,829
Out of State Thoroughbred Tracks	1,631,833	1,678,749	1,676,998	1,534,321	1,550,730
In State Harness Tracks	2,136,581	2,255,113	3,358,765	2,195,884	2,373,587
Out of State Harness Tracks	486,267	509,170	481,406	368,167	361,450
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<b>14,431,430</b>	<b>14,864,112</b>	<b>15,629,356</b>	<b>13,341,603</b>	<b>12,868,483</b>
Net Racing Revenue	<b>15,696,088</b>	<b>16,099,395</b>	<b>14,596,538</b>	<b>14,511,592</b>	<b>12,774,983</b>
Other Revenue:					
Admission Income	101,905	91,760	93,055	93,320	83,860
Lottery Income	288,675	275,008	248,902	210,619	190,001
Concession Income	32,203	30,727	29,527	28,825	26,881
Derived from Section 532	1,663,288	1,715,725	1,652,645	1,448,250	1,344,943
Interest Income	45,224	486,711	818,870	222,437	465,051
Other Income	217,561	464,161	162,040	281,541	205,357
Uncashed Tickets	485,663	540,000	523,263	468,531	476,988
Total Operating Revenue	<b>18,530,607</b>	<b>19,703,487</b>	<b>18,124,840</b>	<b>17,265,115</b>	<b>15,568,064</b>
Operating Expenses:					
Branch Expenses	10,757,484	10,603,717	10,238,241	9,970,853	9,568,136
Corporate Expenses	2,649,040	2,547,900	2,641,018	2,692,283	2,779,836
Total Operating Expenses - Including Depreciation	<b>13,406,524</b>	<b>13,151,617</b>	<b>12,879,259</b>	<b>12,663,136</b>	<b>12,347,972</b>
Section 516 Net Revenues from Operations	<b>5,124,083</b>	<b>6,551,870</b>	<b>5,245,581</b>	<b>4,601,979</b>	<b>3,220,092</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>5,124,083</b>	<b>6,551,870</b>	<b>5,245,581</b>	<b>4,601,979</b>	<b>3,220,092</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	1,905,564	198,518	309,610	1,873,021	304,725
Section 516 Net Revenue for Distribution (Loss)	<b>7,029,647</b>	<b>6,750,388</b>	<b>5,555,191</b>	<b>6,475,000</b>	<b>3,524,817</b>
Surcharge:					
Section 532 Revenues to Participating Localities	2,503,693	2,649,028	2,569,464	2,354,926	2,169,941
Section 532 Revenues to Other Localities	840,405	692,069	651,225	683,745	649,468
Total Surcharge to all Localities	<b>3,344,098</b>	<b>3,341,097</b>	<b>3,220,689</b>	<b>3,038,671</b>	<b>2,819,409</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	(1,905,564)	(198,518)	(309,610)	(1,873,021)	(304,725)
Supplemental 1% Section 532	714,353	723,674	703,312	644,384	596,544
Other Fund Revenues net of Expenses	138,068	-	-	655,998	-
Total Capital Acquisition Funds	<b>(1,053,143)</b>	<b>525,156</b>	<b>393,702</b>	<b>(572,639)</b>	<b>291,819</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>\$ 9,320,602</b>	<b>\$ 10,616,641</b>	<b>\$ 9,169,582</b>	<b>\$ 8,941,032</b>	<b>\$ 6,636,045</b>

Catskill Regional Off-Track Betting Corporation

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	3,520 0	3,225 4
Advertising	454,518	475,938	220,841	188,338	173,962
Amortization & Depreciation	363,015	336,543	244,745	216,239	98,778
Cable TV	15,738	14,015	14,068	15,644	16,453
Courier Service	0	0	0	0	0
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	0	0	0	0	0
Insurance	1,016,028	1,007,916	1,007,961	1,033,800	992,573
Interest Expense	0	0	0	0	0
Maintenance & Repairs	364,663	309,856	376,501	400,222	340,264
Marketing & Promotions	0	0	0	0	0
Office Expense	45,955	15,884	19,431	19,021	37,331
Other Expenses & Services	64,536	78,777	68,115	68,736	57,066
Professional Fees	130,564 0	141,685 0	180,901 0	176,785 0	207,818 2
Racing Informa ion	242,725	195,886	185,545	206,338	195,248
Rent	1,655,750	1,638,010	1,753,731	1,787,293	1,738,974
Rental of Equipment	13,008	20,483	17,762	13,884	13,618
Salaries and Wages	4,686,354	4,554,502	4,459,124	4,161,699	4,010,019
Security/Armored Carrier Expense	43,661	45,021	44,999	41,883	41,863
Simulcast Fees	382,738	396,792	393,832	408,741	410,392
Telephone & Data Lines	119,579	108,367	119,479	106,588	110,029
Totalizator Expense	713,913	791,289	692,659	648,571	620,151
Travel & Reimbursement	70,096	75,881	83,835	83,242	100,801
Utilities	374,612	396,872	354,711	390,308	399,572
<b>Total Branch Expenses</b>	<b>10,757,453</b>	<b>10,603,717</b>	<b>10,238,240</b>	<b>9,970,852</b>	<b>9,568,136</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	0	0	0	0	0
Amortization & Depreciation	98,313	83,348	116,398	141,290	159,625
Cable TV	0	0	0	800	1,462
Courier Service	0	0	0	0	0
Directors Fees and Reimbursements	0	0	0	0	0
Fringe Benefits	0	0	0	0	0
Insurance	361,322	372,671	406,321	423,590	402,126
Interest Expense	0	0	0	0	0
Maintenance & Repairs	62,546	78,091	3,120	3,142	3,195
Marketing & Promotions	0	0	0	0	0
Office Expense	10,270	9,865	8,784	7,378	8,944
Other Expenses & Services	26,494	31,490	33,514	21,427	20,575
Professional Fees	106,825 00	115,924 00	148,010 00	144,642 00	170,033 06
Racing Informa ion	0	0	0	0	0
Rent	208,184	206,471	228,531	276,664	319,261
Rental of Equipment	22,287	17,615	12,866	14,326	11,707
Salaries and Wages	1,634,250	1,521,142	1,583,497	1,524,765	1,243,751
Security/Armored Carrier Expense	2,592	2,699	3,003	3,196	3,522
Simulcast Fees	0	0	0	0	0
Telephone & Data Lines	66,634	58,551	48,019	66,813	31,191
Totalizator Expense	0	0	0	0	0
Travel & Reimbursement	12,370	13,391	14,794	14,690	17,788
Utilities	36,953	36,644	34,161	49,560	59,062
<b>Total Corporate Expenses</b>	<b>2,649,040</b>	<b>2,547,902</b>	<b>2,641,018</b>	<b>2,692,283</b>	<b>2,779,836</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	3,520	3,225
Advertising	454,518	475,938	220,841	188,338	173,962
Amortization & Depreciation	461,328	419,890	361,143	357,529	258,403
Cable TV	15,738	14,015	14,068	16,444	17,915
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Insurance	1,377,350	1,380,587	1,414,282	1,457,390	1,394,699
Interest Expense	-	-	-	-	-
Maintenance & Repairs	427,209	387,947	379,621	403,364	343,459
Marketing & Promotions	-	-	-	-	-
Office Expense	56,225	25,749	28,215	26,399	46,275
Other Expenses & Services	91,030	110,266	101,629	90,163	77,641
Professional Fees	237,389	257,609	328,911	321,427	377,851
Racing Informa ion	242,725	195,886	185,545	206,338	195,248
Rent	1,863,934	1,844,481	1,982,262	2,063,957	2,058,236
Rental of Equipment	35,295	38,098	30,628	28,210	25,325
Salaries and Wages	6,320,604	6,075,644	6,042,621	5,686,464	5,581,365
Security/Armored Carrier Expense	46,253	47,720	48,002	45,079	45,384
Simulcast Fees	382,738	396,792	393,832	408,741	410,392
Telephone & Data Lines	186,213	166,917	167,498	173,401	141,219
Totalizator Expense	713,913	791,289	692,659	648,571	620,151
Travel & Reimbursement	82,466	89,272	98,629	97,932	118,589
Utilities	411,565	433,516	388,872	439,868	458,634
<b>TOTAL EXPENSES</b>	<b>13,406,493</b>	<b>13,151,616</b>	<b>12,879,258</b>	<b>12,663,135</b>	<b>12,347,972</b>

**Catskill Regional Off-Track Betting Corporation**

(Unaudited)

2004                      2005                      2006                      2007                      2008

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	\$ 16,717,518	\$ 17,604,467	\$ 18,318,099	\$ 17,539,993	\$ 17,704,248
Investments	17,326 0	17,326 0	17,326 0	17,326 0	17,326 0
Accounts Receivable	52,663	34,984	108,820	169,405	199,148
Prepaid Expenses and Other Assets	162,330	213,591	203,327	127,649	130,675
<b>Total Current Assets</b>	<b>16,949,837</b>	<b>17,870,368</b>	<b>18,647,572</b>	<b>17,854,373</b>	<b>18,051,397</b>

**Fixed Assets**

Land	240,000	240,000	240,000	240,000	240,000
Buildings	1,485,583	1,352,434	1,520,644	3,308,499	3,404,000
Furniture & Fixtures	425,213	425,213	425,213	435,712	435,712
Automobile Equipment	297,197	311,416	243,552	226,492	247,194
Machinery & Equipment	1,441,465 0	1,450,613 0	1,533,721 0	1,591,213 0	1,763,802 0
Leasehold Improvements	1,081,276	1,139,577	1,169,030	1,185,454	1,201,387
<b>Total Fixed Assets</b>	<b>4,970,734</b>	<b>4,919,253</b>	<b>5,132,160</b>	<b>6,987,370</b>	<b>7,292,095</b>
Less: Accumulated Depreciation	2,432,781	2,805,102	3,059,932	3,399,650	3,658,053
<b>Net Fixed Assets</b>	<b>2,537,953</b>	<b>2,114,151</b>	<b>2,072,228</b>	<b>3,587,720</b>	<b>3,634,042</b>

**Total Assets**

<b>\$ 19,487,790</b>	<b>\$ 19,984,519</b>	<b>\$ 20,719,800</b>	<b>\$ 21,442,093</b>	<b>\$ 21,685,439</b>
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**Current Liabilities**

Accounts Payable	\$ 1,698,200	\$ 1,548,727	\$ 3,154,400	\$ 3,231,788	\$ 3,695,161
Due to New York State	583,383	107,363	613,534	528,352	529,157
Due Breeders Fund	66,855	71,729	77,888	69,543	47,096
Due to Local Governments*	59,591	43,199	45,112	-	-
Accrued Payroll, Fringe Benefits and Payroll Taxes	514,561	497,545	459,332	473,351	464,701
Due to NYS Retirement System - Current Portion	-	-	-	-	-
Telephone Betting Accounts	264,385	236,727	205,287	199,336	183,596
Notes and Mortgage Payable - Current Portion	-	-	-	-	-
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	-	-	-	-	-
Uncashed Winning Tickets	186,586	713,895	140,866	110,828	162,101
<b>Total Current Liabilities</b>	<b>3,373,561</b>	<b>3,219,185</b>	<b>4,696,419</b>	<b>4,613,198</b>	<b>5,081,812</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
Other	-	-	-	-	-
Notes and Mortgages Payable	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Total Liabilities**

<b>\$ 3,373,561</b>	<b>\$ 3,219,185</b>	<b>\$ 4,696,419</b>	<b>\$ 4,613,198</b>	<b>\$ 5,081,812</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	\$ 3,609,418	\$ 5,259,185	\$ 5,390,998	\$ 4,259,001	\$ 5,598,327
Surcharge to Counties Conducting Racing	-	-	-	45,112 00	38,828 00
Capital Acquisition Fund	11,895,983	10,855,042	11,370,678	11,764,380	11,191,741
<b>Total</b>	<b>15,505,401</b>	<b>16,114,227</b>	<b>16,761,676</b>	<b>16,068,493</b>	<b>16,828,896</b>

**Year To Date**

Net Earnings and Regular Surcharge	9,554,849	9,278,798	8,124,655	8,829,926	5,694,756
Surcharge Counties Conducting Racing	-	120,616 0	-	1,288,910 0	1,054,313 0
Capital Acquisition Fund Contributions	(1,040,941)	525,156	393,702	(572,639)	291,820
<b>Total Year To Date</b>	<b>8,513,908</b>	<b>9,924,570</b>	<b>8,518,357</b>	<b>9,546,197</b>	<b>7,040,889</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	13,164,267	14,537,983	13,515,653	13,088,927	11,293,083
Surcharge to Counties Conducting Racing	-	120,616 0	-	1,334,022 0	1,093,141 0
Capital Acquisition Fund	10,855,042	11,380,198	11,764,380	11,191,741	11,483,561
<b>Total Available</b>	<b>24,019,309</b>	<b>26,038,797</b>	<b>25,280,033</b>	<b>25,614,690</b>	<b>23,869,785</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	7,905,083	9,166,213	9,256,653	7,490,600	6,205,006
Surcharge to Counties Conducting Racing	-	107,252 0	-	1,295,194 0	1,061,151 0
<b>Total Distributed</b>	<b>7,905,083</b>	<b>9,273,465</b>	<b>9,256,653</b>	<b>8,785,794</b>	<b>7,266,157</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	5,259,185	5,371,770	4,258,999	5,598,327	5,088,077
Surcharge to Counties Conducting Racing	-	13,364 0	-	38,828 0	31,990 0
Capital Acquisition Fund	10,855,042	11,380,198	11,764,380	11,191,741	11,483,561
<b>Total Undistributed Benefits</b>	<b>16,114,227</b>	<b>16,765,332</b>	<b>16,023,381</b>	<b>16,828,896</b>	<b>16,603,628</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>\$ 19,487,788</b>	<b>\$ 19,984,517</b>	<b>\$ 20,719,800</b>	<b>\$ 21,442,094</b>	<b>\$ 21,685,440</b>
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Nassau Regional Off-Track Betting Corporation

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 116,511,010	\$ 118,777,561	\$ 114,318,097	\$ 108,215,233	\$ 103,111,940
Out of State Thoroughbred Tracks	140,026,121	150,275,752	152,076,148	146,467,678	141,992,436
In State Harness Tracks	10,119,354	8,259,865	8,057,603	13,189,651	11,546,026
Out of State Harness Tracks	32,699,049	33,801,171	33,223,103	25,650,935	25,307,285
Total Net Handle	<b>299,355,534</b>	<b>311,114,349</b>	<b>307,674,951</b>	<b>293,523,497</b>	<b>281,957,687</b>
Less:					
Returned to Bettors	229,406,706	238,494,587	235,751,928	224,857,899	216,194,853
Surcharge	9,127,188	8,978,025	8,887,927	8,609,467	8,033,269
OTB Take Out and Breakage	<b>60,821,640</b>	<b>63,641,737</b>	<b>63,035,096</b>	<b>60,056,131</b>	<b>57,729,565</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	2,444,880	2,526,046	2,087,029	1,902,405	2,321,156
NY State Regulatory Fee	1,167,528	1,372,224	1,538,375	1,467,617	1,409,788
NY State (Uncashed Tickets)	823,318	796,625	822,906	850,287	868,599
Breeders' Fund - Thoroughbred	1,533,984	1,582,005	1,736,677	1,734,146	1,221,356
Breeders' Fund - Harness	722,486	706,827	690,441	654,474	621,602
In State Thoroughbred Tracks	16,162,052	16,778,050	16,545,560	15,797,024	15,206,930
Out of State Thoroughbred Tracks	3,024,129	3,356,568	3,478,613	3,330,991	3,644,730
In State Harness Tracks	3,041,951	3,154,083	2,926,089	2,835,476	4,517,791
Out of State Harness Tracks	892,878	769,550	711,018	498,784	488,428
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<b>29,813,206</b>	<b>31,041,978</b>	<b>30,536,708</b>	<b>29,071,204</b>	<b>30,300,380</b>
Net Racing Revenue	<b>31,008,434</b>	<b>32,599,759</b>	<b>32,498,388</b>	<b>30,984,927</b>	<b>27,429,185</b>
Other Revenue:					
Admission Income	152,738	149,293	154,171	142,455	126,869
Lottery Income	51,518	53,223	48,947	53,995	43,446
Concession Income	109,513	105,104	113,945	112,423	109,490
Derived from Section 532	2,057,471	2,111,830	2,240,880	2,232,040	2,069,059
Interest Income	34,848	281,699	509,783	472,819	231,215
Other Income	615,167	941,846	501,416	399,518	799,909
Uncashed Tickets	823,318	796,625	822,906	850,287	868,599
Total Operating Revenue	<b>34,853,007</b>	<b>37,039,379</b>	<b>36,890,436</b>	<b>35,248,464</b>	<b>31,677,772</b>
Operating Expenses:					
Branch Expenses	19,327,094	19,736,852	19,860,149	19,245,668	20,046,633
Corporate Expenses	8,524,420	11,119,823	11,626,414	11,426,668	11,485,040
Total Operating Expenses - Including Depreciation	<b>27,851,514</b>	<b>30,856,675</b>	<b>31,486,563</b>	<b>30,672,336</b>	<b>31,531,673</b>
Section 516 Net Revenues from Operations	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund					
Section 516 Net Revenue for Distribution (Loss)	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
Surcharge:					
Section 532 Revenues to Participating Localities	4,747,670	4,692,191	4,465,830	4,202,579	3,963,739
Section 532 Revenues to Other Localities	1,198,186	1,083,166	1,104,455	1,126,278	1,024,544
Total Surcharge to all Localities	<b>5,945,856</b>	<b>5,775,357</b>	<b>5,570,285</b>	<b>5,328,857</b>	<b>4,988,283</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	1,123,861	1,090,838	1,076,762	1,048,570	975,927
Other Fund Revenues net of Expenses	(1,733,719)	(1,905,233)	(470,769)	(956,685)	(702,208)
Total Capital Acquisition Funds	<b>(609,858)</b>	<b>(814,395)</b>	<b>605,993</b>	<b>91,885</b>	<b>273,719</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>\$ 12,337,491</b>	<b>\$ 11,143,666</b>	<b>\$ 11,580,151</b>	<b>\$ 9,996,870</b>	<b>\$ 5,408,101</b>

Nassau Regional Off-Track Betting Corporation

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	9,296	5,822	5,975	5,544	4,888
Advertising	233,176	263,716	150,797	148,390	53,133
Amortization & Depreciation	20,340	54,289	33,742	28,396	20,432
Cable TV	28,935	34,275	41,138	44,896	47,211
Courier Service	120,186	116,273	116,896	112,517	109,333
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	1,597,724	1,824,584	1,890,906	1,944,925	1,976,291
Insurance	137,310	145,811	133,557	127,794	113,387
Interest Expense	239,021	585,617	796,376	0	194,526
Maintenance & Repairs	252,391	267,860	217,195	169,181	180,650
Marketing & Promotions	0	0	160	5	0
Office Expense	146,872	191,248	109,835	113,791	110,241
Other Expenses & Services	885,148	904,738	874,397	852,788	943,885
Professional Fees	65,250 0	140,359 0	23,123 0	-	-
Racing Informa ion	0	0	0	0	0
Rent	1,811,996	1,556,120	1,639,958	1,570,965	1,765,680
Rental of Equipment	650,233	644,797	653,101	657,947	496,979
Salaries and Wages	8,879,889	8,636,748	8,645,200	9,009,209	9,226,634
Security/Armored Carrier Expense	429,211	291,755	476,979	490,846	533,429
Simulcast Fees	188,002	182,070	171,017	182,561	203,968
Telephone & Data Lines	123,148	153,775	132,324	85,980	61,170
Totalizator Expense	3,006,817	3,158,210	3,180,489	3,144,863	3,433,567
Travel & Reimbursement	0	0	0	0	0
Utilities	502,150	578,786	566,982	555,070	571,231
<b>Total Branch Expenses</b>	<b>19,327,095</b>	<b>19,736,853</b>	<b>19,860,147</b>	<b>19,245,668</b>	<b>20,046,635</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	265,369	157,145	181,510	302,258	419,707
Amortization & Depreciation	65,448	345,870	440,851	466,339	480,968
Cable TV	1,102	996	1,596	2,278	2,546
Courier Service	(19)	0	0	0	0
Directors Fees and Reimbursements	4,500	4,500	4,000	4,000	4,000
Fringe Benefits	2,939,658	4,092,960	3,696,223	3,484,589	3,204,274
Insurance	185,443	197,527	188,527	171,797	169,880
Interest Expense	20,181	0	0	0	0
Maintenance & Repairs	22,529	30,408	41,963	24,192	42,856
Marketing & Promotions	36,903	66,139	70,504	55,878	60,719
Office Expense	147,736	152,030	209,908	193,382	247,564
Other Expenses & Services	259,191	211,301	158,624	109,937	184,897
Professional Fees	450,416 00	434,668 00	791,863 00	831,515 00	810,404 00
Racing Informa ion	0	0	0	0	0
Rent	232,635	259,335	264,302	254,057	249,303
Rental of Equipment	14,283	5,958	5,373	971	949
Salaries and Wages	3,447,663	4,740,604	5,057,661	4,955,860	2,858,482
Security/Armored Carrier Expense	26,110	22,048	24,483	25,682	25,385
Simulcast Fees	0	0	0	4,250	731
Telephone & Data Lines	247,854	235,845	285,971	311,142	339,262
Totalizator Expense	1,207	0	(8,105)	0	0
Travel & Reimbursement	91,915	115,052	99,936	104,919	133,619
Utilities	64,300	47,439	111,224	123,621	121,395
<b>Total Corporate Expenses</b>	<b>8,524,424</b>	<b>11,119,825</b>	<b>11,626,414</b>	<b>11,426,667</b>	<b>11,485,040</b>
<b>Combined Expenses</b>					
Admissions Tax	9,296	5,822	5,975	5,544	4,888
Advertising	498,545	420,861	332,307	450,648	472,840
Amortization & Depreciation	85,788	400,159	474,593	494,735	501,400
Cable TV	30,037	35,271	42,734	47,174	49,757
Courier Service	120,167	116,273	116,896	112,517	109,333
Directors Fees and Reimbursements	4,500	4,500	4,000	4,000	4,000
Fringe Benefits	4,537,382	5,917,544	5,587,129	5,429,514	5,180,565
Insurance	322,753	343,338	322,084	299,591	283,267
Interest Expense	259,202	585,617	796,376	-	194,526
Maintenance & Repairs	274,920	298,268	259,158	193,373	223,506
Marketing & Promotions	36,903	66,139	70,664	55,883	60,719
Office Expense	294,608	343,278	319,743	307,173	357,805
Other Expenses & Services	1,144,339	1,116,039	1,033,021	962,725	1,128,782
Professional Fees	515,666	575,027	814,986	831,515	810,404
Racing Informa ion	-	-	-	-	-
Rent	2,044,631	1,815,455	1,904,260	1,825,022	2,014,983
Rental of Equipment	664,516	650,755	658,474	658,918	497,928
Salaries and Wages	12,327,552	13,377,352	13,702,861	13,965,069	14,213,215
Security/Armored Carrier Expense	455,321	313,803	501,462	516,528	558,814
Simulcast Fees	188,002	182,070	171,017	186,811	204,699
Telephone & Data Lines	371,002	389,620	418,295	397,122	400,432
Totalizator Expense	3,008,024	3,158,210	3,172,384	3,144,863	3,433,567
Travel & Reimbursement	91,915	115,052	99,936	104,919	133,619
Utilities	566,450	626,225	678,206	678,691	692,626
<b>TOTAL EXPENSES</b>	<b>27,851,519</b>	<b>30,856,678</b>	<b>31,486,561</b>	<b>30,672,335</b>	<b>31,531,675</b>

Nassau Regional Off-Track Betting Corporation

ATTACHMENT V

(Unaudited)

2004 2005 2006 2007 2008

BALANCE SHEET (EXHIBIT 2)

Current Assets

Cash and Cash Equivalents	\$ (123,819)	\$ 8,923,967	\$ 1,976,008	\$ 4,079,193	\$ 3,160,339
Investments	3,193,031 0	2,813,463 0	9,717,603 0	7,347,392 0	9,532,804 0
Accounts Receivable	951,934	626,221	549,158	162,233	243,309
Prepaid Expenses and Other Assets	2,154,626	418,561	941,083	580,803	558,722
<b>Total Current Assets</b>	<b>6,175,772</b>	<b>12,782,212</b>	<b>13,183,852</b>	<b>12,169,621</b>	<b>13,495,174</b>

Fixed Assets

Land	432,050	432,050	432,050	432,050	432,050
Buildings	479,550	479,550	406,950	406,950	406,950
Furniture & Fixtures	-	-	-	-	-
Automobile Equipment	292,113	279,829	311,856	306,807	343,124
Machinery & Equipment	3,690 0	179,881 0	198,803 0	203,188 0	273,239 0
Leasehold Improvements	25,754,553	25,948,458	24,760,229	24,027,059	22,530,487
Total Fixed Assets	26,961,956	27,319,768	26,109,888	25,376,054	23,985,850
Less: Accumulated Depreciation	622,881	745,725	848,040	1,047,305	1,255,287
<b>Net Fixed Assets</b>	<b>26,339,075</b>	<b>26,574,043</b>	<b>25,261,848</b>	<b>24,328,749</b>	<b>22,730,563</b>
	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 32,514,847</b>	<b>\$ 39,356,255</b>	<b>\$ 38,445,700</b>	<b>\$ 36,498,370</b>	<b>\$ 36,225,737</b>

Current Liabilities

Accounts Payable	\$ 3,128,488	\$ 2,660,381	\$ 2,547,901	\$ 3,633,813	\$ 7,554,475
Due to New York State	75,421	89,153	72,256	58,494	56,237
Due Breeders Fund	172,970	177,696	203,648	378,527	128,584
Due to Local Governments*	109,593	219,356	115,791	89,967	73,469
Accrued Payroll, Fringe Benefits and Payroll Taxes	2,200,109	3,678,496	2,799,614	2,434,275	2,386,634
Due to NYS Retirement System - Current Portion	-	-	-	-	-
Telephone Betting Accounts	2,242,176	1,110,083	1,609,384	553,679	588,167
Notes and Mortgage Payable - Current Portion	40,902	43,512	46,287	49,240	52,381
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	105,629	122,387	227,255	128,586	100,505
Uncashed Winning Tickets	998,851	979,512	993,121	976,243	959,466
<b>Total Current Liabilities</b>	<b>9,074,139</b>	<b>9,080,576</b>	<b>8,615,257</b>	<b>8,302,824</b>	<b>11,899,918</b>

Long Term Liabilities

Due to NYS Retirement System	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
OTHER	-	-	-	-	-
Notes and Mortgages Payable	12,567,524	22,146,862	20,645,575	19,141,335	17,633,953
<b>Total Long Term Liabilities</b>	<b>12,567,524</b>	<b>22,146,862</b>	<b>20,645,575</b>	<b>19,141,335</b>	<b>17,633,953</b>

Total Liabilities

<b>\$ 21,641,663</b>	<b>\$ 31,227,438</b>	<b>\$ 29,260,832</b>	<b>\$ 27,444,159</b>	<b>\$ 29,533,871</b>
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Undistributed Benefits To Localities

As of January 1:

Net Earnings and Regular Surcharge	\$ 2,709,624	\$ 2,231,534	\$ 475,111	\$ 925,170	\$ 702,626
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	9,251,505	8,468,099	7,653,706	8,259,698	8,351,584
<b>Total</b>	<b>11,961,129</b>	<b>10,699,633</b>	<b>8,128,817</b>	<b>9,184,868</b>	<b>9,054,210</b>

Year To Date

Net Earnings and Regular Surcharge	11,749,162	10,874,893	9,869,703	8,696,298	4,109,838
Surcharge Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund Contributions	(609,855)	(814,393)	605,992	91,886	273,719
<b>Total Year To Date</b>	<b>11,139,307</b>	<b>10,060,500</b>	<b>10,475,695</b>	<b>8,788,184</b>	<b>4,383,557</b>

Available For Distribution

Net Earnings and Regular Surcharge	14,458,786	13,106,427	10,344,814	9,621,468	4,812,464
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	8,641,650	7,653,706	8,259,698	8,351,584	8,625,303
<b>Total Available</b>	<b>23,100,436</b>	<b>20,760,133</b>	<b>18,604,512</b>	<b>17,973,052</b>	<b>13,437,767</b>

Distributed To Localities

Net Earnings and Regular Surcharge	12,227,252	12,631,316	9,419,644	8,918,841	6,745,901
Surcharge to Counties Conducting Racing	-	-	-	-	-
<b>Total Distributed</b>	<b>12,227,252</b>	<b>12,631,316</b>	<b>9,419,644</b>	<b>8,918,841</b>	<b>6,745,901</b>

Undistributed Benefits

Net Earnings and Regular Surcharge	2,231,534	475,111	925,170	702,627	(1,933,437)
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	8,641,650	7,653,706	8,259,698	8,351,584	8,625,303
<b>Total Undistributed Benefits</b>	<b>10,873,184</b>	<b>8,128,817</b>	<b>9,184,868</b>	<b>9,054,211</b>	<b>6,691,866</b>

Total Liabilities and Undistributed Benefits to Own Localities

<b>\$ 32,514,847</b>	<b>\$ 39,356,255</b>	<b>\$ 38,445,700</b>	<b>\$ 36,498,370</b>	<b>\$ 36,225,737</b>
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**New York City Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	343,030,302	340,003,080	332,669,816	314,745,579	290,237,032
Out of State Thoroughbred Tracks	548,224,513	550,506,561	578,839,019	572,609,452	519,478,971
In State Harness Tracks	41,319,969	30,973,836	30,260,589	54,549,460	45,887,289
Out of State Harness Tracks	103,513,288	124,941,025	119,214,702	88,293,413	84,615,068
Total Net Handle	<b>1,036,088,072</b>	<b>1,046,424,502</b>	<b>1,060,984,126</b>	<b>1,030,197,904</b>	<b>940,218,360</b>
Less:					
Returned to Bettors	791,273,743	798,253,666	808,862,187	785,313,845	708,809,481
Surcharge	33,598,344	33,680,453	33,926,458	32,460,058	36,645,101
	-	-	-	-	-
OTB Take Out and Breakage	<b>211,215,985</b>	<b>214,490,383</b>	<b>218,195,481</b>	<b>212,424,001</b>	<b>194,763,778</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	8,057,295	8,082,287	6,932,912	7,063,493	6,787,151
NY State Regulatory Fee	4,040,743	4,620,753	5,304,921	5,150,990	4,701,092
NY State (Uncashed Tickets)	3,199,463	2,871,658	2,897,298	3,485,619	2,779,180
Breeders' Fund - Thoroughbred	5,338,445	5,316,700	6,121,070	5,506,834	4,725,882
Breeders' Fund - Harness	2,490,583	2,527,320	2,465,198	2,353,976	2,132,408
In State Thoroughbred Tracks	61,262,235	59,517,281	60,838,834	58,718,029	54,501,563
Out of State Thoroughbred Tracks	12,295,593	12,414,619	12,871,292	12,713,987	12,957,961
In State Harness Tracks	12,437,929	14,392,291	15,641,986	14,070,108	13,043,524
Out of State Harness Tracks	2,230,952	2,617,722	2,468,374	1,816,128	1,777,067
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
	-	-	-	-	-
Total Payments	<b>111,353,238</b>	<b>112,360,631</b>	<b>115,541,885</b>	<b>110,879,164</b>	<b>103,405,828</b>
	-	-	-	-	-
Net Racing Revenue	<b>99,862,747</b>	<b>102,129,752</b>	<b>102,653,596</b>	<b>101,544,837</b>	<b>91,357,950</b>
Other Revenue:					
Admission Income	416,075	411,855	387,160	374,420	345,185
Lottery Income	15,691	22,884	-	-	-
Concession Income	111,198	70,401	41,528	44,167	75,302
Derived from Section 532	9,830,823	10,019,482	10,159,804	9,578,056	15,630,892
Interest Income	263,309	734,080	1,360,606	1,502,591	474,154
Other Income	625,414	1,738,392	435,888	762,901	527,621
Uncashed Tickets	3,199,463	2,871,658	2,897,298	3,485,619	2,779,180
	-	-	-	-	-
Total Operating Revenue	<b>114,324,720</b>	<b>117,998,504</b>	<b>117,935,880</b>	<b>117,292,591</b>	<b>111,190,284</b>
Operating Expenses:					
Branch Expenses	86,966,833	87,392,602	89,541,288	92,375,701	93,053,746
Corporate Expenses	37,983,010	36,120,921	151,960,013	58,784,370	97,939,253
	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>124,949,843</b>	<b>123,513,523</b>	<b>241,501,301</b>	<b>151,160,071</b>	<b>190,992,999</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
Surcharge:					
Section 532 Revenues to Participating Localities	17,347,136	17,284,741	17,425,134	16,448,602	8,422,826
Section 532 Revenues to Other Localities	2,553,128	2,468,742	2,385,119	2,614,391	2,356,787
	-	-	-	-	-
Total Surcharge to all Localities	<b>19,900,264</b>	<b>19,753,483</b>	<b>19,810,253</b>	<b>19,062,993</b>	<b>10,779,613</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	3,867,257	3,907,488	3,956,401	3,819,009	10,234,596
Other Fund Revenues net of Expenses	-	-	-	-	-
	-	-	-	-	-
Total Capital Acquisition Funds	<b>3,867,257</b>	<b>3,907,488</b>	<b>3,956,401</b>	<b>3,819,009</b>	<b>10,234,596</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>13,142,398</b>	<b>18,145,952</b>	<b>(99,798,767)</b>	<b>(10,985,478)</b>	<b>(58,788,506)</b>

**New York City Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	18,620	16,978
Advertising	-	-	-	-	-
Amortization & Depreciation	-	-	-	-	-
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	14,838,201	15,231,527	16,345,727	18,181,171	19,035,267
Insurance	1,897,273	1,756,723	3,135,189	1,935,506	1,463,666
Interest Expense	-	-	-	-	-
Maintenance & Repairs	452,119	472,723	644,675	607,623	375,835
Marketing & Promotions	-	-	-	-	-
Office Expense	180,516	225,847	230,758	221,129	174,617
Other Expenses & Services	414,308	279,316	401,668	413,705	224,201
Professional Fees	-	-	-	-	-
Racing Informa ion	-	-	-	-	-
Rent	13,578,596	14,066,340	14,255,429	15,091,182	17,400,046
Rental of Equipment	3,080	5,121	1,642	10,214	10,055
Salaries and Wages	47,375,307	46,202,078	45,999,875	46,691,400	45,062,742
Security/Armored Carrier Expense	1,074,662	1,071,588	1,013,579	1,058,558	1,095,686
Simulcast Fees	1,925,835	2,034,334	1,942,502	2,023,432	1,940,308
Telephone & Data Lines	1,176,793	1,777,675	1,275,073	1,772,246	1,851,068
Totalizator Expense	2,643,112	2,727,514	2,684,174	2,611,958	2,596,764
Travel & Reimbursement	150	5,733	6,266	9,060	8,631
Utilities	1,406,881	1,536,087	1,604,733	1,729,895	1,797,879
<b>Total Branch Expenses</b>	<b>86,966,833</b>	<b>87,392,606</b>	<b>89,541,290</b>	<b>92,375,699</b>	<b>93,053,743</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	2,036,934	1,704,239	1,019,818	1,446,619	830,264
Amortization & Depreciation	470,909	462,624	457,675	136,257	191,634
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	4,250	3,250	2,250	2,250	-
Fringe Benefits	6,950,332	6,862,862	6,865,806	28,783,172	66,361,767
Insurance	798,170	651,871	1,387,781	767,954	594,417
Interest Expense	11,213	1,919	-	-	-
Maintenance & Repairs	1,356,375	996,365	1,081,320	1,061,358	1,100,687
Marketing & Promotions	236,155	317,614	188,339	143,695	1,868,539
Office Expense	893,538	726,982	516,848	709,476	573,986
Other Expenses & Services	312,879	405,673	205,628	240,302	369,949
Professional Fees	549,452	365,097	534,381	621,868	655,303
Racing Informa ion	-	-	-	-	-
Rent	4,474,903	4,597,524	4,747,127	4,114,827	4,952,081
Rental of Equipment	144,209	43,824	52,092	204,899	(40,861)
Salaries and Wages	18,634,817	17,586,689	133,289,074	18,783,314	13,749,567
Security/Armored Carrier Expense	58,877	66,497	24,514	31,291	27,346
Simulcast Fees	109,248	95,020	104,079	165,989	231,604
Telephone & Data Lines	250,912	399,853	450,199	675,931	448,634
Totalizator Expense	-	-	-	-	-
Travel & Reimbursement	94,726	89,963	109,219	105,092	72,429
Utilities	595,110	743,052	923,860	790,075	587,524
<b>Total Corporate Expenses</b>	<b>37,983,009</b>	<b>36,120,918</b>	<b>151,960,010</b>	<b>58,784,369</b>	<b>97,939,254</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	18,620	16,978
Advertising	2,036,934	1,704,239	1,019,818	1,446,619	830,264
Amortization & Depreciation	470,909	462,624	457,675	136,257	191,634
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	4,250	3,250	2,250	2,250	-
Fringe Benefits	21,788,533	22,094,389	23,211,533	46,964,343	85,397,034
Insurance	2,695,443	2,408,594	4,522,970	2,703,460	2,058,083
Interest Expense	11,213	1,919	-	-	-
Maintenance & Repairs	1,808,494	1,469,088	1,725,995	1,668,981	1,476,522
Marketing & Promotions	236,155	317,614	188,339	143,695	1,868,539
Office Expense	1,074,054	952,829	747,606	930,605	748,603
Other Expenses & Services	727,187	684,989	607,296	654,007	594,150
Professional Fees	549,452	365,097	534,381	621,868	655,303
Racing Informa ion	-	-	-	-	-
Rent	18,053,499	18,663,864	19,002,556	19,206,009	22,352,127
Rental of Equipment	147,289	48,945	53,734	215,113	(30,806)
Salaries and Wages	66,010,124	63,788,767	179,288,949	65,474,714	64,176,693
Security/Armored Carrier Expense	1,133,539	1,138,085	1,038,093	1,089,849	1,123,032
Simulcast Fees	2,035,083	2,129,354	2,046,581	2,189,421	2,171,912
Telephone & Data Lines	1,427,705	2,177,528	1,725,272	2,448,177	2,299,702
Totalizator Expense	2,643,112	2,727,514	2,684,174	2,611,958	2,596,764
Travel & Reimbursement	94,876	95,696	115,485	114,152	81,060
Utilities	2,001,991	2,279,139	2,528,593	2,519,970	2,385,403
<b>TOTAL EXPENSES</b>	<b>124,949,842</b>	<b>123,513,524</b>	<b>241,501,300</b>	<b>151,160,068</b>	<b>190,992,997</b>

**New York City Off-Track Betting Corporation**

ATTACHMENT V

(Unaudited)

2004                      2005                      2006                      2007                      2008

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	4,991,620	5,789,597	4,938,194	9,797,982	8,618,063
Investments	17,796,607	19,000,000	27,000,000	16,500,000	7,764,438
Accounts Receivable	849,767	760,288	736,128	603,598	1,334,903
Prepaid Expenses and Other Assets	1,177,779	1,035,813	1,349,506	577,579	(190,973)
<b>Total Current Assets</b>	<b>24,815,773</b>	<b>26,585,698</b>	<b>34,023,828</b>	<b>27,479,159</b>	<b>17,526,431</b>

**Fixed Assets**

Land	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture & Fixtures	385,470	417,946	431,436	715,172	718,093
Automobile Equipment	864,284	976,240	1,059,260	1,233,868	1,234,222
Machinery & Equipment	24,313,440	25,288,086	26,282,423	27,602,683	28,523,316
Leasehold Improvements	37,050,948	38,029,507	38,723,702	30,467,308	41,438,481
<b>Total Fixed Assets</b>	<b>62,614,142</b>	<b>64,711,779</b>	<b>66,496,821</b>	<b>60,019,031</b>	<b>71,914,112</b>
Less: Accumulated Depreciation	58,520,517	60,954,103	63,022,908	59,752,650	71,219,073
<b>Net Fixed Assets</b>	<b>4,093,625</b>	<b>3,757,676</b>	<b>3,473,913</b>	<b>266,381</b>	<b>695,039</b>

**Total Assets**

<b>28,909,398</b>	<b>30,343,374</b>	<b>37,497,741</b>	<b>27,745,540</b>	<b>18,221,470</b>
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**Current Liabilities**

Accounts Payable	17,217,758	28,094,218	44,350,969	46,851,640	48,392,397
Due to New York State	3,406,198	3,841,122	3,199,797	3,429,276	3,036,931
Due Breeders Fund	574,959	609,960	2,078,563	1,741,979	2,003,788
Due to Local Governments*	-	-	-	557,170	608,207
Accrued Payroll, Fringe Benefits and Payroll Taxes	4,736,062	4,653,586	5,092,686	11,086,447	13,335,574
Due to NYS Retirement System - Current Portion	-	-	4,752,000	-	-
Telephone Betting Accounts	1,825,320	1,723,426	1,799,198	1,768,133	1,714,707
Notes and Mortgage Payable - Current Portion	-	-	-	-	-
Capital Lease Obligations - Current Portion	-	-	-	-	49,649
Uncashed Vouchers	268,356	258,220	263,331	278,247	303,158
Uncashed Winning Tickets	350,292	417,359	780,283	449,174	440,804
<b>Total Current Liabilities</b>	<b>28,378,945</b>	<b>39,597,891</b>	<b>62,316,827</b>	<b>66,162,066</b>	<b>69,885,215</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	110,773,000	-	-
Capital Lease Obligation	515,979	-	-	-	-
Other	7,148,114	6,981,412	7,071,325	138,923,964	196,435,628
Notes and Mortgages Payable	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>7,664,093</b>	<b>6,981,412</b>	<b>117,844,325</b>	<b>138,923,964</b>	<b>196,435,628</b>

**Total Liabilities**

<b>36,043,038</b>	<b>46,579,303</b>	<b>180,161,152</b>	<b>205,086,030</b>	<b>266,320,843</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	(12,807,977)	(16,325,474)	(141,592,330)	(143,341,078)	(177,392,495)
Surcharge to Counties Conducting Racing	543,297	466,652	462,712	52,964	52,006
Capital Acquisition Fund	4,847,940	-	-	-	-
<b>Total</b>	<b>(7,416,740)</b>	<b>(15,858,822)</b>	<b>(141,129,618)</b>	<b>(143,288,114)</b>	<b>(177,340,489)</b>

**Year To Date**

Net Earnings and Regular Surcharge	(143,498)	639,887	(265,704)	(17,419,248)	(71,379,889)
Surcharge Counties Conducting Racing	352,231	336,949	363,903	2,614,391	2,356,788
Capital Acquisition Fund Contributions	285,878	-	-	-	10,234,597
<b>Total Year To Date</b>	<b>494,611</b>	<b>976,836</b>	<b>98,199</b>	<b>(14,804,857)</b>	<b>(58,788,504)</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	(12,951,475)	(15,685,587)	(141,858,034)	(160,760,326)	(248,772,384)
Surcharge to Counties Conducting Racing	895,528	803,601	826,616	2,667,355	2,408,794
Capital Acquisition Fund	5,133,818	-	-	-	10,234,597
<b>Total Available</b>	<b>(6,922,129)</b>	<b>(14,881,986)</b>	<b>(141,031,418)</b>	<b>(158,092,971)</b>	<b>(236,128,993)</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	5,439	1,231,554	1,483,044	16,632,171	9,612,497
Surcharge to Counties Conducting Racing	206,072	122,389	148,949	2,615,348	2,357,883
<b>Total Distributed</b>	<b>211,511</b>	<b>1,353,943</b>	<b>1,631,993</b>	<b>19,247,519</b>	<b>11,970,380</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	(12,951,475)	(16,917,141)	(143,341,078)	(177,392,497)	(258,384,882)
Surcharge to Counties Conducting Racing	689,456	681,212	677,667	52,007	50,911
Capital Acquisition Fund	5,128,379	-	-	-	10,234,597
<b>Total Undistributed Benefits</b>	<b>(7,133,640)</b>	<b>(16,235,929)</b>	<b>(142,663,411)</b>	<b>(177,340,490)</b>	<b>(248,099,374)</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>28,909,398</b>	<b>30,343,374</b>	<b>37,497,741</b>	<b>27,745,540</b>	<b>18,221,469</b>
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## Suffolk Regional Off-Track Betting Corporation

ATTACHMENT V

	(Unaudited)				
	2004	2005	2006	2007	2008
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	78,762,001	74,739,277	72,374,593	68,111,177	66,022,800
Out of State Thoroughbred Tracks	96,792,065	94,300,450	95,411,835	91,561,746	84,302,475
In State Harness Tracks	7,572,034	5,878,091	5,206,507	9,845,196	8,955,868
Out of State Harness Tracks	22,166,764	24,129,091	22,184,867	18,640,602	19,309,801
Total Net Handle	<b>205,292,864</b>	<b>199,046,909</b>	<b>195,177,802</b>	<b>188,158,721</b>	<b>178,590,944</b>
Less:					
Returned to Bettors	157,243,766	152,243,277	149,072,417	143,850,589	136,340,933
Surcharge	5,917,320	5,828,961	5,813,549	5,441,814	5,211,934
OTB Take Out and Breakage	<b>42,131,778</b>	<b>40,974,671</b>	<b>40,291,836</b>	<b>38,866,318</b>	<b>37,038,077</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,783,159	1,721,517	1,433,530	1,457,619	1,433,507
NY State Regulatory Fee	800,642	876,308	968,135	940,794	892,955
NY State (Uncashed Tickets)	596,078	596,399	645,487	585,550	668,513
Breeders' Fund - Thoroughbred	1,039,727	996,466	1,100,118	975,617	879,695
Breeders' Fund - Harness	498,694	494,677	454,754	456,005	447,585
In State Thoroughbred Tracks	11,123,167	10,560,315	10,421,031	9,868,847	9,308,750
Out of State Thoroughbred Tracks	2,219,125	2,203,157	2,205,550	2,065,026	2,214,987
In State Harness Tracks	2,207,817	2,125,203	1,978,119	2,032,024	1,938,300
Out of State Harness Tracks	474,489	492,145	447,516	377,741	390,113
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<b>20,742,898</b>	<b>20,066,187</b>	<b>19,654,240</b>	<b>18,759,223</b>	<b>18,174,405</b>
Net Racing Revenue	<b>21,388,880</b>	<b>20,908,484</b>	<b>20,637,596</b>	<b>20,107,095</b>	<b>18,863,672</b>
Other Revenue:					
Admission Income	133,752	98,008	96,316	96,940	76,488
Lottery Income	78,739	87,355	99,304	125,792	134,183
Concession Income	69,169	53,200	54,064	53,629	70,428
Derived from Section 532	1,488,345	1,563,189	1,557,487	1,404,818	1,320,903
Interest Income	28,446	47,510	161,139	153,796	56,288
Other Income	2,355,261	2,622,704	2,801,400	709,740	667,679
Uncashed Tickets	596,078	596,398	645,487	585,550	668,513
Total Operating Revenue	<b>26,138,670</b>	<b>25,976,848</b>	<b>26,052,793</b>	<b>23,237,360</b>	<b>21,858,154</b>
Operating Expenses:					
Branch Expenses	16,502,834	16,049,092	16,501,299	14,564,647	14,573,930
Corporate Expenses	9,498,812	9,484,769	9,611,101	9,110,263	9,168,436
Total Operating Expenses - Including Depreciation	<b>26,001,646</b>	<b>25,533,861</b>	<b>26,112,400</b>	<b>23,674,910</b>	<b>23,742,366</b>
Section 516 Net Revenues from Operations	<b>137,024</b>	<b>442,987</b>	<b>(59,607)</b>	<b>(437,550)</b>	<b>(1,884,212)</b>
Section 516 Net Revenues from Operations	<b>137,024</b>	<b>442,987</b>	<b>(59,607)</b>	<b>(437,550)</b>	<b>(1,884,212)</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	(116,488)	(413,035)	(39,851)	-
Section 516 Net Revenue for Distribution (Loss)	<b>137,024</b>	<b>326,499</b>	<b>(472,642)</b>	<b>(477,401)</b>	<b>(1,884,212)</b>
Surcharge:					
Section 532 Revenues to Participating Localities	2,625,565	2,545,873	2,538,126	2,373,980	2,272,275
Section 532 Revenues to Other Localities	1,071,458	982,683	980,639	969,163	951,372
Total Surcharge to all Localities	<b>3,697,023</b>	<b>3,528,556</b>	<b>3,518,765</b>	<b>3,343,143</b>	<b>3,223,647</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	116,488	413,035	39,851	-
Supplemental 1% Section 532	731,952	737,216	737,297	693,853	667,384
Other Fund Revenues net of Expenses	-	(326,410)	130,935	(480,986)	(620,665)
Total Capital Acquisition Funds	<b>731,952</b>	<b>527,294</b>	<b>1,281,267</b>	<b>252,718</b>	<b>46,719</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>4,565,999</b>	<b>4,382,349</b>	<b>4,327,390</b>	<b>3,118,460</b>	<b>1,386,154</b>

Suffolk Regional Off-Track Betting Corporation

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	5,073	3,876	3,605	3,643	3,494
Advertising	12,888	55,236	75,260	91,021	49,921
Amortization & Depreciation	476,111	453,459	450,303	148,045	144,526
Cable TV	17,428	16,182	15,606	14,534	15,714
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,823,548	2,210,318	2,259,713	1,856,691	1,768,469
Insurance	338,927	337,753	286,340	173,593	116,724
Interest Expense	319,843	301,260	281,099	261,188	237,829
Maintenance & Repairs	231,640	190,030	238,731	258,021	221,018
Marketing & Promotions	283,694	234,871	318,768	384,601	404,016
Office Expense	27,522	89,874	110,120	64,020	98,147
Other Expenses & Services	31,992	62,229	30,594	72,824	45,394
Professional Fees	2,400	45	1,072	18,535	1,900
Racing Informa ion	739,602	667,593	691,797	742,192	635,879
Rent	1,115,330	1,140,570	1,272,424	1,256,241	1,612,051
Rental of Equipment	355,839	380,334	402,876	334,347	360,453
Salaries and Wages	7,587,056	7,657,055	7,837,419	6,724,186	6,709,174
Security/Armored Carrier Expense	31,024	23,936	30,101	40,469	38,840
Simulcast Fees	141,450	142,375	137,750	141,257	138,754
Telephone & Data Lines	223,255	237,001	195,674	210,337	97,042
Totalizator Expense	1,327,565	1,349,370	1,357,084	1,312,891	1,386,528
Travel & Reimbursement	500	1,199	-	6	6
Utilities	410,147	456,718	504,963	474,845	488,050
<b>Total Branch Expenses</b>	<b>16,502,834</b>	<b>16,011,284</b>	<b>16,501,299</b>	<b>14,583,487</b>	<b>14,573,929</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	-	289	-	-	-
Amortization & Depreciation	176,413	145,044	169,484	89,353	75,276
Cable TV	4,851	3,195	874	992	1,122
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	10,450	9,100	30,217	10,279	9,067
Fringe Benefits	2,822,218	2,969,881	3,077,197	3,011,304	2,974,643
Insurance	182,516	190,705	192,942	130,632	120,449
Interest Expense	-	-	1,517	-	-
Maintenance & Repairs	114,297	88,991	79,486	64,683	81,410
Marketing & Promotions	-	81	2,537	639	1,205
Office Expense	39,597	29,407	41,889	35,607	44,701
Other Expenses & Services	220,845	177,607	181,815	118,256	155,450
Professional Fees	260,381	244,838	247,397	222,396	193,476
Racing Informa ion	-	441	1,685	1,685	1,685
Rent	4,206	3,698	52,851	51,917	47,429
Rental of Equipment	4,085	30,405	33,768	34,169	20,290
Salaries and Wages	5,497,599	5,410,976	5,324,866	5,139,122	4,121,327
Security/Armored Carrier Expense	2,460	2,715	5,145	2,128	3,770
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	35,393	36,839	30,896	30,871	26,622
Totalizator Expense	-	-	-	-	-
Travel & Reimbursement	26,938	20,175	15,107	69,969	76,144
Utilities	96,563	120,385	121,427	95,379	96,004
<b>Total Corporate Expenses</b>	<b>9,498,812</b>	<b>9,484,772</b>	<b>9,611,100</b>	<b>9,109,381</b>	<b>9,168,436</b>
<b>Combined Expenses</b>					
Admissions Tax	5,073	3,876	3,605	3,643	3,494
Advertising	12,888	55,525	75,260	91,021	49,921
Amortization & Depreciation	652,524	598,503	619,787	237,398	219,802
Cable TV	22,279	19,377	16,480	15,526	16,836
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	10,450	9,100	30,217	10,279	9,067
Fringe Benefits	5,645,766	5,180,199	5,336,910	4,867,995	4,743,112
Insurance	521,443	528,458	479,282	304,225	237,173
Interest Expense	319,843	301,260	282,616	261,188	237,829
Maintenance & Repairs	345,937	279,021	318,217	322,704	302,428
Marketing & Promotions	283,694	234,952	321,305	385,240	405,221
Office Expense	67,119	119,281	152,009	99,627	142,848
Other Expenses & Services	252,837	239,836	212,409	191,080	200,844
Professional Fees	262,781	244,883	248,469	240,931	195,376
Racing Informa ion	739,602	668,034	693,482	743,877	637,564
Rent	1,119,536	1,144,268	1,325,275	1,308,158	1,659,480
Rental of Equipment	359,924	410,739	436,644	368,516	380,743
Salaries and Wages	13,084,655	13,068,031	13,162,285	11,863,308	11,948,867
Security/Armored Carrier Expense	33,484	26,651	35,246	42,597	42,610
Simulcast Fees	141,450	142,375	137,750	141,257	138,754
Telephone & Data Lines	258,648	273,840	226,570	241,208	123,664
Totalizator Expense	1,327,565	1,349,370	1,357,084	1,312,891	1,386,528
Travel & Reimbursement	27,438	21,374	15,107	69,975	76,150
Utilities	506,710	577,103	626,390	570,224	584,054
<b>TOTAL EXPENSES</b>	<b>26,001,646</b>	<b>25,496,056</b>	<b>26,112,399</b>	<b>23,692,868</b>	<b>23,742,365</b>

## Suffolk Regional Off-Track Betting Corporation

ATTACHMENT V

(Unaudited)

	2004	2005	2006	2007	2008
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**BALANCE SHEET (EXHIBIT 2)****Current Assets**

Cash and Cash Equivalents	3,981,596	5,988,270	5,569,779	4,245,729	3,527,336
Investments	-	1,000,000	-	-	-
Accounts Receivable	1,132,078	763,915	691,724	541,321	596,992
Prepaid Expenses and Other Assets	697,893	364,488	826,103	953,312	960,792
<b>Total Current Assets</b>	<b>5,811,567</b>	<b>8,116,673</b>	<b>7,087,606</b>	<b>5,740,362</b>	<b>5,085,120</b>

**Fixed Assets**

Land	2,146,875	2,146,875	2,058,342	2,058,342	2,058,342
Buildings	10,584,271	10,802,573	11,203,251	10,832,229	10,876,368
Furniture & Fixtures	430,980	425,679	424,639	525,076	535,993
Automobile Equipment	537,216	513,375	300,411	400,338	441,271
Machinery & Equipment	3,075,442	3,301,463	3,307,646	2,211,186	2,283,188
Leasehold Improvements	3,775,213	3,905,194	4,109,935	3,247,138	3,266,131
<b>Total Fixed Assets</b>	<b>20,549,997</b>	<b>21,095,159</b>	<b>21,404,224</b>	<b>19,274,309</b>	<b>19,461,293</b>

Less: Accumulated Depreciation

**Net Fixed Assets****Total Assets**

	8,165,566	8,710,427	8,662,032	4,911,947	5,618,184
<b>Net Fixed Assets</b>	<b>12,384,431</b>	<b>12,384,732</b>	<b>12,742,192</b>	<b>14,362,362</b>	<b>13,843,109</b>
	-	-	-	-	-
<b>Total Assets</b>	<b>18,195,998</b>	<b>20,501,405</b>	<b>19,829,798</b>	<b>20,102,724</b>	<b>18,928,229</b>

**Current Liabilities**

Accounts Payable	1,955,521	2,661,178	3,569,096	4,484,251	5,545,515
Due to New York State	59,020	103,372	86,310	210,945	59,514
Due Breeders Fund	-	117,552	127,881	11,634	82,445
Due to Local Governments*	92,081	67,883	72,747	-	-
Accrued Payroll, Fringe Benefits and Payroll Taxes	1,871,789	1,883,540	1,918,665	2,006,856	2,027,958
Due to NYS Retirement System - Current Portion	390,206	1,560,091	154,119	-	-
Telephone Betting Accounts	324,066	396,643	373,069	329,275	298,282
Notes and Mortgage Payable - Current Portion	272,545	292,315	313,600	367,214	396,326
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	175,451	163,674	174,127	165,611	187,870
Uncashed Winning Tickets	673,819	738,923	775,198	673,987	741,266
<b>Total Current Liabilities</b>	<b>5,814,498</b>	<b>7,985,171</b>	<b>7,564,812</b>	<b>8,249,773</b>	<b>9,339,176</b>

**Long Term Liabilities**

Due to NYS Retirement System	296,821	154,119	-	-	-
Capital Lease Obligation	-	-	-	-	-
Other	-	-	-	-	-
Notes and Mortgages Payable	4,182,051	3,889,703	3,575,678	3,673,314	3,276,717
<b>Total Long Term Liabilities</b>	<b>4,478,872</b>	<b>4,043,822</b>	<b>3,575,678</b>	<b>3,673,314</b>	<b>3,276,717</b>
	-	-	-	-	-
<b>Total Liabilities</b>	<b>10,293,370</b>	<b>12,028,993</b>	<b>11,140,490</b>	<b>11,923,087</b>	<b>12,615,893</b>

**Undistributed Benefits To Localities****As of January 1:**

Net Earnings and Regular Surcharge	482,251	187,276	412,987	401,000	(417,901)
Surcharge to Counties Conducting Racing	-	-	-	72,747	56,512
Capital Acquisition Fund	7,697,283	7,715,352	8,059,424	8,288,310	8,541,025
<b>Total</b>	<b>8,179,534</b>	<b>7,902,628</b>	<b>8,472,411</b>	<b>8,762,057</b>	<b>8,179,636</b>

**Year To Date**

Net Earnings and Regular Surcharge	2,762,589	2,662,452	2,478,519	1,878,621	388,064
Surcharge Counties Conducting Racing	-	-	-	969,163	951,372
Capital Acquisition Fund Contributions	731,952	737,216	868,232	252,715	46,718
<b>Total Year To Date</b>	<b>3,494,541</b>	<b>3,399,668</b>	<b>3,346,751</b>	<b>3,100,499</b>	<b>1,386,154</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	3,244,840	2,733,240	2,478,471	2,279,620	(29,837)
Surcharge to Counties Conducting Racing	-	-	-	1,041,910	1,007,884
Capital Acquisition Fund	8,429,235	8,569,056	9,340,692	8,541,025	8,587,744
<b>Total Available</b>	<b>11,674,075</b>	<b>11,302,296</b>	<b>11,819,163</b>	<b>11,862,555</b>	<b>9,565,791</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	3,771,447	2,829,885	3,129,853	2,697,521	2,299,051
Surcharge to Counties Conducting Racing	-	-	-	985,398	954,404
<b>Total Distributed</b>	<b>3,771,447</b>	<b>2,829,885</b>	<b>3,129,853</b>	<b>3,682,919</b>	<b>3,253,455</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	187,276	412,987	401,000	(417,901)	(2,328,888)
Surcharge to Counties Conducting Racing	-	-	-	56,512	53,480
Capital Acquisition Fund	7,715,352	8,059,424	8,288,310	8,541,025	8,587,744
<b>Total Undistributed Benefits</b>	<b>7,902,628</b>	<b>8,472,411</b>	<b>8,689,310</b>	<b>8,179,636</b>	<b>6,312,336</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

	18,195,998	20,501,404	19,829,800	20,102,723	18,928,229
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## Western Regional Off-Track Betting Corporation

ATTACHMENT V

	(Unaudited)				
	2004	2005	2006	2007	2008
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	47,336,000	44,243,373	41,357,878	41,240,391	39,909,495
Out of State Thoroughbred Tracks	64,482,280	60,803,204	59,233,409	60,038,837	56,453,035
In State Harness Tracks	11,764,927	12,385,270	12,944,369	15,253,144	14,087,215
Out of State Harness Tracks	25,958,365	27,970,807	26,692,985	22,902,670	23,535,938
Total Net Handle	<b>149,541,572</b>	<b>145,402,654</b>	<b>140,228,641</b>	<b>139,435,042</b>	<b>133,985,683</b>
Less:					
Returned to Bettors	111,157,018	107,871,069	104,009,482	103,631,039	99,558,160
Surcharge	6,518,408	6,372,986	6,137,177	6,050,691	5,775,574
	-	-	-	-	-
OTB Take Out and Breakage	<b>31,866,146</b>	<b>31,158,599</b>	<b>30,081,982</b>	<b>29,753,312</b>	<b>28,651,949</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,410,394	1,377,463	1,239,935	1,251,172	1,213,790
NY State Regulatory Fee	583,212	639,149	701,143	697,175	669,928
NY State (Uncashed Tickets)	615,000	610,000	650,000	650,000	600,000
Breeders' Fund - Thoroughbred	651,615	606,306	640,743	615,789	554,245
Breeders' Fund - Harness	467,184	483,633	468,931	459,875	456,205
In State Thoroughbred Tracks	6,930,660	6,480,397	6,084,114	6,092,655	5,703,428
Out of State Thoroughbred Tracks	1,474,048	1,488,926	1,423,497	1,436,086	1,508,807
In State Harness Tracks	2,714,487	2,652,059	2,730,643	2,815,804	2,804,869
Out of State Harness Tracks	591,202	563,820	521,867	457,337	470,713
City of Albany	-	-	-	-	-
City of Niagara	63,567	55,576	48,439	42,566	-
	-	-	-	-	-
Total Payments	<b>15,501,369</b>	<b>14,957,329</b>	<b>14,509,312</b>	<b>14,518,459</b>	<b>13,981,985</b>
	-	-	-	-	-
Net Racing Revenue	<b>16,364,777</b>	<b>16,201,270</b>	<b>15,572,670</b>	<b>15,234,853</b>	<b>14,669,964</b>
Other Revenue:					
Admission Income	2,780	3,409	1,847	2,185	1,723
Lottery Income	417,291	396,306	403,219	391,092	376,847
Concession Income	21,294	20,897	22,821	23,130	22,625
Derived from Section 532	1,804,455	1,787,603	1,723,730	1,643,369	1,570,576
Interest Income	10,620	15,748	67,351	60,164	32,610
Other Income	(1,644,491)	(770,787)	808,153	1,733,181	3,737,488
Uncashed Tickets	615,000	610,000	650,000	650,000	600,000
	-	-	-	-	-
Total Operating Revenue	<b>17,591,726</b>	<b>18,264,446</b>	<b>19,249,791</b>	<b>19,737,974</b>	<b>21,011,833</b>
Operating Expenses:					
Branch Expenses	15,405,770	15,229,552	14,796,707	14,869,309	14,594,902
Corporate Expenses	4,349,576	4,411,936	4,333,263	4,711,511	4,889,831
	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>19,755,346</b>	<b>19,641,488</b>	<b>19,129,970</b>	<b>19,580,820</b>	<b>19,484,733</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
Surcharge:					
Section 532 Revenues to Participating Localities	2,833,497	2,787,377	2,679,516	2,627,105	2,503,838
Section 532 Revenues to Other Localities	1,026,753	945,741	910,004	971,766	933,202
	-	-	-	-	-
Total Surcharge to all Localities	<b>3,860,250</b>	<b>3,733,118</b>	<b>3,589,520</b>	<b>3,598,871</b>	<b>3,437,040</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	853,703	852,265	823,927	808,451	767,958
Other Fund Revenues net of Expenses	(1,199,018)	(862,329)	(1,031,977)	(1,035,280)	(1,006,279)
	-	-	-	-	-
Total Capital Acquisition Funds	<b>(345,315)</b>	<b>(10,064)</b>	<b>(208,050)</b>	<b>(226,829)</b>	<b>(238,321)</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>1,351,315</b>	<b>2,346,012</b>	<b>3,501,291</b>	<b>3,529,196</b>	<b>4,725,819</b>

## Western Regional Off-Track Betting Corporation

ATTACHMENT V

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	216,416	68,532	68,530	110,017
Advertising	1,254	641	2,031	3,250	5,498
Amortization & Depreciation	1,114,231	1,081,826	1,072,306	391,368	358,118
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,591,225	2,441,877	2,452,076	2,481,497	2,233,299
Insurance	323,469	345,895	303,874	234,842	188,707
Interest Expense	-	-	-	-	-
Maintenance & Repairs	947,197	846,600	891,666	1,095,716	984,977
Marketing & Promotions	-	-	-	-	-
Office Expense	-	-	-	-	-
Other Expenses & Services	961,842	1,074,900	1,078,452	1,042,307	1,129,483
Professional Fees	-	-	-	-	-
Racing Informa ion	348,399	318,119	347,138	376,334	404,065
Rent	457,958	412,659	308,194	304,233	318,982
Rental of Equipment	-	-	-	-	-
Salaries and Wages	7,830,132	7,512,978	7,544,611	7,538,009	7,450,640
Security/Armored Carrier Expense	149,879	135,481	55,436	37,439	38,699
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	339,114	342,080	329,103	355,277	428,719
Totalizator Expense	143,444	141,184	103,907	122,606	114,168
Travel & Reimbursement	5,050	5,298	3,912	5,637	7,182
Utilities	793,929	789,168	763,186	810,019	822,348
<b>Total Branch Expenses</b>	<b>16,007,123</b>	<b>15,665,122</b>	<b>15,324,424</b>	<b>14,867,064</b>	<b>14,594,902</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	131,128	142,397	134,144	141,417	190,861
Amortization & Depreciation	232,734	249,463	214,687	72,479	93,338
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	91,249	90,677	93,597	48,906	102,385
Fringe Benefits	1,438,123	1,463,555	1,549,850	1,580,015	1,619,064
Insurance	97,693	96,674	89,370	97,410	62,045
Interest Expense	6,757	97,919	124,048	59,006	52,015
Maintenance & Repairs	100,531	114,547	141,595	123,430	128,551
Marketing & Promotions	28,461	12,546	-	-	-
Office Expense	(17,196)	-	-	-	-
Other Expenses & Services	331,981	327,788	453,825	508,352	195,262
Professional Fees	126,104	184,675	166,740	163,873	157,803
Racing Informa ion	-	-	-	-	-
Rent	96,553	97,700	107,940	36,368	1,440
Rental of Equipment	-	-	-	-	213,430
Salaries and Wages	2,195,889	1,868,972	1,675,642	1,790,059	1,488,946
Security/Armored Carrier Expense	-	-	-	-	-
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	31,513	31,852	33,177	29,764	28,326
Totalizator Expense	-	-	-	-	-
Travel & Reimbursement	11,277	11,086	13,447	28,738	11,729
Utilities	48,132	57,654	62,913	31,694	11,932
<b>Total Corporate Expenses</b>	<b>4,950,929</b>	<b>4,847,505</b>	<b>4,860,975</b>	<b>4,711,511</b>	<b>4,889,832</b>
<b>Combined Expenses</b>					
Admissions Tax	-	216,416	68,532	68,530	110,017
Advertising	132,382	143,038	136,175	144,667	196,359
Amortization & Depreciation	1,346,965	1,331,289	1,286,993	463,847	451,456
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	91,249	90,677	93,597	48,906	102,385
Fringe Benefits	4,029,348	3,905,432	4,001,926	4,061,512	3,852,363
Insurance	421,162	442,569	393,244	332,252	250,752
Interest Expense	6,757	97,919	124,048	59,006	52,015
Maintenance & Repairs	1,047,728	961,147	1,033,261	1,219,146	1,113,528
Marketing & Promotions	28,461	12,546	-	-	-
Office Expense	(17,196)	-	-	-	-
Other Expenses & Services	1,293,823	1,402,688	1,532,277	1,550,659	1,324,745
Professional Fees	126,104	184,675	166,740	163,873	157,803
Racing Informa ion	348,399	318,119	347,138	376,334	404,065
Rent	554,511	510,359	416,134	340,601	320,422
Rental of Equipment	-	-	-	-	213,430
Salaries and Wages	10,026,021	9,381,950	9,220,253	9,328,068	9,472,291
Security/Armored Carrier Expense	149,879	135,481	55,436	37,439	38,699
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	370,627	373,932	362,280	385,041	457,045
Totalizator Expense	143,444	141,184	103,907	122,606	114,168
Travel & Reimbursement	16,327	16,384	17,359	34,375	18,911
Utilities	842,061	846,822	826,099	841,713	834,280
<b>TOTAL EXPENSES</b>	<b>20,958,052</b>	<b>20,512,627</b>	<b>20,185,399</b>	<b>19,578,575</b>	<b>19,484,734</b>

## Western Regional Off-Track Betting Corporation

ATTACHMENT V

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	1,200,537	2,725,694	4,044,233	3,630,102	5,748,814
Investments	-	-	-	-	-
Accounts Receivable	586,404	2,774,524	1,816,490	2,155,320	1,177,420
Prepaid Expenses and Other Assets	454,456	928,233	679,810	-	-
<b>Total Current Assets</b>	<b>2,241,397</b>	<b>6,428,451</b>	<b>6,540,533</b>	<b>5,785,422</b>	<b>6,926,234</b>
<b>Fixed Assets</b>					
Land	7,098,749	7,214,847	7,240,310	7,269,127	7,406,815
Buildings	37,462,532	39,389,234	39,472,612	40,568,348	42,133,642
Furniture & Fixtures	2,932,434	3,137,444	4,267,526	7,229,806	8,030,283
Automobile Equipment	582,595	529,970	533,520	572,088	585,433
Machinery & Equipment	3,313,913	3,719,649	2,862,823	-	-
Leasehold Improvements	1,430,212	1,430,212	777,768	420,029	418,974
Total Fixed Assets	52,820,435	55,421,356	55,154,559	56,059,398	58,575,147
Less: Accumulated Depreciation	19,607,129	21,690,801	23,030,425	24,692,822	26,915,990
<b>Net Fixed Assets</b>	<b>33,213,306</b>	<b>33,730,555</b>	<b>32,124,134</b>	<b>31,366,576</b>	<b>31,659,157</b>
<b>Total Assets</b>	<b>35,454,703</b>	<b>40,159,006</b>	<b>38,664,667</b>	<b>37,151,998</b>	<b>38,585,391</b>
<b>Current Liabilities</b>					
Accounts Payable	2,148,661	5,125,215	6,068,001	5,308,171	6,789,768
Due to New York State	64,982	671,569	58,570	248,058	731,663
Due Breeders Fund	1,118,798	1,089,942	183,963	102,105	145,921
Due to Local Governments*	57,957	47,760	52,761	47,863	39,627
Accrued Payroll, Fringe Benefits and Payroll Taxes	844,408	827,128	816,101	878,100	971,878
Due to NYS Retirement System - Current Portion	1,057,386	840,503	1,037,844	780,857	719,328
Telephone Betting Accounts	115,468	130,153	121,073	131,108	126,237
Notes and Mortgage Payable - Current Portion	7,200,000	1,068,432	448,500	475,571	504,276
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	56,568	71,856	115,003	84,754	103,148
Uncashed Winning Tickets	86,729	90,011	124,440	204,242	66,090
<b>Total Current Liabilities</b>	<b>12,750,957</b>	<b>9,962,569</b>	<b>9,026,256</b>	<b>8,260,829</b>	<b>10,197,936</b>
<b>Long Term Liabilities</b>					
Due to NYS Retirement System	127,434	497,193	496,438	496,438	437,125
Capital Lease Obligation	-	-	-	-	-
OTHER	-	-	-	-	146,663
Notes and Mortgages Payable	-	8,664,215	8,194,504	7,718,933	7,214,657
<b>Total Long Term Liabilities</b>	<b>127,434</b>	<b>9,161,408</b>	<b>8,690,942</b>	<b>8,215,371</b>	<b>7,798,445</b>
<b>Total Liabilities</b>	<b>12,878,391</b>	<b>19,123,977</b>	<b>17,717,198</b>	<b>16,476,200</b>	<b>17,996,381</b>
<b>Undistributed Benefits To Localities</b>					
<b>As of January 1:</b>					
Net Earnings and Regular Surcharge	7,386,658	(7,619,358)	(9,150,576)	(9,030,086)	(9,196,478)
Surcharge to Counties Conducting Racing	-	-	-	-	1,968
Capital Acquisition Fund	17,713,174	30,195,669	30,185,604	29,977,554	29,750,724
<b>Total</b>	<b>25,099,832</b>	<b>22,576,311</b>	<b>21,035,028</b>	<b>20,947,468</b>	<b>20,556,214</b>
<b>Year To Date</b>					
Net Earnings and Regular Surcharge	652,681	1,410,335	2,799,337	2,784,259	3,882,058
Surcharge Counties Conducting Racing	219,553	211,986	197,912	208,176	226,387
Capital Acquisition Fund Contributions	(345,315)	(10,065)	(208,050)	(226,830)	(238,322)
<b>Total Year To Date</b>	<b>526,919</b>	<b>1,612,256</b>	<b>2,789,199</b>	<b>2,765,605</b>	<b>3,870,123</b>
<b>Available For Distribution</b>					
Net Earnings and Regular Surcharge	8,039,339	(6,209,023)	(6,351,239)	(6,245,827)	(5,314,420)
Surcharge to Counties Conducting Racing	219,553	211,986	197,912	208,176	228,355
Capital Acquisition Fund	17,367,859	30,185,604	29,977,554	29,750,724	29,512,402
<b>Total Available</b>	<b>25,626,751</b>	<b>24,188,567</b>	<b>23,824,227</b>	<b>23,713,073</b>	<b>24,426,337</b>
<b>Distributed To Localities</b>					
Net Earnings and Regular Surcharge	2,830,887	2,943,754	2,678,225	2,949,074	3,613,644
Surcharge to Counties Conducting Racing	219,553	209,785	198,534	207,787	223,682
<b>Total Distributed</b>	<b>3,050,440</b>	<b>3,153,539</b>	<b>2,876,759</b>	<b>3,156,861</b>	<b>3,837,326</b>
<b>Undistributed Benefits</b>					
Net Earnings and Regular Surcharge	(7,619,358)	(9,152,777)	(9,031,665)	(9,194,901)	(8,928,064)
Surcharge to Counties Conducting Racing	-	2,201	1,579	415,963	4,673
Capital Acquisition Fund	30,195,669	30,185,604	29,977,554	29,750,724	29,512,402
<b>Total Undistributed Benefits</b>	<b>22,576,311</b>	<b>21,035,028</b>	<b>20,947,468</b>	<b>20,971,786</b>	<b>20,589,011</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>	<b>35,454,702</b>	<b>40,159,005</b>	<b>38,664,666</b>	<b>37,447,986</b>	<b>38,585,392</b>

**New York State Race Tracks  
Financial Statements  
2004**

	Batavia Downs Casino	Fairgrounds Gaming & Raceway*	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway	Total
<b>Revenues</b>										0
Pari-Mutuel Commissions - Live & Simulcast:	971,849	2,800,241		2,797,583	161,334,000			3,600,359	21,608,548	193,112,580
NYS OTB Commissions	183,961	1,966,490		7,859,127	95,217,000			1,136,163	12,166,078	118,528,819
Other revenues	73,262	2,411,819		1,946,006	30,979,000			3,521,863	471,368	39,403,318
Net VGM Track Commission	0	7,973,743		9,362,655	0				0	17,336,398
Less VGM Expenses	0			2,857,725	0				0	2,857,725
Net Gaming Revenues	0	7,973,743		6,504,930	0		0	0	0	14,478,673
<b>Total Revenues</b>	<b>1,229,072</b>	<b>15,152,293</b>		<b>19,107,646</b>	<b>287,530,000</b>		<b>0</b>	<b>8,258,385</b>	<b>34,245,994</b>	<b>365,523,390</b>
<b>Expenses</b>										
Amounts paid to NYS - Taxes from Racing	91,448	196,801		218,595	10,549,000			179,427	2,096,624	13,331,895
Amounts paid to Breeders from Racing	35,365	444,812		122,743	3,175,000			69,703	680,653	4,528,276
Amounts paid for Purses-net	285,798	3,551,968		4,979,682	120,863,000			1,750,206	15,381,819	146,812,473
Pari-Mutuel & Operating Expenses	0	4,408,426		12,766,985	0			10,180,217	7,278,614	34,634,242
General and Admin Expenses	1,952,817	6,492,131		3,489,009	157,689,000			0	10,174,687	179,797,644
Depreciation	368,751	23,963		507,353	8,632,000			385,331	972,681	10,890,079
Other Expenses	136,080	365,926		55,500				2,575,985	4,829,451	7,962,942
<b>Total Expenses</b>	<b>2,870,259</b>	<b>15,484,027</b>		<b>22,139,867</b>	<b>300,908,000</b>		<b>0</b>	<b>15,140,869</b>	<b>41,414,529</b>	<b>397,957,551</b>
<b>Income (Loss) before Taxes</b>	(1,641,187)	(331,734)		(3,032,221)	(13,378,000)		0	(6,882,484)	(7,168,535)	(32,434,161)
Other expense/(Income)	(90,084)	0		243,964	0			(352,191)	(604,446)	(802,757)
Interest Expense	126,260	57,055		2,374,531	2,610,000			2,186,598	1,477,815	8,832,259
<b>Total Net Income (Loss) Before Taxes</b>	<b>(1,677,363)</b>	<b>(388,789)</b>		<b>(5,650,716)</b>	<b>(15,988,000)</b>		<b>0</b>	<b>(8,716,891)</b>	<b>(8,041,904)</b>	<b>(40,463,663)</b>
Provision for Income Taxes, Expense (Benefit)	0	0		0	0		0	0	(70,349)	(70,349)
<b>Net Income (Loss)</b>	<b>(1,677,363)</b>	<b>(388,789)</b>		<b>(5,650,716)</b>	<b>(15,988,000)</b>		<b>0</b>	<b>(8,716,891)</b>	<b>(7,971,555)</b>	<b>(40,393,314)</b>

<b>Number of Live Race Days</b>	<b>2</b>	<b>87</b>	<b>157</b>	<b>230</b>	<b>252</b>	<b>165</b>	<b>0</b>	<b>44</b>	<b>207</b>	<b>1,144</b>
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Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

**New York State Race Tracks  
Financial Statements  
2004**

	Batavia Downs Casino	Fairgrounds Gaming & Raceway*	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway	Total
<b>Assets</b>										
<u>Current Assets</u>										
Cash and Cash Equivalents	^	2,175,953		5,247,529	10,330,000			71,578	2,429,882	20,254,942
Investments		0		0	0				0	0
Receivables		486,167		2,679,637	16,244,000			154,175	4,070,518	23,634,497
Restricted Cash		490,028		159,282	12,650,000			259,620	0	13,558,930
Prepaid Expenses		129,512		790,551	1,647,000				419,498	2,986,561
Other Assets		62,829		0	0			366,339	0	429,168
<b>Total Current Assets</b>	<b>0</b>	<b>3,344,489</b>		<b>8,876,999</b>	<b>40,871,000</b>		<b>0</b>	<b>851,712</b>	<b>6,919,898</b>	<b>60,864,098</b>
<u>Property Plant and Equipment</u>										
Land and Land Improvements		294,128		2,251,196	32,905,000				12,825,814	48,276,138
Buildings and Building Improvements		0		28,530,758	196,565,000				0	225,095,758
Furniture Fixture and Equipment		653,832		2,742,908	45,465,000		21,957,102		5,208,492	76,027,334
Construction in progress		0		0	8,518,000				0	8,518,000
Other Assets		616,131		129,732	419,000			121,671	40,326,642	41,613,176
Less: Accumulated Depreciation		1,176,580		507,353	208,811,000			13,130,780	22,266,506	245,892,219
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>387,511</b>		<b>33,147,241</b>	<b>75,061,000</b>		<b>0</b>	<b>8,947,993</b>	<b>36,094,442</b>	<b>153,638,187</b>
<u>Other Assets</u>										
Intangible Assets		0		0	10,927,000				0	10,927,000
Due from affiliated Companies		0		0	0				3,708,888	3,708,888
Loans receivable from shareholders		0		0	0				6,181,343	6,181,343
Other Assets		13,393		0	5,153,000			598,156	83,160	5,847,709
<b>Total Assets</b>	<b>0</b>	<b>3,745,393</b>		<b>42,024,240</b>	<b>132,012,000</b>		<b>0</b>	<b>10,397,861</b>	<b>52,987,731</b>	<b>241,167,225</b>
<b>Liabilities and Shareholders Equity</b>										
<u>Current liabilities</u>										
Current Portion of Long Term Debt & N/P		0		0	0			26,847,074	39,500,000	66,347,074
Accounts Payable		776,572		1,492,618	17,953,000			4,505,413	8,902,905	33,630,508
Accrued Expenses		249,710		1,216,754	8,604,000			0	7,304,547	17,375,011
Purses Payable		888,660		2,615,866	15,848,000			461,455	2,619,787	22,433,768
Statutory Payables		0		0	1,476,000			0	6,850,309	8,326,309
State Facility		0		0	0			0	0	0
Other Liabilities		74,005		1,447,499	32,527,000			384,131	5,006	34,437,641
<b>Total Current Liabilities</b>	<b>0</b>	<b>1,988,947</b>		<b>6,772,737</b>	<b>76,408,000</b>		<b>0</b>	<b>32,198,073</b>	<b>65,182,554</b>	<b>182,550,311</b>
<u>Non Current Liabilities</u>										
Long Term accrued expenses		0		0	72,515,000			0	0	72,515,000
Due to Shareholder/Parent		1,451,172		40,902,219	0			0	0	42,353,391
Long Term Debt		1,351,000		0	0			26,394	0	1,377,394
Other LT Liabilities		3,724,044		0	117,814,000			0	0	121,538,044
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>6,526,216</b>		<b>40,902,219</b>	<b>190,329,000</b>		<b>0</b>	<b>26,394</b>	<b>3,611,904</b>	<b>241,395,733</b>
Minority Interest in consolidated Partnerships		0		0	0				0	0
<u>Shareholders Equity</u>										
Stock	0	10,500		0	1,000			4,629,236	6,691,508	11,332,244
Less: Treasury Stock	0	0		0	0				0	0
Retained Earnings/(Accumulated Deficit)		(4,780,270)		(5,650,716)	(102,155,000)			(26,455,842)	(22,498,235)	(161,540,063)
Accumulated other comprehensive Income/(Loss)				0	(32,571,000)					(32,571,000)
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>(4,769,770)</b>		<b>(5,650,716)</b>	<b>(134,725,000)</b>		<b>0</b>	<b>(21,826,606)</b>	<b>(15,806,727)</b>	<b>(182,778,819)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>3,745,393</b>		<b>42,024,240</b>	<b>132,012,000</b>		<b>0</b>	<b>10,397,861</b>	<b>52,987,731</b>	<b>241,167,225</b>

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.  
Note: Tioga Downs Opened in June 2006. Vernon Downs closed from July 2004 to August 2006.

**New York State Race Tracks  
Financial Statements  
2005**

	Batavia Downs Casino	Fairgrounds Gaming & Raceway*	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway**	Total
<b>Revenues</b>										0
Pari-Mutuel Commissions - Live & Simulcast:	1,879,674	2,846,915		3,946,588	144,450,000				6,896,170	160,019,347
NYS OTB Commissions	1,033,155	1,407,605		11,705,030	96,719,000				8,241,139	119,105,929
Other revenues	385,940	5,294,243		3,036,823	39,726,000				188,909	48,631,915
Net VGM Track Commission	4,697,530	11,732,774		21,237,110	0				0	37,667,414
Less VGM Expenses	3,003,956			2,510,027	0				0	5,513,983
Net Gaming Revenues	1,693,574	11,732,774		18,727,083	0		0	0	0	32,153,431
<b>Total Revenues</b>	<b>4,992,343</b>	<b>21,281,537</b>		<b>37,415,524</b>	<b>280,895,000</b>		<b>0</b>	<b>0</b>	<b>15,326,218</b>	<b>359,910,622</b>
<b>Expenses</b>										
Amounts paid to NYS - Taxes from Racing	180,460	203,062		233,885	9,974,000				952,185	11,543,592
Amounts paid to Breeders from Racing	73,164	574,064		139,277	2,970,000				296,082	4,052,587
Amounts paid for Purses-net	2,080,200	4,432,429		5,923,429	115,595,000				4,975,800	133,006,858
Pari-Mutuel & Operating Expenses	3,221,724	4,949,426		15,545,405					8,961,973	32,678,528
General and Admin Expenses		9,267,432		4,149,170	156,757,000				10,118,050	180,291,652
Depreciation	937,157	61,650		1,118,675	7,953,000				998,753	11,069,235
Other Expenses	164,848	1,069,400		812,497	134,000				594,000	2,774,745
<b>Total Expenses</b>	<b>6,657,553</b>	<b>20,557,463</b>		<b>27,922,338</b>	<b>293,383,000</b>		<b>0</b>	<b>0</b>	<b>26,896,843</b>	<b>375,417,197</b>
<b>Income (Loss) before Taxes</b>	(1,665,210)	724,074		9,493,186	(12,488,000)		0	0	(11,570,625)	(15,506,575)
Other expense/(Income)	(95,829)	0		0	0				(2,060,735)	(2,156,564)
Interest Expense	0	52,644		5,200,000	2,546,000				2,891,589	10,690,233
<b>Total Net Income (Loss) Before Taxes</b>	<b>(1,569,381)</b>	<b>671,430</b>		<b>4,293,186</b>	<b>(15,034,000)</b>		<b>0</b>	<b>0</b>	<b>(12,401,479)</b>	<b>(24,040,244)</b>
Provision for Income Taxes, Expense (Benefit)	0	8,340		0	0		0	0	6,180	14,520
<b>Net Income (Loss)</b>	<b>(1,569,381)</b>	<b>663,090</b>		<b>4,293,186</b>	<b>(15,034,000)</b>		<b>0</b>	<b>0</b>	<b>(12,407,659)</b>	<b>(24,054,764)</b>

<b>Number of Live Race Days</b>	<b>58</b>	<b>84</b>	<b>160</b>	<b>235</b>	<b>254</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>105</b>	<b>1,069</b>
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Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

\*\* Yonkers closed in July 2005 for construction and renovations relating to beginning VGM operations.

**New York State Race Tracks  
Financial Statements  
2005**

	Batavia Downs Casino	Fairgrounds Gaming & Raceway*	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway**	Total
<b>Assets</b>										
<u>Current Assets</u>										
Cash and Cash Equivalents	^	2,717,947		6,341,550	9,672,000				3,114,377	21,845,874
Investments		0		0	0				0	0
Receivables		263,501		3,358,497	12,035,000				1,800,098	17,457,096
Restricted Cash		2,242,910		4,304,847	14,539,000				0	21,086,757
Prepaid Expenses		108,050		1,026,389	2,217,000				535,960	3,887,399
Other Assets		58,195		0	0				0	58,195
<b>Total Current Assets</b>	<b>0</b>	<b>5,390,603</b>		<b>15,031,283</b>	<b>38,463,000</b>		<b>0</b>	<b>0</b>	<b>5,450,435</b>	<b>64,335,321</b>
<u>Property Plant and Equipment</u>										
Land and Land Improvements		294,128		2,265,216	33,237,000				12,825,814	48,622,158
Buildings and Building Improvements		605,830		29,037,146	197,829,000				29,271,248	256,743,224
Furniture Fixture and Equipment		830,864		2,724,335	46,307,000				5,242,821	55,105,020
Construction in progress		0		0	9,155,000				0	9,155,000
Other Assets		0		120,384	357,000				27,353,278	27,830,662
Less: Accumulated Depreciation		1,111,698		1,621,828	216,294,000				5,155,410	224,182,936
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>619,124</b>		<b>32,525,253</b>	<b>70,591,000</b>		<b>0</b>	<b>0</b>	<b>69,537,751</b>	<b>173,273,128</b>
<u>Other Assets</u>										
Intangible Assets		0		0	4,901,000				0	4,901,000
Due from affiliated Companies		0		0	0				3,064,483	3,064,483
Loans receivable from shareholders		0		0	0				6,818,189	6,818,189
Other Assets		13,030		0	4,056,000				10,287,402	14,356,432
<b>Total Assets</b>	<b>0</b>	<b>6,022,757</b>		<b>47,556,536</b>	<b>118,011,000</b>		<b>0</b>	<b>0</b>	<b>95,158,260</b>	<b>266,748,553</b>
<b>Liabilities and Shareholders Equity</b>										
<u>Current liabilities</u>										
Current Portion of Long Term Debt & N/P		0		0	0				0	0
Accounts Payable		591,468		738,179	31,442,000				8,194,379	40,966,026
Accrued Expenses		696,431		2,666,951	11,770,000				7,574,909	22,708,291
Purses Payable		1,593,084		3,327,650	14,369,000				3,087,903	22,377,637
Statutory Payables		0		0	1,284,000				0	1,284,000
State Facility		0		0	0				0	0
Other Liabilities		769,206		0	26,942,000				2,500,608	30,211,814
<b>Total Current Liabilities</b>	<b>0</b>	<b>3,650,189</b>		<b>6,732,780</b>	<b>85,807,000</b>		<b>0</b>	<b>0</b>	<b>21,357,799</b>	<b>117,547,768</b>
<u>Non Current Liabilities</u>										
Long Term accrued expenses		0		0	90,558,000				0	90,558,000
Due to Shareholder/Parent		1,846,115		42,181,286	0				0	44,027,401
Long Term Debt		1,051,000		0	0				98,365,549	99,416,549
Other LT Liabilities		3,582,133		0	94,937,000				5,006	98,524,139
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>6,479,248</b>		<b>42,181,286</b>	<b>185,495,000</b>		<b>0</b>	<b>0</b>	<b>98,370,555</b>	<b>332,526,089</b>
Minority Interest in consolidated Partnerships		0		0	0				3,611,904	3,611,904
<u>Shareholders Equity</u>										
Stock		0	10,500	0	1,000				7,101,908	7,113,408
Less: Treasury Stock		0	0	0	0				0	0
Retained Earnings/(Accumulated Deficit)		(4,117,180)		(1,357,530)	(117,189,000)				(30,684,647)	(153,348,357)
Accumulated other comprehensive Income/(Loss)		0		0	(36,103,000)				(4,599,259)	(40,702,259)
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>(4,106,680)</b>		<b>(1,357,530)</b>	<b>(153,291,000)</b>		<b>0</b>	<b>0</b>	<b>(28,181,998)</b>	<b>(186,937,208)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>6,022,757</b>		<b>47,556,536</b>	<b>118,011,000</b>		<b>0</b>	<b>0</b>	<b>95,158,260</b>	<b>266,748,553</b>

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.  
Note: Tioga Downs Opened in June 2006. Vernon Downs closed from July 2004 to August 2006.

Source: Prepared from information obtained from Audited Financial Statements, NYS Racing Board Annual report and NYS Lottery Video Gaming Reports.

**New York State Race Tracks  
Financial Statements  
2006**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino*	Vernon Downs Casino & Hotel*	Empire City Casino Yonkers Raceway**	Total
<b>Revenues</b>										0
Pari-Mutuel Commissions - Live & Simulcast:	1,617,607	2,602,345		3,248,794	146,173,000		1,078,691	498,411	2,337,006	157,555,854
NYS OTB Commissions	1,059,192	1,315,794		14,748,380	95,860,000		578,597	880,959	1,673,000	116,115,922
Other revenues	982,786	6,387,070		3,581,448	33,462,000		1,776,461	1,584,863	917,339	48,691,967
Net VGM Track Commission	7,682,921	13,394,801		23,688,000	0		6,678,163	2,301,906	15,978,604	69,724,395
Less VGM Expenses	0	13,166,843		49,846	0		0	0	8,093,865	21,310,554
Net Gaming Revenues	7,682,921	227,958		23,638,154	0		6,678,163	2,301,906	7,884,739	48,413,841
<b>Total Revenues</b>	<b>11,342,506</b>	<b>10,533,167</b>		<b>45,216,776</b>	<b>275,495,000</b>		<b>10,111,912</b>	<b>5,266,139</b>	<b>12,812,084</b>	<b>370,777,584</b>
<b>Expenses</b>										
Amounts paid to NYS - Taxes from Racing	189,467	174,014		236,613	9,850,000		45,088	80,751	148,272	10,724,205
Amounts paid to Breeders from Racing	65,405	618,572		145,011	2,883,000		305,311	132,281	53,521	4,203,101
Amounts paid for Purses-net	3,397,899	4,874,232		8,468,165	119,296,000		1,773,887	593,460	5,578,178	143,981,821
Pari-Mutuel & Operating Expenses	5,911,054	3,439,794		17,385,246			2,385,837	1,484,414	7,154,212	37,760,557
General and Admin Expenses		0		5,815,922	149,530,000		8,201,402	4,120,454	19,633,490	187,301,268
Depreciation	1,007,316	130,425		1,139,152	7,071,000		735,823	805,045	3,306,225	14,194,986
Other Expenses	161,117	0		1,950,000	0		1,993,462	6,494,946	8,899,906	19,499,431
<b>Total Expenses</b>	<b>10,732,258</b>	<b>9,237,037</b>		<b>35,140,109</b>	<b>288,630,000</b>		<b>15,440,810</b>	<b>13,711,351</b>	<b>44,773,804</b>	<b>417,665,369</b>
<b>Income (Loss) before Taxes</b>	610,248	1,296,130		10,076,667	(13,135,000)		(5,328,898)	(8,445,212)	(31,961,720)	(46,887,785)
Other expense/(Income)	(17,463)	0		0	1,813,000		(750,500)	70,505	(477,081)	638,461
Interest Expense	499,200	41,302		2,939,282	2,882,000		4,708,484	829,478	7,159,084	19,058,830
<b>Total Net Income (Loss) Before Taxes</b>	128,511	1,254,828		7,137,385	(17,830,000)		(9,286,882)	(9,345,195)	(38,643,723)	(66,585,076)
Provision for Income Taxes, Expense (Benefit)	0	9,703		1,965,151	0		0	(2,140,785)	24,639	(141,292)
<b>Net Income (Loss)</b>	<b>128,511</b>	<b>1,245,125</b>		<b>5,172,234</b>	<b>(17,830,000)</b>		<b>(9,286,882)</b>	<b>(7,204,410)</b>	<b>(38,668,362)</b>	<b>(66,443,784)</b>

<b>Number of Live Race Days</b>	<b>57</b>	<b>84</b>	<b>156</b>	<b>246</b>	<b>248</b>	<b>171</b>	<b>51</b>	<b>30</b>	<b>32</b>	<b>1,075</b>
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Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

\*\* Yonkers reopened in the fall of 2006 and raced only 32 days during the year. The OTB commissions are estimated for this year based on past years amounts.

**New York State Race Tracks  
Financial Statements  
2006**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino*	Vernon Downs Casino & Hotel*	Empire City Casino Yonkers Raceway**	Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents		3,321,421		9,010,194	23,351,000		885,316	1,975,166	8,146,719	46,689,816
Investments		0		0	0		0	0	0	0
Receivables		149,956		5,253,010	32,201,000		578,246	322,168	4,473,013	42,977,393
Restricted Cash		317,114		1,315,036	13,640,000		743,636	2,037,169	0	18,052,955
Prepaid Expenses		104,150		1,429,850	5,774,000		516,816	719,013	5,089,568	13,633,397
Other Assets		46,314		0	0		81,383	92,352	0	220,049
<b>Total Current Assets</b>	<b>0</b>	<b>3,938,955</b>		<b>17,008,090</b>	<b>74,966,000</b>		<b>2,805,397</b>	<b>5,145,868</b>	<b>17,709,300</b>	<b>121,573,610</b>
<b>Property Plant and Equipment</b>										
Land and Land Improvements		294,128		2,280,216	33,243,000		1,500,000	23,518	12,825,814	50,166,676
Buildings and Building Improvements		0		29,095,960	198,570,000		0	0	133,175,057	360,841,017
Furniture Fixture and Equipment		608,750		2,935,400	48,719,000		33,092,780	39,336,473	13,878,166	138,570,569
Construction in progress		0		0	9,945,000		0	0	0	9,945,000
Other Assets		189,216		139,829	297,000		0	0	44,979,034	45,605,079
Less: Accumulated Depreciation		255,480		2,754,785	223,255,000		735,823	805,045	8,461,635	236,267,768
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>836,614</b>		<b>31,696,620</b>	<b>67,519,000</b>		<b>33,856,957</b>	<b>38,554,946</b>	<b>196,396,436</b>	<b>368,860,573</b>
<b>Other Assets</b>										
Intangible Assets		0		0	3,998,000		0	0	0	3,998,000
Due from affiliated Companies		0		0	0		0	15,441,341	5,343,285	20,784,626
Loans receivable from shareholders		0		0	0		0	0	7,495,524	7,495,524
Other Assets		12,250		0	3,710,000		395,652	0	13,208,185	17,326,087
<b>Total Assets</b>	<b>0</b>	<b>4,787,819</b>		<b>48,704,710</b>	<b>150,193,000</b>		<b>37,058,006</b>	<b>59,142,155</b>	<b>240,152,730</b>	<b>540,038,420</b>
<b>Liabilities and Shareholders Equity</b>										
<b>Current liabilities</b>										
Current Portion of Long Term Debt & N/P		0		0	0		11,726,161	4,550,398	230,000,000	246,276,559
Accounts Payable		509,856		980,626	31,610,000		2,405,240	4,244,089	30,101,003	69,850,814
Accrued Expenses		457,809		2,760,371	6,641,000		378,973	259,652	6,023,696	16,521,501
Purses Payable		1,362,866		4,861,977	1,048,000		0	0	5,358,175	12,631,018
Statutory Payables		0		0	94,166,000		0	0	3,026,259	97,192,259
State Facility		0		0	8,053,000		0	0	0	8,053,000
Other Liabilities		467,442		0	20,335,000		496,225	0	7,615,984	28,914,651
<b>Total Current Liabilities</b>	<b>0</b>	<b>2,797,973</b>		<b>8,602,974</b>	<b>161,853,000</b>		<b>15,006,599</b>	<b>9,054,139</b>	<b>282,125,117</b>	<b>479,439,802</b>
<b>Non Current Liabilities</b>										
Long Term accrued expenses		0		0	0		0	0	8,682,214	8,682,214
Due to Shareholder/Parent		542,046		36,287,032	0		21,177,773	29,169,652	1,922,936	89,099,439
Long Term Debt		1,051,000		0	0		10,054,101	33,507,420	0	44,612,521
Other LT Liabilities		3,258,355		0	155,160,000		0	44,904	9,423,630	167,886,889
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>4,851,401</b>		<b>36,287,032</b>	<b>155,160,000</b>		<b>31,231,874</b>	<b>62,721,976</b>	<b>20,028,780</b>	<b>310,281,063</b>
Minority Interest in consolidated Partnerships		0		0	0		106,415	-15,225	3,611,904	3,703,094
<b>Shareholders Equity</b>										
Stock		10,500		0	1,000		1,000	15,696,685	7,512,308	23,221,493
Less: Treasury Stock		0		0	0		0	0	0	0
Retained Earnings/(Accumulated Deficit)		(2,872,055)		3,814,704	(135,019,000)		(9,287,882)	(28,315,420)	(69,353,009)	(241,032,662)
Accumulated other comprehensive Income/(Loss)		0		0	(31,802,000)		0	0	(3,772,370)	(35,574,370)
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>(2,861,555)</b>		<b>3,814,704</b>	<b>(166,820,000)</b>		<b>(9,286,882)</b>	<b>(12,618,735)</b>	<b>(65,613,071)</b>	<b>(253,385,539)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>4,787,819</b>		<b>48,704,710</b>	<b>150,193,000</b>		<b>37,058,006</b>	<b>59,142,155</b>	<b>240,152,730</b>	<b>540,038,420</b>

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.  
Note: Tioga Downs Opened in June 2006. Vernon Downs closed from July 2004 to August 2006.

Source: Prepared from information obtained from Audited Financial Statements, NYS Racing Board Annual report and NYS Lottery Video Gaming Reports.

**New York State Race Tracks  
Financial Statements  
2007**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway	Total
<b>Revenues</b>										
Pari-Mutuel Commissions - Live & Simulcast:	1,595,243	2,627,243		2,630,817	151,367,000		1,608,686	2,980,626	15,863,055	178,672,670
NYS OTB Commissions	973,259	1,217,421		5,649,604	92,746,000		305,128	1,098,328	13,598,746	115,588,486
Other revenues	1,227,054	6,989,219		3,165,911	33,878,000		2,568,051	3,213,830	9,152,555	60,194,620
Net VGM Track Commission	9,039,604	14,352,861		20,119,357	0		13,259,277	10,257,549	110,931,948	177,960,596
Less VGM Expenses	0	14,098,369		852,361	0		5,074,277	3,990,176	40,462,452	64,477,635
Net Gaming Revenues	9,039,604	254,492		19,266,996	0		8,185,000	6,267,373	70,469,496	113,482,961
<b>Total Revenues</b>	<b>12,835,160</b>	<b>11,088,375</b>		<b>30,713,328</b>	<b>277,991,000</b>		<b>12,666,865</b>	<b>13,560,157</b>	<b>109,083,852</b>	<b>467,938,737</b>
<b>Expenses</b>										
Amounts paid to NYS - Taxes from Racing	193,848	195,786		209,254	9,990,000		125,017	265,336	1,473,289	12,452,530
Amounts paid to Breeders from Racing	59,484	639,358		109,432	3,015,000		62,788	131,555	525,827	4,543,444
Amounts paid for Purses-net	3,735,631	5,095,614		3,544,369	116,234,000		2,562,049	3,901,111	32,674,150	167,746,924
Pari-Mutuel & Operating Expenses	6,179,279	3,553,310		16,875,360	0		2,941,858	2,785,460	16,514,465	48,849,732
General and Admin Expenses		0		5,288,463	155,061,000		6,451,069	8,929,253	29,733,579	205,463,364
Depreciation	1,050,752	159,267		1,175,718	7,074,000		1,527,685	2,441,479	9,486,390	22,915,291
Other Expenses	150,148			1,950,000	7,091,000		310,995	808,836	594,000	10,904,979
<b>Total Expenses</b>	<b>11,369,142</b>	<b>9,643,335</b>		<b>29,152,596</b>	<b>298,465,000</b>		<b>13,981,461</b>	<b>19,263,030</b>	<b>91,001,700</b>	<b>472,876,264</b>
<b>Income (Loss) before Taxes</b>	<b>1,466,018</b>	<b>1,445,040</b>		<b>1,560,732</b>	<b>(20,474,000)</b>		<b>(1,314,596)</b>	<b>(5,702,873)</b>	<b>18,082,152</b>	<b>(4,937,527)</b>
Other expense/(Income)	(3,992)	0		0	0		(10,984)	7,710,418	7,632,726	15,328,168
Interest Expense	474,755	37,620		2,491,288	4,475,000		1,973,278	3,367,337	29,049,185	41,868,463
<b>Total Net Income (Loss) Before Taxes</b>	<b>995,255</b>	<b>1,407,420</b>		<b>(930,556)</b>	<b>(24,949,000)</b>		<b>(3,276,890)</b>	<b>(16,780,628)</b>	<b>(18,599,759)</b>	<b>(62,134,158)</b>
Provision for Income Taxes, Expense (Benefit)	0	31,613		0	9,329,000		0	(566,018)	15,336	8,809,931
<b>Net Income (Loss)</b>	<b>995,255</b>	<b>1,375,807</b>		<b>(930,556)</b>	<b>(34,278,000)</b>		<b>(3,276,890)</b>	<b>(16,214,610)</b>	<b>(18,615,095)</b>	<b>(70,944,089)</b>

<b>Number of Live Race Days</b>	<b>57</b>	<b>82</b>	<b>158</b>	<b>219</b>	<b>244</b>	<b>169</b>	<b>58</b>	<b>80</b>	<b>307</b>	<b>1,374</b>
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Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

**New York State Race Tracks  
Financial Statements  
2007**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway	Monticello Casino & Raceway	New York Racing Association	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway	Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents		3,868,946		3,807,279	24,318,000		1,582,729	1,842,196	8,371,364	43,790,514
Investments		0		0	0				0	0
Receivables		392,037		1,401,255	26,884,000		217,384	423,814	5,959,597	35,278,087
Restricted Cash		762,289		811,709	14,350,000		375,093	551,675	0	16,850,766
Prepaid Expenses		95,020		2,819,049	5,176,000		414,498	211,615	824,269	9,540,451
Other Current Assets		52,777		0	0		127,071	124,087	0	303,935
<b>Total Current Assets</b>	<b>0</b>	<b>5,171,069</b>		<b>8,839,292</b>	<b>70,728,000</b>		<b>2,716,775</b>	<b>3,153,387</b>	<b>15,155,230</b>	<b>105,763,753</b>
<b>Property Plant and Equipment</b>										
Land and Land Improvements		294,128		2,309,055	33,243,000		256,000	5,831,879	12,825,814	54,759,876
Buildings and Building Improvements		0		29,204,183	200,658,000				153,204,005	383,066,188
Furniture Fixture and Equipment		634,543		3,137,142	50,819,000		34,550,509	34,648,393	15,507,612	139,297,199
Construction in progress		0		0	9,902,000				0	9,902,000
Other Assets		346,754		136,749	241,000				52,309,790	53,034,293
Less: Accumulated Depreciation		414,747		3,928,707	230,051,000		1,988,950	2,496,539	17,791,887	256,671,830
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>860,678</b>		<b>30,858,422</b>	<b>64,812,000</b>		<b>32,817,559</b>	<b>37,983,733</b>	<b>216,055,334</b>	<b>383,387,726</b>
<b>Other Assets</b>										
Intangible Assets		0		0	0			13,400,000	0	13,400,000
Due from affiliated Companies		0		0	0				7,531,855	7,531,855
Loans receivable from shareholders		0		0	0				8,437,620	8,437,620
Other Assets		0		0	3,647,000			247,500	13,762,320	17,656,820
<b>Total Assets</b>	<b>0</b>	<b>6,031,747</b>		<b>39,697,714</b>	<b>139,187,000</b>		<b>35,534,334</b>	<b>54,784,620</b>	<b>260,942,359</b>	<b>536,177,774</b>
<b>Liabilities and Shareholders Equity</b>										
<b>Current liabilities</b>										
Current Portion of Long Term Debt & N/P		0		0	0		1,689,133	21,266,316	282,150,000	305,105,449
Accounts Payable		823,239		686,395	41,480,000		2,236,741	2,617,662	14,745,944	62,589,981
Accrued Expenses		511,617		2,625,393	3,606,000		98,850	91,528	7,299,378	14,232,766
Purses Payable		1,340,197		1,112,961	20,499,000				1,128,146	24,080,304
Statutory Payables		0		0	78,800,800				5,538,922	84,339,722
State Facility		0		0	31,274,000				0	31,274,000
Other Liabilities		585,811		0	30,624,200				3,817,278	35,027,289
<b>Total Current Liabilities</b>	<b>0</b>	<b>3,260,864</b>		<b>4,424,749</b>	<b>206,284,000</b>		<b>4,024,724</b>	<b>23,975,506</b>	<b>314,679,668</b>	<b>556,649,511</b>
<b>Non Current Liabilities</b>										
Long Term accrued expenses		0			15,879,000		10,081,289	246,878	10,843,630	37,050,797
Due to Shareholder/Parent		395,556		32,388,817	0		33,884,837	44,148,285	989,807	111,807,302
Long Term Debt		1,051,000			0		0		0	1,051,000
Other LT Liabilities		2,810,075		0	124,792,000		0	9,849,000	8,471,285	145,922,360
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>4,256,631</b>		<b>32,388,817</b>	<b>140,671,000</b>		<b>43,966,126</b>	<b>54,244,163</b>	<b>20,304,722</b>	<b>295,831,459</b>
Minority Interest in consolidated Partnershi		0		0	0			0	4,205,904	4,205,904
<b>Shareholders Equity</b>										
Stock		10,500		0	1,000			15,613,841	7,512,308	23,137,649
Less: Treasury Stock		0		0	0				0	0
Retained Earnings/(Accumulated Deficit)		(1,496,248)		2,884,148	(169,297,000)		(12,456,516)	(39,048,890)	(83,500,246)	(302,914,752)
Accumulated other comprehensive Income/(Loss)		0		0	(38,472,000)				(2,259,997)	(40,731,997)
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>(1,485,748)</b>		<b>2,884,148</b>	<b>(207,768,000)</b>		<b>(12,456,516)</b>	<b>(23,435,049)</b>	<b>(78,247,935)</b>	<b>(320,509,100)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>6,031,747</b>		<b>39,697,714</b>	<b>139,187,000</b>		<b>35,534,334</b>	<b>54,784,620</b>	<b>260,942,359</b>	<b>536,177,774</b>

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.

Source: Prepared from information obtained from Audited Financial Statements, NYS Racing Board Annual report and NYS Lottery Video Gaming Reports. Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

**New York State Race Tracks  
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2008**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway*	Monticello Casino & Raceway	New York Racing Association~	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway~*	Total
<b>Revenues</b>										
Pari-Mutuel Commissions - Live & Simulcast:	1,402,787	2,411,995		1,743,595			1,512,275	3,197,044	10,648,674	20,916,370
NYS OTB Commissions	1,101,627	1,156,361		4,714,000			290,845	1,022,845	12,277,808	20,563,486
Other revenues	1,525,552	8,563,161		2,653,284			3,131,620	3,808,876	8,029,847	27,712,340
Net VGM Track Commission	11,398,396	19,801,161		22,712,703			18,009,754	14,801,859	155,991,926	242,715,799
Less VGM Expenses	0	19,060,363		125,356			6,754,912	5,304,235	574,882	31,819,748
Net Gaming Revenues	11,398,396	740,798		22,587,347			11,254,842	9,497,624	155,417,044	210,896,051
<b>Total Revenues</b>	<b>15,428,362</b>	<b>12,872,315</b>		<b>31,698,226</b>			<b>16,189,582</b>	<b>17,526,389</b>	<b>186,373,373</b>	<b>280,088,247</b>
<b>Expenses</b>										
Amounts paid to NYS - Taxes from Racing	177,937	178,242		183,793			128,558	267,809	1,241,664	2,178,003
Amounts paid to Breeders from Racing	54,488	709,509		90,257			61,282	131,000	493,952	1,540,488
Amounts paid for Purses-net	4,195,485	5,452,532		2,665,095			3,246,641	5,041,654	43,040,042	63,641,449
Pari-Mutuel & Operating Expenses	7,484,366	3,490,724		16,923,157			2,916,345	2,786,875	45,349,653	78,951,120
General and Admin Expenses	0	0		5,355,352			6,128,909	8,261,953	38,411,793	58,158,007
Depreciation	1,064,442	125,315		1,227,425			1,694,200	2,631,683	18,397,072	25,140,137
Other Expenses	145,942	0		3,200,000			79,309	901,471	1,838,439	6,165,161
<b>Total Expenses</b>	<b>13,122,660</b>	<b>9,956,322</b>		<b>29,645,079</b>			<b>14,255,244</b>	<b>20,022,445</b>	<b>148,772,615</b>	<b>235,774,365</b>
<b>Income (Loss) before Taxes</b>	<b>2,305,702</b>	<b>2,915,993</b>		<b>2,053,147</b>			<b>1,934,338</b>	<b>(2,496,056)</b>	<b>37,600,758</b>	<b>44,313,882</b>
Other expense/(Income)	64,494	0		0			(1,008,856)	(540,079)	597,250	(887,191)
Interest Expense	448,315	168,972		2,606,004			1,284,912	2,463,518	36,641,919	43,613,640
<b>Total Net Income (Loss) Before Taxes</b>	<b>1,792,893</b>	<b>2,747,021</b>		<b>(552,857)</b>			<b>1,658,282</b>	<b>(4,419,495)</b>	<b>361,589</b>	<b>1,587,433</b>
Provision for Income Taxes, Expense (Benefit)	0	436,135		0			(47,075)	65,075	0	454,135
<b>Net Income (Loss)</b>	<b>1,792,893</b>	<b>2,310,886</b>		<b>(552,857)</b>			<b>1,705,357</b>	<b>(4,484,570)</b>	<b>361,589</b>	<b>1,133,298</b>
<b>Number of Live Race Days</b>	<b>60</b>	<b>83</b>	<b>157</b>	<b>223</b>	<b>249</b>	<b>169</b>	<b>59</b>	<b>90</b>	<b>253</b>	<b>1,343</b>

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed except for NYRA's, because audited statements are not available.

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

**New York State Race Tracks  
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2008**

	Batavia Downs Casino*	Fairgrounds Gaming & Raceway	Finger Lakes Gaming & Raceway*	Monticello Casino & Raceway	New York Racing Association~	Saratoga Gaming & Raceway	Tioga Downs Casino	Vernon Downs Casino & Hotel	Empire City Casino Yonkers Raceway~*	Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents		5,826,437		5,760,111			1,738,208	1,522,872	15,331,547	30,179,175
Investments		0		0			0	0	0	0
Receivables		433,552		1,284,278			287,173	403,061	4,532,719	6,940,783
Restricted Cash		2,394,383		502,076			2,036,148	1,780,649	0	6,713,256
Prepaid Expenses		114,465		2,946,229			416,455	243,771	3,495,558	7,216,478
Other Current Assets		71,905		0			122,469	146,240	0	340,614
<b>Total Current Assets</b>	<b>0</b>	<b>8,840,742</b>		<b>10,492,694</b>			<b>4,600,453</b>	<b>4,096,593</b>	<b>23,359,824</b>	<b>51,390,306</b>
<b>Property Plant and Equipment</b>										
Land and Land Improvements		294,128		2,309,055			285,336	6,116,664	12,825,730	21,830,913
Buildings and Building Improvements		232,323		29,249,420			0	0	186,126,485	215,608,228
Furniture Fixture and Equipment		556,665		3,349,836			35,047,391	34,933,248	32,585,350	106,472,490
Construction in progress		0		0			497,382	1,310,692	231,481	2,039,555
Other Assets		695,213		155,625			0	0	0	850,838
Less: Accumulated Depreciation		441,052		5,156,132			3,864,529	5,763,382	26,125,848	41,350,943
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>1,337,277</b>		<b>29,907,804</b>			<b>31,965,580</b>	<b>36,597,222</b>	<b>205,643,198</b>	<b>305,451,081</b>
<b>Other Assets</b>										
Intangible Assets		0		0			0	13,400,000	0	13,400,000
Due from affiliated Companies		0		0			0	0	7,147,193	7,147,193
Loans receivable from shareholders		0		0			0	0	9,184,919	9,184,919
Other Assets		9,000		1,068,203			0	0	18,123,339	19,200,542
<b>Total Assets</b>	<b>0</b>	<b>10,187,019</b>		<b>41,468,701</b>			<b>36,566,033</b>	<b>54,093,815</b>	<b>263,458,473</b>	<b>405,774,041</b>
<b>Liabilities and Shareholders Equity</b>										
<b>Current liabilities</b>										
Current Portion of Long Term Debt & N/P		1,063		0			11,274,613	1,460,576	288,108,900	300,845,152
Accounts Payable		971,454		602,684			4,107,914	3,652,651	7,035,973	16,370,676
Accrued Expenses		666,213		2,331,730			0	0	8,689,317	11,687,260
Purses Payable		1,833,355		1,138,519			0	0	3,536,666	6,508,540
Statutory Payables		0		0			0	0	1,418,203	1,418,203
State Facility		0		0			0	0	0	0
Other Liabilities		1,264,417		0			0	0	10,014,689	11,279,106
<b>Total Current Liabilities</b>	<b>0</b>	<b>4,736,502</b>		<b>4,072,933</b>			<b>15,382,527</b>	<b>5,113,227</b>	<b>318,803,748</b>	<b>348,108,937</b>
<b>Non Current Liabilities</b>										
Long Term accrued expenses		1,520,193		0			73,046	165,992	0	1,759,231
Due to Shareholder/Parent		739,421		35,064,477			31,908,694	47,020,140	1,023,562	115,756,294
Long Term Debt		529,469		0			0	19,800,000	0	20,329,469
Other LT Liabilities		1,836,296		0			(47,075)	9,914,075	16,717,603	28,420,899
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>4,625,379</b>		<b>35,064,477</b>			<b>31,934,665</b>	<b>76,900,207</b>	<b>17,741,165</b>	<b>166,265,893</b>
Minority Interest in consolidated Partnershi		0		0			0	0	4,799,904	4,799,904
<b>Shareholders Equity</b>										
Stock		10,500		0			0	15,613,841	7,512,308	23,136,649
Less: Treasury Stock		0		0			0	0	0	0
Retained Earnings/(Accumulated Deficit)		814,638		2,331,291			(10,751,159)	(43,533,460)	(83,138,655)	(134,277,345)
Accumulated other comprehensive Income/(Loss)		0		0			0	0	(2,259,997)	(2,259,997)
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>825,138</b>		<b>2,331,291</b>			<b>(10,751,159)</b>	<b>(27,919,619)</b>	<b>(77,886,344)</b>	<b>(113,400,693)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>10,187,019</b>		<b>41,468,701</b>			<b>36,566,033</b>	<b>54,093,815</b>	<b>263,458,473</b>	<b>405,774,041</b>

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.  
~ - Financial statements for this year are unaudited.

<b>Batavia Downs Casino</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast		971,849	1,879,674	1,617,607	1,595,243	1,402,787
NYS OTB Commissions		183,961	1,033,155	1,059,192	973,259	1,101,627
Other revenues		73,262	385,940	982,786	1,227,054	1,525,552
Net VGM Track Commission		0	4,697,530	7,682,921	9,039,604	11,398,396
Less VGM Expenses		0	3,003,956	0	0	0
Net Gaming Revenues		0	1,693,574	7,682,921	9,039,604	11,398,396
<b>Total Revenues</b>		<b>1,229,072</b>	<b>4,992,343</b>	<b>11,342,506</b>	<b>12,835,160</b>	<b>15,428,362</b>
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing		91,448	180,460	189,467	193,848	177,937
Amounts paid to Breeders from Racing		35,365	73,164	65,405	59,484	54,488
Amounts paid for Purses - net		285,798	2,080,200	3,397,899	3,735,631	4,195,485
Pari-Mutuel & Operating Expenses		0	3,221,724	5,911,054	6,179,279	7,484,366
General and Admin Expenses		1,952,817	0	0	0	0
Depreciation		368,751	937,157	1,007,316	1,050,752	1,064,442
Other Expenses		136,080	164,848	161,117	150,148	145,942
<b>Total Expenses</b>		<b>2,870,259</b>	<b>6,657,553</b>	<b>10,732,258</b>	<b>11,369,142</b>	<b>13,122,660</b>
<b>Income / (Loss) before Taxes</b>		<b>(1,641,187)</b>	<b>(1,665,210)</b>	<b>610,248</b>	<b>1,466,018</b>	<b>2,305,702</b>
Other expense/(Income)		(90,084)	(95,829)	(17,463)	(3,992)	64,494
Interest (Earned)/Expense		126,260	0	499,200	474,755	448,315
<b>Total Net Income / (Loss) Before Taxes</b>		<b>(1,677,363)</b>	<b>(1,569,381)</b>	<b>128,511</b>	<b>995,255</b>	<b>1,792,893</b>
Provision for Income Taxes, Expense (Benefit)		0	0	0	0	0
<b>Net Income / (Loss)</b>		<b>(1,677,363)</b>	<b>(1,569,381)</b>	<b>128,511</b>	<b>995,255</b>	<b>1,792,893</b>
<b>Number of Live Race Days</b>		<b>2</b>	<b>58</b>	<b>57</b>	<b>57</b>	<b>60</b>

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

^ - Batavia Downs assets, liabilities and equity are combined with Western OTB's balance sheet.

	2004	2005	2006	2007	2008
<b>Batavia Downs Casino</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	0	0	0	0	0
Investments	0	0	0	0	0
Receivables	0	0	0	0	0
Restricted Cash	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0
Other Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Property Plant and Equipment</u>					
Land and Land Improvements	0	0	0	0	0
Buildings and Building Improvements	0	0	0	0	0
Furniture Fixture and Equipment	0	0	0	0	0
Construction in progress	0	0	0	0	0
Other Assets	0	0	0	0	0
Less Accumulated Depreciation	0	0	0	0	0
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Intangible Assets	0	0	0	0	0
Due from affiliated Companies	0	0	0	0	0
Loans receivable from shareholders	0	0	0	0	0
Other Assets	0	0	0	0	0
<b>Total Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	0	0	0	0	0
Accounts Payable	0	0	0	0	0
Accrued Expenses	0	0	0	0	0
Purses Payable	0	0	0	0	0
Statutory Payables	0	0	0	0	0
State Facility	0	0	0	0	0
Other Liabilities	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Non Current Liabilities</u>					
Long Term accrued expenses	0	0	0	0	0
Due to Shareholder/Parent	0	0	0	0	0
Long Term Debt	0	0	0	0	0
Other LT Liabilities	0	0	0	0	0
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Minority Interest in consolidated Partnerships	0	0	0	0	0
<u>Shareholders Equity</u>					
Stock	0	0	0	0	0
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	0	0	0	0	0
Accumulated other comprehensive Income/(Loss)	0	0	0	0	0
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Fairgrounds Gaming &amp; Raceway*</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast		2,800,241	2,846,915	2,602,345	2,627,243	2,411,995
NYS OTB Commissions		1,966,490	1,407,605	1,315,794	1,217,421	1,156,361
Other revenues		2,411,819	5,294,243	6,387,070	6,989,219	8,563,161
Net VGM Track Commission		7,973,743	11,732,774	13,394,801	14,352,861	19,801,161
Less VGM Expenses		0	0	13,166,843	14,098,369	19,060,363
Net Gaming Revenues		7,973,743	11,732,774	227,958	254,492	740,798
<b>Total Revenues</b>		<b>15,152,293</b>	<b>21,281,537</b>	<b>10,533,167</b>	<b>11,088,375</b>	<b>12,872,315</b>
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing		196,801	203,062	174,014	195,786	178,242
Amounts paid to Breeders from Racing		444,812	574,064	618,572	639,358	709,509
Amounts paid for Purses - net		3,551,968	4,432,429	4,874,232	5,095,614	5,452,532
Pari-Mutuel & Operating Expenses		4,408,426	4,949,426	3,439,794	3,553,310	3,490,724
General and Admin Expenses		6,492,131	9,267,432	0	0	0
Depreciation		23,963	61,650	130,425	159,267	125,315
Other Expenses		365,926	1,069,400	0	0	0
<b>Total Expenses</b>		<b>15,484,027</b>	<b>20,557,463</b>	<b>9,237,037</b>	<b>9,643,335</b>	<b>9,956,322</b>
<b>Income / (Loss) before Taxes</b>		<b>(331,734)</b>	<b>724,074</b>	<b>1,296,130</b>	<b>1,445,040</b>	<b>2,915,993</b>
Other expense/(Income)		0	0	0	0	0
Interest (Earned)/Expense		57,055	52,644	41,302	37,620	168,972
<b>Total Net Income / (Loss) Before Taxes</b>		<b>(388,789)</b>	<b>671,430</b>	<b>1,254,828</b>	<b>1,407,420</b>	<b>2,747,021</b>
Provision for Income Taxes, Expense (Benefit)		0	8,340	9,703	31,613	436,135
<b>Net Income / (Loss)</b>		<b>(388,789)</b>	<b>663,090</b>	<b>1,245,125</b>	<b>1,375,807</b>	<b>2,310,886</b>
<b>Number of Live Race Days</b>		<b>87</b>	<b>84</b>	<b>84</b>	<b>82</b>	<b>83</b>

	2004	2005	2006	2007	2008
<b>Fairgrounds Gaming &amp; Raceway*</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	2,175,953	2,717,947	3,321,421	3,868,946	5,826,437
Investments	0	0	0	0	0
Receivables	486,167	263,501	149,956	392,037	433,552
Restricted Cash	490,028	2,242,910	317,114	762,289	2,394,383
Prepaid Expenses	129,512	108,050	104,150	95,020	114,465
Other Assets	62,829	58,195	46,314	52,777	71,905
<b>Total Current Assets</b>	<b>3,344,489</b>	<b>5,390,603</b>	<b>3,938,955</b>	<b>5,171,069</b>	<b>8,840,742</b>
<u>Property Plant and Equipment</u>					
Land and Land Improvements	294,128	294,128	294,128	294,128	294,128
Buildings and Building Improvements	0	605,830	0	0	232,323
Furniture Fixture and Equipment	653,832	830,864	608,750	634,543	556,665
Construction in progress	0	0	0	0	0
Other Assets	616,131	0	189,216	346,754	695,213
Less Accumulated Depreciation	1,176,580	1,111,698	255,480	414,747	441,052
<b>Total Property Plant and Equipment</b>	<b>387,511</b>	<b>619,124</b>	<b>836,614</b>	<b>860,678</b>	<b>1,337,277</b>
Intangible Assets	0	0	0	0	0
Due from affiliated Companies	0	0	0	0	0
Loans receivable from shareholders	0	0	0	0	0
Other Assets	13,393	13,030	12,250	0	9,000
<b>Total Assets</b>	<b>3,745,393</b>	<b>6,022,757</b>	<b>4,787,819</b>	<b>6,031,747</b>	<b>10,187,019</b>
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	0	0	0	0	1,063
Accounts Payable	776,572	591,468	509,856	823,239	971,454
Accrued Expenses	249,710	696,431	457,809	511,617	666,213
Purses Payable	888,660	1,593,084	1,362,866	1,340,197	1,833,355
Statutory Payables	0	0	0	0	0
State Facility	0	0	0	0	0
Other Liabilities	74,005	769,206	467,442	585,811	1,264,417
<b>Total Current Liabilities</b>	<b>1,988,947</b>	<b>3,650,189</b>	<b>2,797,973</b>	<b>3,260,864</b>	<b>4,736,502</b>
<u>Non Current Liabilities</u>					
Long Term accrued expenses	0	0	0	0	1,520,193
Due to Shareholder/Parent	1,451,172	1,846,115	542,046	395,556	739,421
Long Term Debt	1,351,000	1,051,000	1,051,000	1,051,000	529,469
Other LT Liabilities	3,724,044	3,582,133	3,258,355	2,810,075	1,836,296
<b>Total Long Term Liabilities</b>	<b>6,526,216</b>	<b>6,479,248</b>	<b>4,851,401</b>	<b>4,256,631</b>	<b>4,625,379</b>
Minority Interest in consolidated Partnerships	0	0	0	0	0
<u>Shareholders Equity</u>					
Stock	10,500	10,500	10,500	10,500	10,500
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	(4,780,270)	(4,117,180)	(2,872,055)	(1,496,248)	814,638
Accumulated other comprehensive Income/(Loss)	0	0	0	0	0
<b>Total Stockholder's Equity</b>	<b>(4,769,770)</b>	<b>(4,106,680)</b>	<b>(2,861,555)</b>	<b>(1,485,748)</b>	<b>825,138</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>3,745,393</b>	<b>6,022,757</b>	<b>4,787,819</b>	<b>6,031,747</b>	<b>10,187,019</b>

**Finger Lakes Gaming & Raceway**  
 [Linked to 2004 - 2008]

Income Statement

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Pari-Mutuel Commissions - Live & Simulcast					
NYS OTB Commissions					
Other revenues					
Net VGM Track Commission					
Less VGM Expenses					
Net Gaming Revenues					
<b>Total Revenues</b>					
<b>Expenses</b>					
Amounts paid to NYS - Taxes from Racing					
Amounts paid to Breeders from Racing					
Amounts paid for Purses - net					
Pari-Mutuel & Operating Expenses					
General and Admin Expenses					
Depreciation					
Other Expenses					
<b>Total Expenses</b>					
<b>Income / (Loss) before Taxes</b>					
Other expense/(Income)					
Interest (Earned)/Expense					
<b>Total Net Income / (Loss) Before Taxes</b>					
Provision for Income Taxes, Expense (Benefit)					
<b>Net Income / (Loss)</b>					
<b>Number of Live Race Days</b>	157	160	156	158	157

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense. Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

Finger Lakes Gaming & Raceway	2004	2005	2006	2007	2008
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents					
Investments					
Receivables					
Restricted Cash					
Prepaid Expenses					
Other Assets					
<b>Total Current Assets</b>					
<u>Property Plant and Equipment</u>					
Land and Land Improvements					
Buildings and Building Improvements					
Furniture Fixture and Equipment					
Construction in progress					
Other Assets					
Less Accumulated Depreciation					
<b>Total Property Plant and Equipment</b>					
Intangible Assets					
Due from affiliated Companies					
Loans receivable from shareholders					
Other Assets					
<b>Total Assets</b>					
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable					
Accounts Payable					
Accrued Expenses					
Purses Payable					
Statutory Payables					
State Facility					
Other Liabilities					
<b>Total Current Liabilities</b>					
<u>Non Current Liabilities</u>					
Long Term accrued expenses					
Due to Shareholder/Parent					
Long Term Debt					
Other LT Liabilities					
<b>Total Long Term Liabilities</b>					
Minority Interest in consolidated Partnerships					
<u>Shareholders Equity</u>					
Stock					
Less: Treasury Stock					
Retained Earnings/(Accumulated Deficit)					
Accumulated other comprehensive Income/(Loss)					
<b>Total Stockholder's Equity</b>					
<b>Total Liabilities and Stockholder's Equity</b>					

Items blocked out are subject to Freedom of Information issues raised by the track that are currently being addressed.

<b>Monticello Casino &amp; Raceway</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast		2,797,583	3,946,588	3,248,794	2,630,817	1,743,595
NYS OTB Commissions		7,859,127	11,705,030	14,748,380	5,649,604	4,714,000
Other revenues		1,946,006	3,036,823	3,581,448	3,165,911	2,653,284
Net VGM Track Commission		9,362,655	21,237,110	23,688,000	20,119,357	22,712,703
Less VGM Expenses		2,857,725	2,510,027	49,846	852,361	125,356
Net Gaming Revenues		6,504,930	18,727,083	23,638,154	19,266,996	22,587,347
<b>Total Revenues</b>		<b>19,107,646</b>	<b>37,415,524</b>	<b>45,216,776</b>	<b>30,713,328</b>	<b>31,698,226</b>
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing		218,595	233,885	236,613	209,254	183,793
Amounts paid to Breeders from Racing		122,743	139,277	145,011	109,432	90,257
Amounts paid for Purses - net		4,979,682	5,923,429	8,468,165	3,544,369	2,665,095
Pari-Mutuel & Operating Expenses		12,766,985	15,545,405	17,385,246	16,875,360	16,923,157
General and Admin Expenses		3,489,009	4,149,170	5,815,922	5,288,463	5,355,352
Depreciation		507,353	1,118,675	1,139,152	1,175,718	1,227,425
Other Expenses		55,500	812,497	1,950,000	1,950,000	3,200,000
<b>Total Expenses</b>		<b>22,139,867</b>	<b>27,922,338</b>	<b>35,140,109</b>	<b>29,152,596</b>	<b>29,645,079</b>
<b>Income / (Loss) before Taxes</b>		<b>(3,032,221)</b>	<b>9,493,186</b>	<b>10,076,667</b>	<b>1,560,732</b>	<b>2,053,147</b>
Other expense/(Income)		243,964	0	0	0	0
Interest (Earned)/Expense		2,374,531	5,200,000	2,939,282	2,491,288	2,606,004
<b>Total Net Income / (Loss) Before Taxes</b>		<b>(5,650,716)</b>	<b>4,293,186</b>	<b>7,137,385</b>	<b>(930,556)</b>	<b>(552,857)</b>
Provision for Income Taxes, Expense (Benefit)		0	0	1,965,151	0	0
<b>Net Income / (Loss)</b>		<b>(5,650,716)</b>	<b>4,293,186</b>	<b>5,172,234</b>	<b>(930,556)</b>	<b>(552,857)</b>
<b>Number of Live Race Days</b>		<b>230</b>	<b>235</b>	<b>246</b>	<b>219</b>	<b>223</b>

	2004	2005	2006	2007	2008
<b>Monticello Casino &amp; Raceway</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	5,247,529	6,341,550	9,010,194	3,807,279	5,760,111
Investments	0	0	0	0	0
Receivables	2,679,637	3,358,497	5,253,010	1,401,255	1,284,278
Restricted Cash	159,282	4,304,847	1,315,036	811,709	502,076
Prepaid Expenses	790,551	1,026,389	1,429,850	2,819,049	2,946,229
Other Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>8,876,999</b>	<b>15,031,283</b>	<b>17,008,090</b>	<b>8,839,292</b>	<b>10,492,694</b>
<u>Property Plant and Equipment</u>					
Land and Land Improvements	2,251,196	2,265,216	2,280,216	2,309,055	2,309,055
Buildings and Building Improvements	28,530,758	29,037,146	29,095,960	29,204,183	29,249,420
Furniture Fixture and Equipment	2,742,908	2,724,335	2,935,400	3,137,142	3,349,836
Construction in progress	0	0	0	0	0
Other Assets	129,732	120,384	139,829	136,749	155,625
Less Accumulated Depreciation	507,353	1,621,828	2,754,785	3,928,707	5,156,132
<b>Total Property Plant and Equipment</b>	<b>33,147,241</b>	<b>32,525,253</b>	<b>31,696,620</b>	<b>30,858,422</b>	<b>29,907,804</b>
Intangible Assets	0	0	0	0	0
Due from affiliated Companies	0	0	0	0	0
Loans receivable from shareholders	0	0	0	0	0
Other Assets	0	0	0	0	1,068,203
<b>Total Assets</b>	<b>42,024,240</b>	<b>47,556,536</b>	<b>48,704,710</b>	<b>39,697,714</b>	<b>41,468,701</b>
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	0	0	0	0	0
Accounts Payable	1,492,618	738,179	980,626	686,395	602,684
Accrued Expenses	1,216,754	2,666,951	2,760,371	2,625,393	2,331,730
Purses Payable	2,615,866	3,327,650	4,861,977	1,112,961	1,138,519
Statutory Payables	0	0	0	0	0
State Facility	0	0	0	0	0
Other Liabilities	1,447,499	0	0	0	0
<b>Total Current Liabilities</b>	<b>6,772,737</b>	<b>6,732,780</b>	<b>8,602,974</b>	<b>4,424,749</b>	<b>4,072,933</b>
<u>Non Current Liabilities</u>					
Long Term accrued expenses	0	0	0	0	0
Due to Shareholder/Parent	40,902,219	42,181,286	36,287,032	32,388,817	35,064,477
Long Term Debt	0	0	0	0	0
Other LT Liabilities	0	0	0	0	0
<b>Total Long Term Liabilities</b>	<b>40,902,219</b>	<b>42,181,286</b>	<b>36,287,032</b>	<b>32,388,817</b>	<b>35,064,477</b>
Minority Interest in consolidated Partnerships	0	0	0	0	0
<u>Shareholders Equity</u>					
Stock	0	0	0	0	0
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	(5,650,716)	(1,357,530)	3,814,704	2,884,148	2,331,291
Accumulated other comprehensive Income/(Loss)	0	0	0	0	0
<b>Total Stockholder's Equity</b>	<b>(5,650,716)</b>	<b>(1,357,530)</b>	<b>3,814,704</b>	<b>2,884,148</b>	<b>2,331,291</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>42,024,240</b>	<b>47,556,536</b>	<b>48,704,710</b>	<b>39,697,714</b>	<b>41,468,701</b>

New York Racing Association [Linked to 2004 - 2008]	Income Statement				UNAUDITED
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Pari-Mutuel Commissions - Live & Simulcast	161,334,000	144,450,000	146,173,000	151,367,000	
NYS OTB Commissions	95,217,000	96,719,000	95,860,000	92,746,000	
Other revenues	30,979,000	39,726,000	33,462,000	33,878,000	
Net VGM Track Commission	0	0	0	0	
Less VGM Expenses	0	0	0	0	
Net Gaming Revenues	0	0	0	0	
<b>Total Revenues</b>	<b>287,530,000</b>	<b>280,895,000</b>	<b>275,495,000</b>	<b>277,991,000</b>	
<b>Expenses</b>					
Amounts paid to NYS - Taxes from Racing	10,549,000	9,974,000	9,850,000	9,990,000	
Amounts paid to Breeders from Racing	3,175,000	2,970,000	2,883,000	3,015,000	
Amounts paid for Purses - net	120,863,000	115,595,000	119,296,000	116,234,000	
Pari-Mutuel & Operating Expenses	0	0	0	0	
General and Admin Expenses	157,689,000	156,757,000	149,530,000	155,061,000	
Depreciation	8,632,000	7,953,000	7,071,000	7,074,000	
Other Expenses	0	134,000	0	7,091,000	
<b>Total Expenses</b>	<b>300,908,000</b>	<b>293,383,000</b>	<b>288,630,000</b>	<b>298,465,000</b>	
<b>Income / (Loss) before Taxes</b>	<b>(13,378,000)</b>	<b>(12,488,000)</b>	<b>(13,135,000)</b>	<b>(20,474,000)</b>	
Other expense/(Income)	0	0	1,813,000	0	
Interest (Earned)/Expense	2,610,000	2,546,000	2,882,000	4,475,000	
<b>Total Net Income / (Loss) Before Taxes</b>	<b>(15,988,000)</b>	<b>(15,034,000)</b>	<b>(17,830,000)</b>	<b>(24,949,000)</b>	
Provision for Income Taxes, Expense (Benefit)	0	0	0	9,329,000	
<b>Net Income / (Loss)</b>	<b>(15,988,000)</b>	<b>(15,034,000)</b>	<b>(17,830,000)</b>	<b>(34,278,000)</b>	
<b>Number of Live Race Days</b>	252	254	248	244	249

Audited financial statements for 2008 are not available.

	2004	2005	2006	2007	2008
<b>New York Racing Association</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	10,330,000	9,672,000	23,351,000	24,318,000	
Investments	0	0	0	0	
Receivables	16,244,000	12,035,000	32,201,000	26,884,000	
Restricted Cash	12,650,000	14,539,000	13,640,000	14,350,000	
Prepaid Expenses	1,647,000	2,217,000	5,774,000	5,176,000	
Other Assets	0	0	0	0	
<b>Total Current Assets</b>	<b>40,871,000</b>	<b>38,463,000</b>	<b>74,966,000</b>	<b>70,728,000</b>	
<u>Property Plant and Equipment</u>					
Land and Land Improvements	32,905,000	33,237,000	33,243,000	33,243,000	
Buildings and Building Improvements	196,565,000	197,829,000	198,570,000	200,658,000	
Furniture Fixture and Equipment	45,465,000	46,307,000	48,719,000	50,819,000	
Construction in progress	8,518,000	9,155,000	9,945,000	9,902,000	
Other Assets	419,000	357,000	297,000	241,000	
Less Accumulated Depreciation	208,811,000	216,294,000	223,255,000	230,051,000	
<b>Total Property Plant and Equipment</b>	<b>75,061,000</b>	<b>70,591,000</b>	<b>67,519,000</b>	<b>64,812,000</b>	
Intangible Assets	10,927,000	4,901,000	3,998,000	0	
Due from affiliated Companies	0	0	0	0	
Loans receivable from shareholders	0	0	0	0	
Other Assets	5,153,000	4,056,000	3,710,000	3,647,000	
<b>Total Assets</b>	<b>132,012,000</b>	<b>118,011,000</b>	<b>150,193,000</b>	<b>139,187,000</b>	
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	0	0	0	0	
Accounts Payable	17,953,000	31,442,000	31,610,000	41,480,000	
Accrued Expenses	8,604,000	11,770,000	6,641,000	3,606,000	
Purses Payable	15,848,000	14,369,000	1,048,000	20,499,000	
Statutory Payables	1,476,000	1,284,000	94,166,000	78,800,800	
State Facility	0	0	8,053,000	31,274,000	
Other Liabilities	32,527,000	26,942,000	20,335,000	30,624,200	
<b>Total Current Liabilities</b>	<b>76,408,000</b>	<b>85,807,000</b>	<b>161,853,000</b>	<b>206,284,000</b>	
<u>Non Current Liabilities</u>					
Long Term accrued expenses	72,515,000	90,558,000	0	15,879,000	
Due to Shareholder/Parent	0	0	0	0	
Long Term Debt	0	0	0	0	
Other LT Liabilities	117,814,000	94,937,000	155,160,000	124,792,000	
<b>Total Long Term Liabilities</b>	<b>190,329,000</b>	<b>185,495,000</b>	<b>155,160,000</b>	<b>140,671,000</b>	
Minority Interest in consolidated Partnerships	0	0	0	0	
<u>Shareholders Equity</u>					
Stock	1,000	1,000	1,000	1,000	
Less: Treasury Stock	0	0	0	0	
Retained Earnings/(Accumulated Deficit)	(102,155,000)	(117,189,000)	(135,019,000)	(169,297,000)	
Accumulated other comprehensive Income/(Loss)	(32,571,000)	(36,103,000)	(31,802,000)	(38,472,000)	
<b>Total Stockholder's Equity</b>	<b>(134,725,000)</b>	<b>(153,291,000)</b>	<b>(166,820,000)</b>	<b>(207,768,000)</b>	
<b>Total Liabilities and Stockholder's Equity</b>	<b>132,012,000</b>	<b>118,011,000</b>	<b>150,193,000</b>	<b>139,187,000</b>	

**Saratoga Gaming & Raceway**  
 [Linked to 2004 - 2008]

Income Statement

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Pari-Mutuel Commissions - Live & Simulcast					
NYS OTB Commissions					
Other revenues					
Net VGM Track Commission					
Less VGM Expenses					
Net Gaming Revenues					
<b>Total Revenues</b>					
<b>Expenses</b>					
Amounts paid to NYS - Taxes from Racing					
Amounts paid to Breeders from Racing					
Amounts paid for Purses - net					
Pari-Mutuel & Operating Expenses					
General and Admin Expenses					
Depreciation					
Other Expenses					
<b>Total Expenses</b>					
<b>Income / (Loss) before Taxes</b>					
Other expense/(Income)					
Interest (Earned)/Expense					
<b>Total Net Income / (Loss) Before Taxes</b>					
Provision for Income Taxes, Expense (Benefit)					
<b>Net Income / (Loss)</b>					
<b>Number of Live Race Days</b>	165	173	171	169	169

Saratoga Gaming & Raceway	2004	2005	2006	2007	2008
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents					
Investments					
Receivables					
Restricted Cash					
Prepaid Expenses					
Other Assets					
<b>Total Current Assets</b>					
<u>Property Plant and Equipment</u>					
Land and Land Improvements					
Buildings and Building Improvements					
Furniture Fixture and Equipment					
Construction in progress					
Other Assets					
Less Accumulated Depreciation					
<b>Total Property Plant and Equipment</b>					
Intangible Assets					
Due from affiliated Companies					
Loans receivable from shareholders					
Other Assets					
<b>Total Assets</b>					
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable					
Accounts Payable					
Accrued Expenses					
Purses Payable					
Statutory Payables					
State Facility					
Other Liabilities					
<b>Total Current Liabilities</b>					
<u>Non Current Liabilities</u>					
Long Term accrued expenses					
Due to Shareholder/Parent					
Long Term Debt					
Other LT Liabilities					
<b>Total Long Term Liabilities</b>					
Minority Interest in consolidated Partnerships					
<u>Shareholders Equity</u>					
Stock					
Less: Treasury Stock					
Retained Earnings/(Accumulated Deficit)					
Accumulated other comprehensive Income/(Loss)					
<b>Total Stockholder's Equity</b>					
<b>Total Liabilities and Stockholder's Equity</b>					

<b>Tioga Downs Casino</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast	0	0	1,078,691	1,608,686	1,512,275	
NYS OTB Commissions	0	0	578,597	305,128	290,845	
Other revenues	0	0	1,776,461	2,568,051	3,131,620	
Net VGM Track Commission	0	0	6,678,163	13,259,277	18,009,754	
Less VGM Expenses	0	0	0	5,074,277	6,754,912	
Net Gaming Revenues	0	0	6,678,163	8,185,000	11,254,842	
<b>Total Revenues</b>	<b>0</b>	<b>0</b>	<b>10,111,912</b>	<b>12,666,865</b>	<b>16,189,582</b>	
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing	0	0	45,088	125,017	128,558	
Amounts paid to Breeders from Racing	0	0	305,311	62,788	61,282	
Amounts paid for Purses - net	0	0	1,773,887	2,562,049	3,246,641	
Pari-Mutuel & Operating Expenses	0	0	2,385,837	2,941,858	2,916,345	
General and Admin Expenses	0	0	8,201,402	6,451,069	6,128,909	
Depreciation	0	0	735,823	1,527,685	1,694,200	
Other Expenses	0	0	1,993,462	310,995	79,309	
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>15,440,810</b>	<b>13,981,461</b>	<b>14,255,244</b>	
<b>Income / (Loss) before Taxes</b>	<b>0</b>	<b>0</b>	<b>(5,328,898)</b>	<b>(1,314,596)</b>	<b>1,934,338</b>	
Other expense/(Income)	0	0	(750,500)	(10,984)	(1,008,856)	
Interest (Earned)/Expense	0	0	4,708,484	1,973,278	1,284,912	
<b>Total Net Income / (Loss) Before Taxes</b>	<b>0</b>	<b>0</b>	<b>(9,286,882)</b>	<b>(3,276,890)</b>	<b>1,658,282</b>	
Provision for Income Taxes, Expense (Benefit)	0	0	0	0	(47,075)	
<b>Net Income / (Loss)</b>	<b>0</b>	<b>0</b>	<b>(9,286,882)</b>	<b>(3,276,890)</b>	<b>1,705,357</b>	
<b>Number of Live Race Days</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>58</b>	<b>59</b>	

Note: Tioga Downs Opened in June 2006.

	2004	2005	2006	2007	2008
<b>Tioga Downs Casino</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	0	0	885,316	1,582,729	1,738,208
Investments	0	0	0	0	0
Receivables	0	0	578,246	217,384	287,173
Restricted Cash	0	0	743,636	375,093	2,036,148
Prepaid Expenses	0	0	516,816	414,498	416,455
Other Assets	0	0	81,383	127,071	122,469
<b>Total Current Assets</b>	<b>0</b>	<b>0</b>	<b>2,805,397</b>	<b>2,716,775</b>	<b>4,600,453</b>
<u>Property Plant and Equipment</u>					
Land and Land Improvements	0	0	1,500,000	256,000	285,336
Buildings and Building Improvements	0	0	0	0	0
Furniture Fixture and Equipment	0	0	33,092,780	34,550,509	35,047,391
Construction in progress	0	0	0	0	497,382
Other Assets	0	0	0	0	0
Less Accumulated Depreciation	0	0	735,823	1,988,950	3,864,529
<b>Total Property Plant and Equipment</b>	<b>0</b>	<b>0</b>	<b>33,856,957</b>	<b>32,817,559</b>	<b>31,965,580</b>
Intangible Assets	0	0	0	0	0
Due from affiliated Companies	0	0	0	0	0
Loans receivable from shareholders	0	0	0	0	0
Other Assets	0	0	395,652	0	0
<b>Total Assets</b>	<b>0</b>	<b>0</b>	<b>37,058,006</b>	<b>35,534,334</b>	<b>36,566,033</b>
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	0	0	11,726,161	1,689,133	11,274,613
Accounts Payable	0	0	2,405,240	2,236,741	4,107,914
Accrued Expenses	0	0	378,973	98,850	0
Purses Payable	0	0	0	0	0
Statutory Payables	0	0	0	0	0
State Facility	0	0	0	0	0
Other Liabilities	0	0	496,225	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>15,006,599</b>	<b>4,024,724</b>	<b>15,382,527</b>
<u>Non Current Liabilities</u>					
Long Term accrued expenses	0	0	0	10,081,289	73,046
Due to Shareholder/Parent	0	0	21,177,773	33,884,837	31,908,694
Long Term Debt	0	0	10,054,101	0	0
Other LT Liabilities	0	0	0	0	(47,075)
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>0</b>	<b>31,231,874</b>	<b>43,966,126</b>	<b>31,934,665</b>
Minority Interest in consolidated Partnerships	0	0	106,415	0	0
<u>Shareholders Equity</u>					
Stock	0	0	1,000	0	0
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	0	0	(9,287,882)	(12,456,516)	(10,751,159)
Accumulated other comprehensive Income/(Loss)	0	0	0	0	0
<b>Total Stockholder's Equity</b>	<b>0</b>	<b>0</b>	<b>(9,286,882)</b>	<b>(12,456,516)</b>	<b>(10,751,159)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>0</b>	<b>0</b>	<b>37,058,006</b>	<b>35,534,334</b>	<b>36,566,033</b>

<b>Vernon Downs Casino &amp; Hotel</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast		3,600,359	0	498,411	2,980,626	3,197,044
NYS OTB Commissions		1,136,163	0	880,959	1,098,328	1,022,845
Other revenues		3,521,863	0	1,584,863	3,213,830	3,808,876
Net VGM Track Commission		0	0	2,301,906	10,257,549	14,801,859
Less VGM Expenses		0	0	0	3,990,176	5,304,235
Net Gaming Revenues		0	0	2,301,906	6,267,373	9,497,624
<b>Total Revenues</b>		<b>8,258,385</b>	<b>0</b>	<b>5,266,139</b>	<b>13,560,157</b>	<b>17,526,389</b>
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing		179,427	0	80,751	265,336	267,809
Amounts paid to Breeders from Racing		69,703	0	132,281	131,555	131,000
Amounts paid for Purses - net		1,750,206	0	593,460	3,901,111	5,041,654
Pari-Mutuel & Operating Expenses		10,180,217	0	1,484,414	2,785,460	2,786,875
General and Admin Expenses		0	0	4,120,454	8,929,253	8,261,953
Depreciation		385,331	0	805,045	2,441,479	2,631,683
Other Expenses		2,575,985	0	6,494,946	808,836	901,471
<b>Total Expenses</b>		<b>15,140,869</b>	<b>0</b>	<b>13,711,351</b>	<b>19,263,030</b>	<b>20,022,445</b>
<b>Income / (Loss) before Taxes</b>		<b>(6,882,484)</b>	<b>0</b>	<b>(8,445,212)</b>	<b>(5,702,873)</b>	<b>(2,496,056)</b>
Other expense/(Income)		(352,191)	0	70,505	7,710,418	(540,079)
Interest (Earned)/Expense		2,186,598	0	829,478	3,367,337	2,463,518
<b>Total Net Income / (Loss) Before Taxes</b>		<b>(8,716,891)</b>	<b>0</b>	<b>(9,345,195)</b>	<b>(16,780,628)</b>	<b>(4,419,495)</b>
Provision for Income Taxes, Expense (Benefit)		0	0	(2,140,785)	(566,018)	65,075
<b>Net Income / (Loss)</b>		<b>(8,716,891)</b>	<b>0</b>	<b>(7,204,410)</b>	<b>(16,214,610)</b>	<b>(4,484,570)</b>
<b>Number of Live Race Days</b>		<b>44</b>	<b>0</b>	<b>30</b>	<b>80</b>	<b>90</b>

Note: Vernon Downs closed from July 2004 to August 2006.

	2004	2005	2006	2007	2008
<b>Vernon Downs Casino &amp; Hotel</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<u>Current Assets</u>					
Cash and Cash Equivalents	71,578	0	1,975,166	1,842,196	1,522,872
Investments	0	0	0	0	0
Receivables	154,175	0	322,168	423,814	403,061
Restricted Cash	259,620	0	2,037,169	551,675	1,780,649
Prepaid Expenses	0	0	719,013	211,615	243,771
Other Assets	366,339	0	92,352	124,087	146,240
<b>Total Current Assets</b>	<b>851,712</b>	<b>0</b>	<b>5,145,868</b>	<b>3,153,387</b>	<b>4,096,593</b>
<u>Property Plant and Equipment</u>					
Land and Land Improvements	0	0	23,518	5,831,879	6,116,664
Buildings and Building Improvements	0	0	0	0	0
Furniture Fixture and Equipment	21,957,102	0	39,336,473	34,648,393	34,933,248
Construction in progress	0	0	0	0	1,310,692
Other Assets	121,671	0	0	0	0
Less Accumulated Depreciation	13,130,780	0	805,045	2,496,539	5,763,382
<b>Total Property Plant and Equipment</b>	<b>8,947,993</b>	<b>0</b>	<b>38,554,946</b>	<b>37,983,733</b>	<b>36,597,222</b>
Intangible Assets	0	0	0	13,400,000	13,400,000
Due from affiliated Companies	0	0	15,441,341	0	0
Loans receivable from shareholders	0	0	0	0	0
Other Assets	598,156	0	0	247,500	0
<b>Total Assets</b>	<b>10,397,861</b>	<b>0</b>	<b>59,142,155</b>	<b>54,784,620</b>	<b>54,093,815</b>
<b>Liabilities and Shareholders Equity</b>					
<u>Current liabilities</u>					
Current Portion of Long Term Debt/Notes Payable	26,847,074	0	4,550,398	21,266,316	1,460,576
Accounts Payable	4,505,413	0	4,244,089	2,617,662	3,652,651
Accrued Expenses	0	0	259,652	91,528	0
Purses Payable	461,455	0	0	0	0
Statutory Payables	0	0	0	0	0
State Facility	0	0	0	0	0
Other Liabilities	384,131	0	0	0	0
<b>Total Current Liabilities</b>	<b>32,198,073</b>	<b>0</b>	<b>9,054,139</b>	<b>23,975,506</b>	<b>5,113,227</b>
<u>Non Current Liabilities</u>					
Long Term accrued expenses	0	0	0	246,878	165,992
Due to Shareholder/Parent	0	0	29,169,652	44,148,285	47,020,140
Long Term Debt	26,394	0	33,507,420	0	19,800,000
Other LT Liabilities	0	0	44,904	9,849,000	9,914,075
<b>Total Long Term Liabilities</b>	<b>26,394</b>	<b>0</b>	<b>62,721,976</b>	<b>54,244,163</b>	<b>76,900,207</b>
Minority Interest in consolidated Partnerships	0	0	(15,225)	0	0
<u>Shareholders Equity</u>					
Stock	4,629,236	0	15,696,685	15,613,841	15,613,841
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	(26,455,842)	0	(28,315,420)	(39,048,890)	(43,533,460)
Accumulated other comprehensive Income/(Loss)	0	0	0	0	0
<b>Total Stockholder's Equity</b>	<b>(21,826,606)</b>	<b>0</b>	<b>(12,618,735)</b>	<b>(23,435,049)</b>	<b>(27,919,619)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>10,397,861</b>	<b>0</b>	<b>59,142,155</b>	<b>54,784,620</b>	<b>54,093,815</b>

<b>Empire City Casino Yonkers Raceway</b>		<b>Income Statement</b>				
<b>[Linked to 2004 - 2008]</b>		<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>UNAUDITED 2008</b>
<b>Revenues</b>						
Pari-Mutuel Commissions - Live & Simulcast		21,608,548	6,896,170	2,337,006	15,863,055	10,648,674
NYS OTB Commissions		12,166,078	8,241,139	1,673,000	13,598,746	12,277,808
Other revenues		471,368	188,909	917,339	9,152,555	8,029,847
Net VGM Track Commission		0	0	15,978,604	110,931,948	155,991,926
Less VGM Expenses		0	0	8,093,865	40,462,452	574,882
Net Gaming Revenues		0	0	7,884,739	70,469,496	155,417,044
<b>Total Revenues</b>		<b>34,245,994</b>	<b>15,326,218</b>	<b>12,812,084</b>	<b>109,083,852</b>	<b>186,373,373</b>
<b>Expenses</b>						
Amounts paid to NYS - Taxes from Racing		2,096,624	952,185	148,272	1,473,289	1,241,664
Amounts paid to Breeders from Racing		680,653	296,082	53,521	525,827	493,952
Amounts paid for Purses - net		15,381,819	4,975,800	5,578,178	32,674,150	43,040,042
Pari-Mutuel & Operating Expenses		7,278,614	8,961,973	7,154,212	16,514,465	45,349,653
General and Admin Expenses		10,174,687	10,118,050	19,633,490	29,733,579	38,411,793
Depreciation		972,681	998,753	3,306,225	9,486,390	18,397,072
Other Expenses		4,829,451	594,000	8,899,906	594,000	1,838,439
<b>Total Expenses</b>		<b>41,414,529</b>	<b>26,896,843</b>	<b>44,773,804</b>	<b>91,001,700</b>	<b>148,772,615</b>
<b>Income / (Loss) before Taxes</b>		<b>(7,168,535)</b>	<b>(11,570,625)</b>	<b>(31,961,720)</b>	<b>18,082,152</b>	<b>37,600,758</b>
Other expense/(Income)		(604,446)	(2,060,735)	(477,081)	7,632,726	597,250
Interest (Earned)/Expense		1,477,815	2,891,589	7,159,084	29,049,185	36,641,919
<b>Total Net Income / (Loss) Before Taxes</b>		<b>(8,041,904)</b>	<b>(12,401,479)</b>	<b>(38,643,723)</b>	<b>(18,599,759)</b>	<b>361,589</b>
Provision for Income Taxes, Expense (Benefit)		(70,349)	6,180	24,639	15,336	0
<b>Net Income / (Loss)</b>		<b>(7,971,555)</b>	<b>(12,407,659)</b>	<b>(38,668,362)</b>	<b>(18,615,095)</b>	<b>361,589</b>
<b>Number of Live Race Days</b>		<b>207</b>	<b>105</b>	<b>32</b>	<b>307</b>	<b>253</b>

\* VGM operating expenses are not separately reported. Therefore are included in either Pari-mutuel, general operating or other expense.

\*\* Yonkers closed in July 2005 for construction and renovations relating to beginning VGM operations. They reopened in the fall of 2006 and raced only 32 days during the year. The OTB commissions are estimated for this year based on past years amounts.

	2004	2005	2006	2007	2008
<b>Empire City Casino Yonkers Raceway</b>					
<b>Balance Sheet</b>					
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	2,429,882	3,114,377	8,146,719	8,371,364	15,331,547
Investments	0	0	0	0	0
Receivables	4,070,518	1,800,098	4,473,013	5,959,597	4,532,719
Restricted Cash	0	0	0	0	0
Prepaid Expenses	419,498	535,960	5,089,568	824,269	3,495,558
Other Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>6,919,898</b>	<b>5,450,435</b>	<b>17,709,300</b>	<b>15,155,230</b>	<b>23,359,824</b>
<b>Property Plant and Equipment</b>					
Land and Land Improvements	12,825,814	12,825,814	12,825,814	12,825,814	12,825,730
Buildings and Building Improvements	0	29,271,248	133,175,057	153,204,005	186,126,485
Furniture Fixture and Equipment	5,208,492	5,242,821	13,878,166	15,507,612	32,585,350
Construction in progress	0	0	0	0	231,481
Other Assets	40,326,642	27,353,278	44,979,034	52,309,790	0
Less Accumulated Depreciation	22,266,506	5,155,410	8,461,635	17,791,887	26,125,848
<b>Total Property Plant and Equipment</b>	<b>36,094,442</b>	<b>69,537,751</b>	<b>196,396,436</b>	<b>216,055,334</b>	<b>205,643,198</b>
Intangible Assets	0	0	0	0	0
Due from affiliated Companies	3,708,888	3,064,483	5,343,285	7,531,855	7,147,193
Loans receivable from shareholders	6,181,343	6,818,189	7,495,524	8,437,620	9,184,919
Other Assets	83,160	10,287,402	13,208,185	13,762,320	18,123,339
<b>Total Assets</b>	<b>52,987,731</b>	<b>95,158,260</b>	<b>240,152,730</b>	<b>260,942,359</b>	<b>263,458,473</b>
<b>Liabilities and Shareholders Equity</b>					
<b>Current liabilities</b>					
Current Portion of Long Term Debt/Notes Payable	39,500,000	0	230,000,000	282,150,000	288,108,900
Accounts Payable	8,902,905	8,194,379	30,101,003	14,745,944	7,035,973
Accrued Expenses	7,304,547	7,574,909	6,023,696	7,299,378	8,689,317
Purses Payable	2,619,787	3,087,903	5,358,175	1,128,146	3,536,666
Statutory Payables	6,850,309	0	3,026,259	5,538,922	1,418,203
State Facility	0	0	0	0	0
Other Liabilities	5,006	2,500,608	7,615,984	3,817,278	10,014,689
<b>Total Current Liabilities</b>	<b>65,182,554</b>	<b>21,357,799</b>	<b>282,125,117</b>	<b>314,679,668</b>	<b>318,803,748</b>
<b>Non Current Liabilities</b>					
Long Term accrued expenses	0	0	8,682,214	10,843,630	0
Due to Shareholder/Parent	0	0	1,922,936	989,807	1,023,562
Long Term Debt	0	98,365,549	0	0	0
Other LT Liabilities	0	5,006	9,423,630	8,471,285	16,717,603
<b>Total Long Term Liabilities</b>	<b>3,611,904</b>	<b>98,370,555</b>	<b>20,028,780</b>	<b>20,304,722</b>	<b>17,741,165</b>
Minority Interest in consolidated Partnerships	0	3,611,904	3,611,904	4,205,904	4,799,904
<b>Shareholders Equity</b>					
Stock	6,691,508	7,101,908	7,512,308	7,512,308	7,512,308
Less: Treasury Stock	0	0	0	0	0
Retained Earnings/(Accumulated Deficit)	(22,498,235)	(30,684,647)	(69,353,009)	(83,500,246)	(83,138,655)
Accumulated other comprehensive Income/(Loss)	0	(4,599,259)	(3,772,370)	(2,259,997)	(2,259,997)
<b>Total Stockholder's Equity</b>	<b>(15,806,727)</b>	<b>(28,181,998)</b>	<b>(65,613,071)</b>	<b>(78,247,935)</b>	<b>(77,886,344)</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>52,987,731</b>	<b>95,158,260</b>	<b>240,152,730</b>	<b>260,942,359</b>	<b>263,458,473</b>

## Off-Track Betting Corporations Summary of Operations

	Capital	Catskill	Nassau	New York City	Suffolk	Western*	Total
Handle for 2008	190,544,474	121,869,536	281,957,687	940,218,360	178,590,944	133,985,683	1,847,166,684
Full Time Employees	159	48	142	745	124	232	1450
Part Time Employees	154	193	158	380	217	351	1453
Total Employees	313	241	300	1,125	341	583	2903

Ave. Handle per employee	608,768	505,683	939,859	835,750	523,727	229,821	636,296
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# of Presidents & VPs	5	1	3	7	2	2	20
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Telephone Wagering	1	1	1	1	1	1	6
Internet Wagering	1		1	1			3
Teletheaters	2	1	1	3	1	1	9
Branches	41	20	11	65	13	37	187
Ez-Bets / Remote sites	37	4	9		11	7	68
Total Locations	82	26	23	70	26	46	273

Ave. Handle per Location	2,323,713	4,687,290	12,259,030	13,431,691	6,868,882	2,912,732	6,766,178
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### Account Wagering Services

Telephone with live operators	Yes	Yes	Yes	Yes	Yes	Yes	100%
Tel w/natural voice recognition	Yes	No	No	Yes	No	No	50%
Tel w/touch tone	Yes	Yes	Yes	Yes	Yes	Yes	100%
Personal betting terminals	Yes	Yes	Yes	Yes	Yes	No	83%
Stored value instruments (cash cards)	Yes	No	No	No	No	No	17%
Internet	Yes	No	Yes	Yes	No	No	50%
Day or Temp. accounts	No	Yes	Yes	No	Yes	No	50%
In-home simulcasting (TV)	Yes	No	Yes	Yes	Yes	Yes	83%

\* Employment figures may include employees working at the VGM facility at Batavia Downs.



**Task Force on the Future of Off-Track Betting in  
New York State**

**MINUTES  
MEETING OF MAY 14, 2009**

**A meeting of the Task Force on the Future of Off-Track Betting in New York State was held on Thursday, May 14, 2009 at 11:00am at the Racing and Wagering Board's Manhattan Office located at 86 Chambers Street, Suite 201, New York, New York.**

**The meeting was called to order at 11:00 a.m.**

**In Attendance Were:**

John Van Lindt  
John Crotty  
Jon J. McCloskey  
Thomas Casaregola  
Rick Goodell, NYSRWB

**Also In Attendance Were:**

Nick Antenucci, Wilson Elser  
Marietta Seaman, (Suffolk) OTB  
Maureen Flynn, Monticello Raceway  
Leonard Allen, OTB District Council 37, AFSCME  
Richard Steier, The Chief  
Barry Yomtov, OTB Local 858  
Jamie Lenbrauer, YNY  
Lauren Iovino, PLA  
Robert Palumbo, NYRA  
Pat Viscusi, NYRA  
Joe Faraldo, SOA of NY  
Dan Wray, NYCOTB  
Shuang Liu, United Journal  
Ronald Ochrym, NYSRWB  
Kristen Buckley, NYSRWB

**Call to Order to Organize & Form Task Force**

John Van Lindt acted as the organizing person and called the meeting to order. A motion was made by Jon McCloskey to elect John Van Lindt as Temporary Chairman. The motion was seconded by Thomas Casaregola and passed unanimously.

A motion was made by John Van Lindt to elect Thomas Casaregola as Temporary Secretary. The motion was seconded by John Crotty and passed unanimously.

**Task Force – Summary of Enabling Legislation**

Temporary Chairman Van Lindt asked Rick Goodell, assistant council for the New York State Racing and Wagering Board to read the mandate of the Task Force as stated in State law and describe the requirements of the Task Force. Mr. Goodell read the appropriate sections of Chapter 115 of the Laws of 2008 (§ 26) that created the task Force and described general administrative requirements.

**Resolutions**

Temporary Chairman Van Lindt requested a motion to adopt the informal resolution dated May 13, 2009 to form the Task Force on the Future of Off-Track Betting in New York State. A motion was made by Thomas Casaregola to adopt the informal resolution dated May 13, 2009 to form the Task Force on the Future of Off-Track Betting in New York State. The motion was seconded by Jon McCloskey and passed unanimously.

Temporary Chairman Van Lindt requested a motion to adopt Resolution No. 2009-01 the by-laws of the Task Force. A motion was made by Thomas Casaregola to adopt Resolution No. 2009-01, by-laws. The motion was seconded by Jon McCloskey and passed unanimously.

A motion was made by Jon McCloskey to elect John Van Lindt as Chairman. The motion was seconded by John Crotty and passed unanimously.

A motion was made by Chairman Van Lindt to elect Thomas Casaregola as Secretary and Administrator. The motion was seconded by Jon McCloskey and passed unanimously.

A motion was made by Chairman Van Lindt to elect John Crotty as Vice-Chair. The motion was seconded by Thomas Casaregola and passed unanimously.

A motion was made by Chairman Van Lindt to appoint Rick Goodell as counsel. The motion was seconded by John Crotty and passed unanimously.

A motion was made by Chairman Van Lindt to appoint Joseph Mahoney as public information officer. The motion was seconded by John Crotty and passed unanimously.

A motion was made by Chairman Van Lindt to adopt Resolution No. 2009-02, resolution to meet in public. The motion was seconded by John Crotty and passed unanimously.

**General Discussion – Task Force Mission**

Chairman Van Lindt commented on the Task Force's purpose and stated that a review of the OTB operations and finances will be conducted including a review of the NY tracks as well. Chairman Van Lindt also stated that of the millions of dollars wagered in NY that 75% of it is wagered off-track and that NY wagering has a major impact nationally and to the States economy. The way he saw it there are four options to consider when looking at a possible overhaul to the OTB system in NYS;

- The first is consolidation to achieve cost savings by efficiency of operations,
- The second is merging one or two OTBs with a track- noting NYRA as a national leader in thoroughbred racing,
- The third option is to do nothing and let an OTB, like NYCOTB simply fail (he noted this is not a viable option),
- The fourth option is to privatize the OTBs.

Vice-chair Crotty stated that he appreciated the opportunity the Governor gave him by placing him on the committee. Mr. Crotty discussed the large volume of wagering noting the economic impact of wagering in NY with OTB being the major component. He stated that the Task Force needs to examine all stakeholders in trying to understand issues to make recommendations to protect jobs and growth of all sectors. Mr. Crotty noted that approximately \$10 billion is spent on buying movie tickets in the US while the total amount wagered on horse racing is approximately \$15 billion. He went on to say that the cost of movie tickets is much higher (\$10) than the cost of placing a typical bet (\$2). Clearly this is an important industry and we need to focus on this.

Member McCloskey discussed the need of getting all sectors of the New York racing industry to work together. He stated that OTB is a major component of the racing community and he agreed that allowing it to fail is not a viable option. He stated that the Task Force needs to get everyone to work together - to achieve growth. Mr. McCloskey noted that it is a difficult task but that it needs to be addressed; the State can no longer look at bandaid approaches/solutions. Mr. Crotty and Mr. McCloskey discussed briefly role of OTB within the larger racing and wagering community.

Member Casaregola talked about the large task ahead for the Board and the need to look at all players in the New York racing industry.

Chairman Van Lindt again discussed the goals of the Task Force and the report that is to be issued and again noted the four options he previously discussed. Having noted the options, he listed the affected stakeholders - horsemen, breeders, presidents of OTB regions, state leaders (and committee chairs), tote companies, tracks, local governments and labor unions. Chairman Van Lindt stated that letters will go out to each of the mentioned stakeholders soliciting their opinion and input. Chairman Van Lindt also noted that the Task Force is also asking the OTBs not to enter into long term contracts while the Task Force is conducting its study and issuing its report.

**New Business**

Member Casaregola noted that the Task Force has received letters from Marvin Newberg representing Monticello Raceway and a letter from Joseph Faraldo representing the Standardbred Owners Association of New York. These letters were submitted for the Task Force's review and incorporated into the record. Mr. Casaregola also corrected a procedural issue regarding the adoption of the first resolution (this matter is correctly recorded in the minutes above).

The Task Force's next meeting will be the week of June 22, 2009 in Albany. The exact date, place and time has not yet been determined.

**Public Comment**

Chairman Van Lindt offered opportunity for public comment. Dan Wray- NYCOTB asked for a timetable for the report. Chairman Van Lindt noted that the Task Force will work as quickly as possible in completing its mission. Robert Palumbo-NYRA asked how appointments to the Task Force were made, why the Assembly did not have anyone at the meeting and if the Assembly knew about the meeting. Chairman Van Lindt and Mr. Crotty noted that the Speakers office was notified. Leonard Allen-OTB District Council 37, AFSCME asked why they were not included in list of entities to receive a letter. Chairman Van Lindt noted he would be sure to be added to the list and that his input is welcomed. Marietta Seaman-(Suffolk) OTB asked who the appointment representing OTB was on the Board. Chairman Van Lindt noted OTB did not have an appointment to the Board. There were no other comments

**Adjournment**

Chairman Van Lindt made a motion to adjourn the meeting, seconded by Member Casaregola. The meeting was adjourned at approximately 11:40am.

Respectfully Submitted,

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Thomas Casaregola  
Secretary to the Task Force



**Task Force on the Future of Off-Track Betting in  
New York State**

**MINUTES  
MEETING OF JUNE 24, 2009**

**A meeting of the Task Force on the Future of Off-Track Betting in New York State was held on Wednesday, June 24, 2009 at 11:00am at the Empire State Plaza, Meeting Room #1 Albany, New York.**

**In Attendance Were:**

Chairman John Van Lindt  
Vice-Chair John Crotty  
Jon J. McCloskey  
Thomas Casaregola, Secretary  
Rick Goodell, Counsel

**Also In Attendance Were:**

Charles Vickery  
Brian Flynn, NYCOTB  
Dan Wray, NYCOTB  
A representative for Leonard Allen, OTB District Council 37, AFSCME  
Mike Hoblock  
Joni Yoswein, YNY/SOA  
Kristin Buckley, NYSRWB  
Jim Kellogg, NYSRWB  
Anne Leahy, Whiteman Osterman Hanna  
Steve Bochnak, NYS Assembly  
Honorable J. Gary Pretlow, NYS Assembly, Chair of the Assembly Racing & Wagering Committee  
Brendan Fitzgerald, Executive Chamber  
Michael Wilton, PLA  
Ronald Ochrym, NYSRWB  
Honorable John Sabini, Chairman of the New York State Racing and Wagering Board  
Joseph Mahoney, NYSRWB  
Anthony Piscitelli, Wilson Elser Moskowitz Edelman & Dicker  
Jessica Morelli, NYSAC  
Amy Solomon, Mckenna Long  
Jerry Skurnik, Assembly nominee to the Task Force

**Call to Order**

The meeting was called to order at 11:01 a.m.

**Minutes of Previous Meeting**

Chairman Van Lindt requested a motion to approve the minutes of the meeting held on May 14, 2009. A motion was made by John Crotty and seconded by Chairman Van Lindt. The minutes were approved unanimously.

**Introductory Remarks**

Chairman John Van Lindt mentioned the importance of Off-Track Betting in New York State and noted how the system is constantly under criticism for its structure and operation. He read an article by Jerry Bossert that appeared in the Daily News on June 19, 2009 that quoted Dennis Dowd, the senior vice president of legal and government affairs for the New Jersey Sports and Expositions Authority, criticizing the NYS OTB system and operations.

He then gave a legislative summary of laws in the 1970s regarding the establishment of OTB in New York.

Chairman Van Lindt then read sections of the report "*Analysis Prepared by the Staff of the Joint Legislative Task Force to Study and Evaluate the Pari-Mutuel Racing and Breeding Industry in New York State*".

A summary of current OTB operations was also provided regarding various items such as the number of employees, branches, amount of handle and wagering platforms.

**Statutory History of New York OTB**

Rick Goodell, counsel to the Task Force provided a summary of the statutory history of Off-Track Betting ending with the authorization of OTB to the State take over of New York City OTB in June of 2008 and the creation of the Task Force on the Future of Off-Track Betting.

**Summary of Various Commission Reports related to Off-Track Betting in New York State**

Jon McCloskey provided a summary of the following reports that have been issued over the years, since the creation of Off-Track Betting in New York, and issues at the time such commissions were created. Noted that each of the reports recommended some kind of consolidation of OTB operations and mentioned that since then there were several privately commissioned reports. A written report was submitted and included for the record. The reports that were summarized are:

- Governor's Commission on the Future of Horse Racing in New York State, March, 1973
- Examination of The Regional OTB System in New York, Joint Legislative Task Force, September, 1979
- Governor's Advisory Commission on Racing in the 21<sup>st</sup> Century, June 1993.

**Summary of Comments Received**

John Crotty reported that the Task Force had requested information from the OTBs, racetracks, horsemen, tote companies, labor unions, local municipalities, breeders and fans/bettors. Between 50 to 60 responses were received. It was noted that no response was received from New York City OTB and Nassau OTB's response was submitted with a request for an exemption from Freedom of Information Requests. He further stated the Task Force was disappointed that New York City OTB did not respond and that Nassau OTB's response was being returned with a

request that their request to restrict distribution of their comments be removed. Written reports were submitted and included for the record.

### **Report on Handle Structure and Trends**

Tom Casaregola reported on New York handle trends since the inception of Off-Track Betting in New York State; a comparison of New York betting trends over the past ten years to the rest of the United States; in-state handle trends on in-state races vs. out-of-state races and national trends on betting on New York races. Written reports and charts were submitted and included for the record.

### **Public Comment**

Chairman Van Lindt offered opportunity for public comment. There was none.

### **Resolutions**

Chairman Van Lindt requested a motion to adopt Resolution No. 2009-03 to request the NYS Racing and Wagering Board require all OTBs to include an early termination clause in every long-term contract that requires their approval. A motion was made by John Crotty and seconded by Jon McCloskey. The resolution passed unanimously.

Chairman Van Lindt requested a motion to adopt Resolution No. 2009-04 to appoint Rick Goodell as the records access officer and to request that each party who has submitted information that the Task Force has gathered for the conduct of its mission with a request that it be exempt from public disclosure now give its consent for disclosure. A motion was made by John Crotty and seconded by Tom Casaregola. The resolution passed unanimously.

Chairman Van Lindt requested a motion to adopt Resolution No. 2009-05 to request an opinion of the NYS Attorney General regarding out-of-state ADW practice of accepting wagers from NYS residents and related criminal and anti-trust issues. A motion was made by John Crotty and seconded by Jon McCloskey. The resolution passed unanimously.

### **New Business**

Jon McCloskey asked for a written report / summary concerning the reported tentative sale of New York City OTB to Magna in 2001.

### **Schedule Next Meeting**

The next meeting is to be held on July 30, 2009 at Saratoga Raceway at 11:00am

Items we are going to try to address by this meeting

- Various options for continuation of OTBs in the state, e.g., joint venture with tracks, consolidate, privatize with or without consolidation, maintain status quo
- An overview on how other states authorize and conduct off-track betting
- The 3 tote operators, various TV outlets, internet use of credit cards to place bets in New York, possibility of a state wide marketing system / joint venture by OTBs and tracks.
- Other issues to study but not necessarily be finalized by the next meeting:
  - Distribution rates OTBs are required to make to government and racing entities
  - Hold harmless payments
  - Nighttime thoroughbred tax (the over \$100,000,000 payment)

## ATTACHMENT IX

- Continuation of surcharge
- Out of state ADW operations operating in NY
- Introduction and use of VLTs in NY and other forms of gambling introduced since the inception of OTBs.

### **Adjournment**

Chairman Van Lindt requested a motion to adjourn the meeting. A motion was made by John Crotty and seconded by Jon McCloskey. The resolution passed unanimously. The meeting was adjourned at approximately 12:05pm.

Respectfully Submitted,

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Thomas Casaregola  
Secretary to the Task Force



**Task Force on the Future of Off-Track Betting in  
New York State**

**MINUTES  
MEETING OF JULY 30, 2009**

**A meeting of the Task Force on the Future of Off-Track Betting in New York State was held on Thursday, July 30, 2009 at 11:00am at the Nevele Pride room in the clubhouse at Saratoga Gaming and Raceway, Saratoga New York.**

**In Attendance Were:**

Chairman John Van Lindt  
Vice-Chair John Crotty  
Jon J. McCloskey  
Jerry Skurnik  
Thomas Casaregola, Secretary

**Also In Attendance Were:**

Martin Basinait, Western OTB  
John Signor, Capital OTB  
Marc Corazzini, FAN  
Ed Fontaine, NY Post  
Nancy Priputen Madrian, Capital OTB  
Rob Palumbo, NYRA  
Hal Handel, NYRA  
Charlie Hayward, NYRA  
Richard Dirkes, Getnick & Getnick  
Bruce Cogan, Saratoga Gaming  
Bill Crowel, Witeman, Osterman et al.  
Patrick Kehoe, NYRA  
Pete Pagliaro, NYS OSC  
Harry Snyder, NYS Racing Commission  
Sylvia Hamer, Governor's Office  
Lisa Marrello, Wilson Elser  
Skip Piscatelli, Wilson Elser  
Nick Antenucci, Wilson Elser  
Jessica Morelli, NYSAC  
Michael Wilton, P. Lynch Assoc.  
Jeffery Casale, Suffolk OTB  
David Needham, Suffolk OTB  
Charles Vickery

## ATTACHMENT X

Robert Hemsworth, Capital OTB  
Brad Fischer, NYS Senate & Senate nominee to the Task Force  
Joni Yoswein, YNY/SOA  
Abby Jenkins, NYSAC  
Dick Powell, RGS  
Valerie Lucanera, Catskill OTB  
Linda Casse, Ocala owner  
Donald Groth, Catskill OTB  
Michael Amo, Orange County Legislator / ThoroFan  
Bruce Benedict, GVE  
Don Braim, Saratoga Gaming  
George Wiley, Saratoga Gaming  
John Mattarazo, Saratoga Gaming  
Mike Hoblock, Catskill  
Honorable J. Gary Pretlow, NYS Assembly, Chair of the Assembly Racing & Wagering  
Committee  
Steve Bochnak, NYS Assembly  
Paul Post, Saratogian  
Kristin Buckley, NYSRWB  
John Googas, NYSRWB  
Ronald Ochrym, NYSRWB  
Joseph Mahoney, NYSRWB

### **Call to Order**

The meeting was called to order at 11:02 a.m.

### **Minutes of Previous Meeting**

Chairman Van Lindt requested a motion to approve the minutes of the meeting held on June 24, 2009. A motion was made by Chairman Van Lindt and seconded by Jerry Skurnik. The minutes were approved unanimously.

**Introductory Remarks**

Chairman Van Lindt reported the total New York State handle (bets placed in NYS) at \$2.45 million with \$1.8 million being wagered at the six regional Off-Track Betting Corporations. A summary of what the task force has done so far was also provided as well as mention of the pending requests for legal opinions from the New York State Attorney General’s office regarding out-of-state Advance Deposit Wagering providers. A summary of the 216 total recommendations received to date was made. These recommendations were received from 61 individuals and or entities as follows:

NYS Tracks	6
Tote Companies	3
Local Municipalities	12
Horsemen and Breeders	7
NYS Off-Track Betting Corporations	5
Bettors / Public / Fans	28
	61

The only authorized pari-mutuel wagering entities that have yet to submit comments to the Task Force are New York City OTB, Finger Lakes Raceway, Vernon Downs and Tioga Downs.

**Financial Reports and Analysis**

Tom Casaregola reported that financial summaries and analysis were performed on all of the New York State Off-Track Betting Corporations and racetracks. The analysis was compiled from information filed with the New York State Racing and Wagering Board and information from the New York State Lottery for the past five years. The information is to be posted on the Task Force’s web site by tomorrow (July 31<sup>st</sup>) so that it may be reviewed by all interested parties along with the members of the Task Force. Mr. Casaregola noted that the task Force has not come to any conclusions regarding this information but rather is considering it as comments and suggestions are made. It was noted that some information is not yet available for disclosure as some issues regarding Freedom of Information disclosure are being addressed.

**Public Comment**

Chairman Van Lindt noted that the OTB presidents and president of NYRA were invited to address the Task Force at this meeting.

Mr. Charles Hayward, president of NYRA read from a document he prepared for a meeting he had with the OTB presidents in the summer of 2006 concerning consolidating tote, internet wagering platforms, statewide television and video streaming over the internet for simulcasting NY races as well as a statewide marketing. Also suggested consolidating operations and overhead (accounting, marketing, insurance etc.) Mr. Hayward also discussed the monies owed to NYRA by NYCOTB and NYCOTB's poor financial position and encouraged the Task Force to concentrate on the problems of NYCOTB.

Mr. Donald Groth, president of Catskill OTB stated he has been promoting the idea of a statewide television network for racing for decades and hopes the task force recommends it in their report. Supports a statewide tote system for all NY tracks and OTBs and to update the system with current technology. Stated a statewide marketing program is a brilliant idea and

suggest the I Love New York campaign be used for this. Mr. Groth also stated that the OTBs meet all the time to try to find ways to save money and consolidate however when asked he offered no examples of implemented programs. Lastly out of state Advance Deposit Wagering (ADW) companies are poaching thousands of dollars of bets from the OTBs and there are too many people living off of OTB.

Mr. Martin Basinait, president of Western OTB stated that Western OTB's position is unique because in addition to operating an OTB they also operate a racetrack and video gaming operations. The gaming business follows the economy of the country, which is now very bad. It's difficult to operate a 20<sup>th</sup> century business on 19<sup>th</sup> century laws. The distribution (of revenue) model needs to be changed. Supports a statewide tote operation and statewide player card. Western OTB does not offer nighttime thoroughbred wagering because the statutory payments to do so are too high and stated that they should all support New York racing.

Mr. Jeffery Casale, president of Suffolk OTB stated that Suffolk OTB submitted their proposed business model on how OTB should be run to the Task Force. Their model is more customer friendly and supports a statewide tote to provide patrons the ability to use one player card or voucher at any New York location (OTB or track). Suffolk OTB currently shares a phone center and print shop with Nassau OTB that works well. Supports the idea of centralized telephone wagering centers, one upstate and one downstate. Suffolk OTB is promoting a statewide handicapping tournament that helps promote New York racing. They are sensitive to their local communities on placing of branches and believe that should continue. Racing is in decline and there needs to be a change to the distribution formulas. The racing product needs to improve, better marketing and larger fields are needed as there is more competition for the betting dollar.

Mr. John Signor, president of Capital OTB stated the decline in racing is a national problem not just New York. Stated that the tracks and OTBs work together all the time and cited how Capital OTB promotes NYRA racing at Saratoga in addition to Finger Lakes and Vernon Downs racing. Nighttime thoroughbred racing was projected to add \$400 million in handle, which did not happen. As a result of the legislation they have to pay too much to the harness tracks based on handle from 2002 as current handle continues to decline. Also stated he believes that the out of state ADWs are having a massive impact on their operations and stated that Youbet told them two years ago that they had \$50 million of New York customer handle and that he believes the amount to be much higher now. They have cut their expenses consistently over the years and run efficient operations and believe it's a good idea to have a statewide tote and television station for racing.

Mr. Michael Amo, Orange County Legislator, Chairman of the OTB committee for the County and Chairman of the Board of ThoroFan, a non-profit organization formed for the benefit of racing fans stated that the Task Force should be sure to remember the fans and be sure not to do or recommend anything that would hurt them. He also stressed its important to educate people to learn about the sport and betting.

### **New Business**

None.

**Schedule Next Meeting**

The next meeting is tentatively planned to be held towards the end of August. Time and place to be announced.

**Adjournment**

Chairman Van Lindt requested a motion to adjourn the meeting. A motion was made by John Crotty and seconded by Jon McCloskey. The resolution passed unanimously. The meeting was adjourned at approximately 12:05pm.

Respectfully Submitted,

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Thomas Casaregola  
Secretary to the Task Force



**Task Force on the Future of Off-Track Betting in  
New York State**

**MINUTES  
MEETING OF AUGUST 20, 2009**

**A meeting of the Task Force on the Future of Off-Track Betting in New York State was held on Thursday, August 20, 2009 at 11:00am at the Victoria Pool Building, 19 Roosevelt Drive at the Saratoga Spa State Park, Saratoga Spring, New York.**

**In Attendance Were:**

Chairman John Van Lindt  
Brad Fischer  
Thomas Casaregola, Secretary  
Vice-Chair John Crotty (via telephone)  
Jerry Skurnik (via telephone)

**Also In Attendance Were:**

Jon J. McCloskey  
Martin Basinait, Western OTB  
Maureen Flynn, Monticello Raceway  
Kevin Kearny, Finger Lakes  
Jamie Hartman, Saratoga Gaming  
Donald Groth, Catskill OTB  
Valerie Lucanera, Catskill OTB  
Pam Donehower, International Racing Management (IRM) Ltd  
James Mango, Buffalo Raceway  
Nancy Priputen Madrian, Capital OTB  
Jim Crane, Crane, Parente and Cherubin  
John Hindman, TVG  
Dino Amoroso, Nassau Downs OTB  
Skip Piscatelli, Wilson Elser  
Nick Antenucci, Wilson Elser  
Martin Kinsella, NYS Thoroughbred Breeding Fund  
Sylvia Hamer, Executive Chamber  
Patrick Kehoe, NYRA  
Dick Powell, RGS  
Dianne Frazier, NY Breeders  
Robert Hemsworth, Capital OTB  
Shawn Wiles, Monticello Raceway  
Peter Goold, Ag & NYS Horse Breeding Fund

James Orgen, sz H  
George Karam, Saratoga HHA / Empire State HHA  
Richard Burstein, Saratoga Gaming & Raceway  
Mike Corbin, Delaware North Companies Inc.  
Jim Gallagher, NYTHA  
Matt Hegarty, Daily Racing Form (DRF)  
Abby Jenkins, NYSAC  
Marietta Seaman, Suffolk OTB  
Jeff True, United Tote  
Brendan Fitzgerald, Executive Chamber  
John Mattarazo, Saratoga Gaming  
Edward Bogdan, NYTB  
Jeffrey Cannizzo, NYTB  
Joe McMahon, Joe McMahon Thoroughbred Farm  
Ellen McClain, NYRA  
Phil Palermo, Finger Lakes  
Pat Placito, Finger Lakes  
Rob Palumbo, NYRA  
John Signor, Capital OTB  
Gene Chabrier, XpressBet  
Honorable John Sabini, Chairman of the New York State Racing and Wagering Board  
Kristin Buckley, NYSRWB  
James Kellogg, NYSRWB  
Ronald Ochrym, NYSRWB  
Joseph Mahoney, NYSRWB  
Dan Wray, NYCOTB

**Call to Order**

The meeting was called to order at 11:00 a.m.

**Minutes of Previous Meeting**

Chairman Van Lindt requested a motion to approve the minutes of the meeting held on July 30, 2009. A motion was made by Chairman Van Lindt and seconded by Thomas Casaregola. The minutes were approved unanimously.

**Appointment of Records Access Appeals Officer**

Thomas Casaregola made a motion to appoint John Van Lindt the records access appeals officer. The motion was seconded by Brad Fischer. The motion was approved unanimously.

**Executive Session**

The Task Force went into executive session at 11:07am to address freedom of information issues raised by two of the racetracks. The executive session ended and the meeting resumed at 11:34am.

### **Introductory Remarks**

Chairman Van Lindt provided a summary of the history of Off-track betting, racing and Video Gaming in New York State including handle (bets placed in NYS) trends. A summary of the meetings and resolutions the Task Force made to date was also provided.

### **Public Comment**

Chairman Van Lindt noted that various individuals were invited to address the Task Force at this meeting.

Mr. Dino Amoroso, president of Nassau OTB summarized Nassau OTB's operations and stated that they have cut costs since he began in 2006, closed inefficient branches and changed operations. They began offering Internet wagering, implementing 8 FastBet facilities and offering more automated (self service) wagering platforms as well as began a players rewards program. These wagering platforms are significantly less costly to operate than traditional brick and mortar branches however the out of state ADWs still continue to take business (bettors) that would otherwise wager with them. (The profit margin for Internet wagering program is about 17% to 18% while the profit margin for their branches is about 10%.) Mr. Amoroso suggested that OTBs be authorized to operate VLTs, have a statewide marketing program, a joint internet platform with NYRA and all NYS tracks and OTBs, and that OTBs no longer be required to pay dark day and hold harmless payments to the NY tracks. He stated that Nassau and Suffolk OTB share telephone wagering operations which has proved to be very beneficial for both entities. Mr. Amoroso also stated that Nassau OTB performed a study of the OTB structure in the other jurisdictions that concluded that none of these structures have been successful. Mr. Amoroso was asked to provide a copy of the OTB study Nassau OTB performed as well as submitting a copy of the uniform tote RFP the OTBs issued.

Jim Mango, chief operating officer of Buffalo Raceway supports the idea of statewide tote, Internet, TV (for NYS racing) and buying co-op for out-of-state simulcast signals. Also supports prohibiting out-of-state ADWs from taking bets from NY residents. Stated there was too much competition in NYS among the tracks and OTBs and that the Task Force needs to think of the patrons.

John Hindman, senior vice president and counsel for TVG stated they are licensed in 15 states. TVG decided the best way to enter the NY market was to partner with a licensed NY operator, Yonkers Raceway to operate Yonkers' Internet and account wagering platform. Therefore they collect, and pay, all NYS taxes, breeder's payments etc like every other NYS licensed provider. Stated that on-line (electronic) account opening and sign up is necessary to provide an easy way for customers to open accounts. The current restriction from this practice is hurting their ability to grow in the NY market. California is a good example to follow for regulation of ADW operations.

Dick Powell, Racing and Gaming Services (RGS) of St. Kitts, a rebate shop stated they are just like any other ADW, they participate in the pools and contribute to purses, taxes etc. The only difference from them and other ADWs is they are off shore. The off shore bookmakers, the operators who are not in the (host track) common pools are pirates, stealing the track's signal and paying nothing to the industry. Closing the borders of New York from out of state ADWs will

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only drive bettors to the bookmakers (pirates) and further hurt the industry. If the OTBs are going to survive they must get rid of the surcharge to be competitive. A plan must be developed to keep the participating counties whole. The monopoly the OTBs had in NYS is gone, the open market is what he believes makes operators better and competitive. Rebates make it possible for good bettors to make money and become professional bettors, which in turn increases the amount they bet as well as revenue to the industry. RGS has good relationships with horsemen around the country as a result of the high volume of wagering they do. Mr. Powell disagreed with Dino Amoroso and stated that tracks who own OTB's are profitable. Mr. Powell stated he worked at the Fairgrounds in Louisiana, who owned OTBs that were very profitable.

A break was taken at 12:56pm. The meeting resumed at 1:05pm

Philip Palermo, Finger Lakes cited the recent New York State Comptrollers audit of New York City OTB and stated they should devote their time to address their administrative and operating costs structure rather than attacking the current statutory structure. In addition he recommended that they (NYCOTB) stop taking the out of state signals they say is costing them too much in statutory fees. New leadership is needed at NYCOTB. They (Finger Lakes) could take over the management of NYCOTB and make it profitable.

Shawn Wiles, Monticello stated that NYCOTB (finances) make it clear that the OTB model (in NYS) needs to be changed. Stated that despite the findings of the recent New York State Comptrollers audit of New York City OTB, (NYCOTB) has done nothing to address the problems. The Task Force needs to address major issues such as requiring the OTBs to pay the tracks what they owe them and not wait extended periods of time for the required payments. The maintenance of effort payments, hold harmless and dark day payments need to be paid. The practice of the OTBs taking out of state harness signals at night over the New York Harness signals must stop. Suggest that the option of the tracks running the OTBs should be explored. It is in the best interest of everyone that the OTBs remain strong.

Martin Kinsella, Executive Director of the New York State Thoroughbred Breeding and Development Fund. The Fund takes no position of what form or structure the OTBs take as long as the revenue from OTBs continue to the Fund, as this is the majority of the Funds revenue (over 72%). Without the breeders there wouldn't be any horses to bet on. Suggest the task force recommend that the fund receive the same percentage of revenue from all sources of wages rather than the current various calculations now in place. NYCOTB provides about 40% of the Funds total revenue. Current delay in payments from NYCOTB is causing the Fund, for the first time ever, to delay payments for owners and breeders awards. Current statute provides no time frame for when OTBs are to submit statutory payments to the Fund. Therefore it is suggested that the Task Force recommend a date certain be established in statute that requires when payments are to be submitted to the Fund.

Peter Goold, Executive Director of the New York State Agriculture Horse Breeding and Development Fund stated there are about 400 horse farms in NYS in about 49 counties that occupy about 4,000 acres. About 25% of these farms are standardbred farms. NYCOTB provides about 6% of the Fund's total revenue, the majority of the Funds revenue now comes from VLTs. The OTBs use to account for about 75% of the Funds total revenue, before VLTs and now

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account for about 25% of the Funds revenue (after VLTs.) It is important that the revenue from OTBs continue to the Fund to maintain the strong breeding program that the Fund supports.

John Matarazzo, Director of Racing Operations Saratoga Gaming and Raceway noted that Dino Amoroso mentioned that the OTBs mandate ways to curb bookmaking and provide revenue for local governments but did not mention that the other mandate the OTBs have is to support racing and breeding. He has worked for both OTB and racetrack. When he was at OTB the focus was to maximize revenue for the support of government and they spent little time considering the long-term impact (of what they were doing) on racing. Everyone was making more money at the beginning of OTB. OTB has drastically reduced revenue that Saratoga Gaming and Raceway makes annually. Capital OTB owes them over \$2 million in hold harmless payments of which 50% of that money goes to purses. Recommend the hold harmless payments provided a higher commission rate be paid to the host NY track, enact legislation to offer additional gaming (non-taxable free play and table games), improve operating efficiencies and hold the out of state ADWs to the same standard as the NYS OTBs by requiring them to pay the same amounts the OTBs pay. Mr. Matarazzo stated that he believes there is too many wagering outlets in NYS, compared to other states. There is no new revenue to make therefore consolidation is logical but is not a long-term solution. The only practical and permanent solution is to privatize OTB. This will align OTB with the racetracks rather than trying to compete for the same money. In every state with the exception of NY the OTBs are run by the tracks, while not an easy concept in NY it is the best method.

### **New Business**

None.

### **Schedule Next Meeting**

The next meeting is tentatively planned to be held towards the end of September somewhere downstate. Time and place to be announced.

### **Adjournment**

The meeting was adjourned at approximately 1:41pm.

Respectfully Submitted,

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Thomas Casaregola  
Secretary to the Task Force



**Task Force on the Future of Off-Track Betting in  
New York State**

**MINUTES  
MEETING OF OCTOBER 5, 2009**

**A meeting of the Task Force on the Future of Off-Track Betting in New York State was held on Monday, October 5, 2009 at 11:00am in the “Good Time Room” at Yonkers Raceway, 810 Central Avenue, Yonkers, New York.**

**In Attendance Were:**

Chairman John Van Lindt  
Vice-Chair John Crotty  
Jerry Skurnik  
Brad Fischer  
Thomas Casaregola, Secretary  
Rick Goodell, Counsel

**Also In Attendance Were:**

Bob Galterio, Yonkers Raceway  
Kevin Kearny, Finger Lakes  
Richard Burstein, Saratoga Gaming & Raceway  
John Mattarazo, Saratoga Gaming  
Donald Braim, Saratoga Gaming  
Barry Yomtov, Local 858  
Jonathan Strause, Virtual Media Group  
William Phillips, Virtual Media Group  
Ray Kerrison, NY Post  
Marietta Seaman, Suffolk OTB  
Neil Tiger, Suffolk OTB  
Edward Ryan, Yonkers Raceway  
Dennis Moran, Yonkers Raceway  
Andrew LeRay, NYU- Press  
Ben Rohn, Yonkers Raceway  
Charles Cole, Yonkers Raceway  
Nick Brily, Yonkers Raceway  
Donald Groth, Catskill OTB  
Valerie Lucanera, Catskill OTB  
Ursula McIntyre, Yonkers Raceway  
Wayne Smith, Yonkers Raceway

Jamie Hartman, Saratoga Gaming  
Matt Bunyan, Yonkers Raceway  
Stephanie Bunyan, Yonkers Raceway  
Joel Davey, Yonkers Raceway  
George Casale, SOA of NY  
Joe Faraldo, SOA of NY  
Joe Mayo, SOA of NY  
Michael Porto  
Honorable John Sabini, Chairman of the New York State Racing and Wagering Board  
Kristin Buckley, NYSRWB  
James Kellogg, NYSRWB  
Ronald Ochrym, NYSRWB  
Joseph Mahoney, NYSRWB

### **Call to Order**

The meeting was called to order at 11:01 a.m.

### **Minutes of Previous Meeting**

Chairman Van Lindt requested a motion to approve the minutes of the meeting held on August 20, 2009. A motion was made by Chairman Van Lindt and seconded by Brad Fischer. The minutes were approved unanimously.

### **Introductory Remarks**

Chairman Van Lindt provided a summary of the history of Off-track betting, racing and Video Gaming in New York State including handle (bets placed in NYS) trends.

### **Status of Request for an Opinion from the New York State Attorney General**

In a letter dated June 28, 2009 the Task Force requested an opinion of the NYS Attorney General regarding the legality of out-of-state ADW's practice of accepting wagers from NYS residents and related anti-trust issues. Task Force Counsel Rick Goodell reported that he had just been informed by the Attorney General's Office that the letter was referred to the Governor's Office to respond to.

### **Summary of Benefits to Participating Municipalities paid by Regional OTBs**

Secretary Casaregola stated that information from each of the OTBs was obtained regarding the amount of benefits each of them has paid to their participating municipalities since their inception. This is an important statistic as the Task Force is charge to make recommendations to, in part maximize contributions the OTBs make to local governments. A copy of the report is attached and identified as Attachment I. (Not included with this report.)

### **OTB Structure in Other Jurisdictions**

Secretary Casaregola reported that a survey regarding the structure and regulator frame work of OTBs was sent to several racing jurisdictions, including international locations. A summary of the responses from those jurisdictions that reported relevant information for the study was provided. (Note that the survey was sent to over 50 jurisdictions and that we received 19

responses. There are eight jurisdictions not listed in the summary as they reported as not having OTBs or reported incomplete information.) A copy of the report is attached and is identified as Attachment II. (Not included with this report.)

### **Public Comment**

Mr. Robert Galterio, Vice President and General Manager of Yonkers Raceway provided a written submission (copy is attached and is identified as Attachment III). Mr. Galterio stated that strong racing industry in New York will help build a strong NY OTB system and that ADW's taking bets from New York residents should be regulated by New York. He also stated that NYCOTB currently owes Yonkers Raceway about \$12 million, not including the Maintenance of effort amounts, and that they have tentatively reached an agreement for them to pay Yonkers half the amount now and the remainder over a period of time. Mr. Galterio also expressed concern over the OTB proposal to pay the statutory amounts due the in state tracks (such as Yonkers) on a new formula based on net income after operating expenses (rather than on the current system based on percentage of handle.) He stated that under the proposed system out of state tracks would be guaranteed to continue to get the percentage of handle they charge but the NY tracks (such as Yonkers) could conceivably get nothing if the OTBs pay based on net income and the OTB has a loss. He believes this is highly unfair and not good for NY racing or NY.

Vice-Chair John Crotty noted that the Task Force was created in the same section of law that enabled the State to save NYCOTB and assume its operations and that it is unacceptable that NYCOTB has not submitted any comments nor participate in any discussions with the Task Force. In the past each section of the racing industry has always looked out for each of their own interest at the detriment to others and that NYCOTB is doing it again.

Task Force Member Jerry Skurnik stated that he attended the NYS Senate Racing Committee meeting recently to hear what NYCOTB will tell the Senate Committee but not the Task Force. Mr. Skurnik stated that, to his credit, NYCOTB Chairman Frucher stated he would not publicly discuss private conversations he has had with the Governor on this matter but Ray Casey, President of NYCOTB did say that NYCOTB would meet with any State Senator to discuss their (NYCOTBs) current situation. Yet NYCOTB will not meet with the Task Force. Mr. Skurnik also stated that it is not fair to the taxpayers, the State or to horseplayers for NYCOTB to develop a plan in secret. NYCOTB previously stated they had a plan that they would submit to the Task Force yet one was never submitted. All of the other OTBs and virtually all of the NYS tracks have participated except NYCOTB.

Michael Porto stated that he is a racing analyst, wrote a book called "Winning System" that sold over 50,000 copies and was an analyst for OTB, therefore he feels he is qualified to make recommendations to fix OTB. He presented a summary of several operational ideas that included; allowing OTB to show other races while NYRA is running, questioned the number of automobiles OTB owns, close branches that loose money, close certain nighttime operating branches, limit the number of racing signals that are displayed, stop paying clerks who work on Sunday double time (close on Sunday and Monday), consider charging admission to branches like tracks charge admission to go to the races, limit or eliminate the daily sheets posted on the walls of the branches (results and performances), reduce the number of "upper echelon"

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management positions and offer a new wager he developed that offers a lottery like payoff for selecting the trifecta for three consecutive races (he said it could make \$50 million).

Jonathan Strause, Chairman and CEO of Virtual Media Group did a presentation on a virtual racing product his company offers called IRace. Mr. Strause stated that virtual racing has helped grow handle on live racing in the UK and has become a vital part of the racing industry in various countries. A copy of the presentation is attached and is identified as Attachment IV. (Not included with this report.)

### **New Business**

None.

### **Schedule Next Meeting**

There may be another meeting to issue and discuss a draft or final report. Time and place to be announced.

### **Adjournment**

The meeting was adjourned at approximately 12:25pm.

### **Executive Session**

The Task Force immediately went into executive session to address freedom of information issues raised by two of the racetracks (Finger Lakes and Saratoga Gaming and Racing).

Respectfully Submitted,

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Thomas Casaregola  
Secretary to the Task Force

## ATTACHMENT XIII

### The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From Bettors & Fans

#### Responses

**Jackson Leeds –Bettor/Fan-** He made several submissions on various dates summarized below:

NYS should join Senator Lesniak's (D) (NJ) lawsuit to make sports betting legal.

That OTB's should be allowed to take bets on Palm Sunday, Easter and Christmas and Racing Law Section 105 is unconstitutional.

That Nassau OTB has settled a lawsuit alleging that they forced an employee to work on political campaigns during OTB business hours and that the person was fired when she reported the matter.

That he believes Nassau OTB does not select branch locations correctly and not for good business reasons.

That Dino Amoroso said at the Nassau OTB board meeting this week that the OTBs are considering closing on Tuesdays so they won't have to pay the tracks dark day money.

He is frustrated that the NYRA signal is not available in-home in Nassau County.

**Jerry Bossert -Daily News Racing Reporter-** Consolidate OTBs and let NYRA run it. The OTB system in NY should be like the ones in Pennsylvania, New Jersey or Kentucky.

**Lester Wolff –Bettor/Fan-** Consolidate OTBs, eliminate surcharge, offer rebates, get a centralized state-wide cable distribution, allow “sub-dollar” wagering on exotic bets and standardize posting of entries and results.

**Michael McKay –Bettor/Fan-** Add an additional surcharge to fund a drug testing / deterrent program. Performing enhancing drugs have ruined the integrity of the sport.

**Larry –Bettor/Fan-** OTB clerks should know what race a pick six wager starts with, they do not always seem to know this and as a result can not help so the wager can be placed. Clerks do not tell you the total amount of winnings for all wagers unless specifically asked. Also stated that clerks bet while working and

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sometimes include the cost of some of their wagers to be covered by the next bettor.

**Alanpoobah –Bettor/Fan–** OTBs surcharge and take-out is too high, “OTB is a thieving organization.”

**Alan Franks -Bettor/Fan–** Aqueduct and Belmont facilities in need of some repairs and maintenance. Also suggest better access for the fans to view the races.

**Skip –Bettor/Fan–** The branch on 87<sup>th</sup> & 5<sup>th</sup> does not open timely and windows are understaffed, the clerks at the restaurant branch on 4<sup>th</sup> ave eat while on duty.

**Vince Conti –Bettor/Fan/ and runs NYbred.com–** Additional revenue could be made by the State and the industry by selling racing related products (i.e. books on racing / handicapping, t-shirts, Derby paraphenalia etc.)

**Neil Satterly, Executive Director of SUNY New York Network –** Currently the NY Network provides satellite transmission for several of NY’s OTBs but has over the years lost some OTB’s to other providers. The cost for transmission is fixed for this system therefore the cost to the remaining OTBs is increased when one OTB leaves the NY Network system. He suggest that if all the OTBs are required to use this system for satellite transmissions then the cost would be more equitable. Otherwise this service may be lost.

**Liz -Bettor/Fan–** Requested that NYRA lift its restriction it placed on Nassau OTB over a dispute regarding Nassau’s in-home simulcasting thereby preventing Nassau OTB (and Suffolk OTB as well) from showing any racing, including the Belmont, in-home.

**Linda Edwards –Bettor/Fan–** A self reported new fan to racing suggests more marketing, better facilities, particularly Belmont, and less time between races and or a half time like show to keep people entertained.

**Angelo –Bettor/Fan–** Suggest either closing all OTBs or lowering the takeout.

**Michael Troy –Bettor/Fan–** A self described long time bettor suggest allowing video streaming of races on the internet, reducing services fees for depositing money in betting accounts, lift restrictions on simulcasting New York tracks over out-of-state races, allow the cancellation of bets over the internet to give bettors the chance to change their mind or correct an error.

**Gregg Sitrin – Bettor/Fan –** Legalize sports betting at OTBs to increase profits.

**“More Faves” – Bettor/Fan –** OTBs must get sports betting to remain competitive with Delaware and other states.

**Aaron Shapiro – Bettor/Fan –** Consolidate the six OTBs into one and work with NYRA. Also reduce takeout and take care of the bettors. Says the recent dispute

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between NYRA and Nassau OTB that resulted in NYRA pulling the Television rights to Nassau only frustrates the bettors and hurts NY racing.

**Ed – Bettor/Fan –** Consolidate all the OTBs and NYRA, allow video streaming of NYRA races and have one TV channel with live races.

**Steve Ende – Bettor/Fan –** NYCOTB employees and tellers don't do their job and the NYCOTB branches are dirty. Branches should be run like the Nassau OTB branch in Carle Place.

**Jonathan Krangle – Bettor/Fan –** Recommends more special events, contests and give-a-ways, including providing trips to local racetracks.

**John Adare – Bettor/Fan –** Wants to be able to place parlay wager over the phone. Nassau OTB currently does not allow parlay wagers to be placed over the phone.

**Aaron Shapiro– Bettor/Fan –** Frustrated that he cannot watch NYRA races at home in Nassau County due to the current dispute between NYRA and Nassau OTB. Says the only ones being hurt are the fans, that these recent actions are good for no one and that politicians are costing NYS millions of dollars by not allowing slots (at Aqueduct).

**Robert Gilbert – Bettor/Fan –** Recommends reducing the minimum required bet to 10 or 50 cents so more people will bet. He believes people will be more willing to make exotic wagers because it will be more affordable. He believes this will increase handle and revenues.

**Robert Massello – Bettor/Fan –** Says there is no need for OTBs anymore. Internet gambling and advance deposit wagering has replaced them.

**Ed O'Brien – Bettor/Fan –** Doesn't like Capital OTB's Television production of racing and the procedures in place to deposit and withdraw money from his wagering account. He says NYRA's account wagering is much better but they do not offer harness racing (current law does not allow NY thoroughbred tracks to import harness track signals.) He recommends that NYRA run all wagering in the State and that all duplicative management, tote systems, TV presentations etc should be eliminated. There should be one wagering platform. (Mr. O'Brien works at CBS 6 in Albany but stated that these are his comments, not the stations.)

**Richard Burger – Bettor/Fan –** Suggest combining the OTBs with NYRA to end needless disputes, Nassau OTB branches are much cleaner than NYCOTBs and lowering the OTB take out.

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**Jared Garrick – Bettor/Fan** – Says that NYRA, the Racing Commission and OTB's need to radically change and make racing and wagering exciting. He sites several problems:

1. NYRA continuously add more and more NY Bred races with horses with no racing ability.
2. There is no respect for the fans:
  - a. Late scratches are made with no explanation
  - b. \$1 trifecta, exactas, Pick 3s and Pick 4s but require \$2 bets for Pick 6s. This limits people who will place such bets.
  - c. No TV or radio coverage of races anymore
3. NY Racing does not promote the intellectual aspect of handicapping while poker continues to gain popularity in analyzing player's strategies.

**John Moore – Bettor/Fan** – There should be only one system and it must be under common ownership with NYRA. New legislation must provide for mandatory distribution of the signals to all ADW providers who want to take bets via computer as well as to all simulcast operators, subject to binding arbitration within New York State.

**Michael Porto – Bettor/Fan** – Submitted a 2-part plan to save NYCOTB:

### **Part I**

1. Close all OTB shops (branches) except restaurants and ones like the one located on 241 Street Bronx. This will save millions in rent, security, cleaner's salaries etc.
2. All other bets to be placed via telephone or computer. Winning wagers to be charged a 5% fee. Restaurant wagers continue to be charged takeout and surcharge as under current system.
3. Small stores, similar to check cashing operations will have 2 clerks per 6 hour shifts to accept money for wagering, deposits and withdrawals. Also will sell racing programs at these locations.
4. Instead of showing 20 different races per day show 3 tracks in the afternoon so there are 3 races every half hour. Do the same in the evening and offer two races late afternoon early evening (in between the day time and night races). This will allow customers to more opportunity to watch the races and wager.
5. Management must be trimmed; there are usually 2 managers per day (at one branch).
6. Clerks from branches that are closed can work as telephone clerk operators.
7. Management in the home (central) offices must be trimmed as much as possible. There is no need for the 100 plus people that work there at present.
8. There is no need to spend money on (racing) analyst. Players will wager and don't need outside advice, the newspaper analysts are more than enough.

## ATTACHMENT XIII

### Part II

1. NYRA must understand they cannot control the racing signals bet in home and need to stop acting like a dictator.
2. OTBs should close on Monday each week, no OTB employee should work. This will save millions.
3. OTB restaurants do not have enough business to remain open all week, they should be open for wagering on Friday and Saturday only.

**Charles Vickery** – Submitted a spreadsheet comparing US , ADW & NY handle that he described as showing how NY handle did not decline as drastically as reported by the Task Force at the June 24, 2009 meeting.

**Brian Culnan** - A thoroughbred owner, breeder and fan recommends the OTB operations be turned over to the tracks to eliminate duplication of services and achieve operating efficiencies. Payments to local governments should remain the same under this new proposed structure.

**Anonymous submission** - Recommended that “incompetent” people at OTB headquarters be fired. New management is needed.

**Adam Webster** - A self described “large volume gambler” commented on the poor customer service and management of OTB, specifically at “The Inside Track” on 2<sup>nd</sup> Ave. and 53<sup>rd</sup> St. in New York City. He stated he is sometimes forced to leave, and not bet because he not provided a table.

**Tom Cicitello** - Believes that there is a conflict of interest with Western OTB owning and operating Batavia Downs and wants to be able to bet on night time thoroughbred with them but is unable to as they do not offer it. He also stated that Western has done little for the City of Buffalo, Westerns facilities outside of the city are “plush” while the ones in the City need help.

## The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From Breeders

**Jeffrey A. Cannizzo – Executive Director, New York Thoroughbred Breeder’s Inc.** - The breeding program in New York relies on revenues generated from the State’s tracks and OTBs. As handle continues to decline so do monies for breeder awards. As a result they recommend a change in statute to allow them to get a share of the simulcast export revenues the tracks make on selling their signal to out-of-state locations. They also stress the need for the tracks and OTBs to work together with the breeders and to protect the monies that are set aside for the breeding program. Lastly the support regulating out-of-state ADW providers who accept wagers from New York State residents and getting a portion of such handle for the State’s breeding program.

**Martin Kinsella – Executive Director, New York State Thoroughbred Breeding & Development Fund Corp.** – There are over 400 breeding farms in NYS and nearly 40,000 acres of green-space retained by thousands of employees in the thoroughbred breeding industry. The 6 regional OTBs provide the largest revenue source to the fund (approximately 69% of the Funds revenue). Suggest the following:

- Increase the OTB contributions to the Fund to be equal to the contributions made by the tracks. Currently the OTBs pay .005% of handle to the Fund while the tracks pay .007%. This would provide an additional \$2 million to the Fund.
- Currently there is no requirement in law stating when the OTBs and tracks are to pay the fund yet the fund disburses awards monthly. Some entities have delayed making payments to the fund and in turn causing cash flow issues for the fund. Therefore suggest that specific due dates for payments to the fund be added to statute requiring timely payments.
- Suggest that the impact of ADWs accepting wagers from NY residents be carefully reviewed with the best interest of the State and its Breeding programs in mind.

**Peter Goold – Executive Director, Agriculture and New York State Horse Breeding Development Fund** – The NYS OTBs are crucial to the ability of the Fund to perform its mission as they provide approximately 25% of the Funds total revenues. NYS standardbred population has increased almost 50% and the average value of a standardbred has increase by 25% thus creating a positive economic impact in the rural areas of the State. New York’s OTBs must maintain competitive with various providers to achieve its mission. Currently there is no requirement in law stating when the OTBs and tracks are to pay the fund yet the fund disburses awards monthly. Some entities have delayed making payments to the fund and in turn causing cash flow issues for the fund. Therefore suggest that specific due dates for payments to the fund be added to statute requiring timely payments

## The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From Horsemen

**Standardbred Owners Associations of New York (SOA)** - Recommend that OTBs be required to prominently display races from New York tracks over all out-of-state races. Alternatively recommend that a consortium of New York tracks run the OTBs, thereby eliminating conflicting interest the current set up has. An outline of the plan is provided that recommends each track be authorized to run a certain number of branches near their facility / in region. The tracks could take over existing branches in their regions with existing staffing guaranteed for set time period. The tracks would operate and fund the operations, coordinate simulcasting (with NY signals getting priority). The State in turn would agree not to expand VLT gaming any further as well as the pensions of the current OTB employees. Illinois's OTB system is referenced as a model to follow to increase revenues and make the system once more profitable.

The SOA submitted an additional comment on August 17, 2009 objecting to the public comment from New York City OTB that the distribution formula for paying statutory fees is broken and they should no longer pay based on a percentage of handle but rather pay such fees after deduction of all expenses. The SOA provides examples on the inequity in this proposal such as car dealers only paying GM for the cost of the new GM car they sell only if the dealer makes a profit.

**Garry Contessa – Thoroughbred Trainer** – Says the OTBs are very poorly managed and are cash cows for their executives. If the tracks don't want to run the OTBs the horsemen will. He states that it needs to be run by someone who knows the business from the bottom up and offers to be that person.

**Richard Papa - President, Harness Horse Assoc. of Central New York** – Supports the SOA's "New York First Initiative", which would place NYS racing first and help all affected parties in NYS including the tracks, breeders, horsemen, state/local government and the OTBs.

**George Karam – President, Saratoga Harness Horsepersons Association** – States they have more than 600 members. The current OTB model has failed. OTBs refuse to pay money owed to them even after directed so by the courts after they lost a suit regarding "hold-harmless" provision in the Racing Law. Further states that OTB operations are "nothing more than patronage hand outs and store front operations." Suggest the following:

- Create anew entity that eliminates all the state OTBs and replaces it with new entity
- Have the tracks & horsemen associations run the operations like as done in other states to ensure profitability and protect the NY product.

## **ATTACHMENT XV**

- Allow NY residents to wager from their homes, work etc. via dedicated OTB channels, land based phones, mobile phones or computers.
- Have one call center or central hub to handle all wagers thereby eliminating multiple regions and reducing costs.
- Mandate the “New York First” Initiative, which simply promotes NY racing and State residents.

**The Task Force on the Future of Off-Track Betting in New York State  
Summary of Comments Received From  
Municipalities**

**Participating**

**Rockland County** – Have seven branch locations, Nanuet, Pearl River, Nyack, Haverstraw and three locations in Suffern. Have received the following revenues from OTB:

2004: \$2,758,388  
2005 \$2,800,651  
2006 \$2,587,447  
2007 \$1,941,924  
2008 \$1,587,195

Offered no recommendations.

**Niagara County** – First response - Receives approximately \$230,000 annual revenue from OTB that is used to reduce the County property tax levy. After speaking to their county representative on Western OTB’s board a second response was provided stating that Western OTB is forced to make “welfare” payments to instate tracks who are profitable VLT operators. Over the past 35 years Niagara County received over \$17,892,653 from OTB. They have five branches with thirty-four jobs that have paid nearly \$33,061,446 in wages and benefits since its inception. They also state that Western OTB pays real estate taxes and ad valorem taxes on their branches and locations and virtually negated illegal wagering on horse races.

Offered no recommendations with their first response but did provide the following recommendations with their second response:

- Change statute to allow OTBs to make statutory distributions after payment of operating expenses,
- Repeal maintenance of effort payments,
- Eliminate dark day payments,
- Reduce the regulatory fee used to fund the Racing and Wagering Board by 50%,
- Either prohibit out-of-state ADWs from accepting wagers from New York residents or require them to be licensed and regulated like the OTBs including the requirements of statutory distributions that are equal or greater than the ones the NY OTBs are required to make.

**Wayne County** – There is one location within the County in the Village of Newark that employs seven individuals. They provide payroll and revenue figures from the inception of OTB through 2008 and also stated they received the following:

2006 - \$56,236  
2007 - \$73,099  
2009 - \$96,411

## ATTACHMENT XVI

They recommend that the current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds. They also state they oppose any changes that would diminish the amount of revenue that is distributed to Wayne County.

**Sullivan County** – States that since joining OTB in 2005 they have seen annual benefits of approximately \$330,000 be reduced to \$216,000 as a result of changes in law by the State to confiscate regulatory costs, authorized and tolerated slot machines and out of state ADW to poach business and bets from OTB.

These problems can be mitigated by supporting Catskill OTBs 2009 Legislative Plan including “Keep New York money in New York, Out of state Internet and Account wagering operators should be blocked and or licensed and required to pay fees to the counties and industry.

Further stated that the State has done nothing since it took over NYCOTB and now threaten to consolidate OTB operations which would be a detriment to Sullivan County.

**Genesee County** – They have 2 Western OTB branches in their county that provides 47 jobs. They provide payroll and revenue figures from the inception of OTB through 2008. Also as a hosting community for an OTB/Race Track the county, City of Batavia and Town of Batavia receives approximately \$500,000 in their general fund and has about 300 employees contribute to their local economy. They state that Western OTB has made the following recommendations that if enacted would assure their profitability:

- The current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds.
- Repeal the “Maintenance of Effort” provisions that have resulted in “welfare” payments to the “unneedy”.
- Eliminate “Dark Day” “welfare” subsidies they pay the tracks.
- Require an industry wide application of the Regulatory fee and reduce it from .5% to .25%. (This appears to mean to apply the fee to ADWs.)
- License out of state ADWs and require them to pay same statutory payments as the OTBs. The current model provides for unfair competition.
- OTBs should be allowed one site each for operation of video lottery gaming.

Genesee County also submitted Resolution 276 dated 09/11/09 that lists all of the benefits they have enjoyed (distributions, jobs etc.) as being a member county for Western OTB and that they have been told that the Task Force’s recommendations have been “pre-ordained” to dissolve the regional OTBs and consolidate them so that the participating counties no longer receive distributions from them. The resolution resolves:

## ATTACHMENT XVI

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Western OTBs legislative efforts to increase distributions,
- Their stake in OTB be protected.

**Fulton County** – Recommends improving the revenue stream for local governments by correcting the current model that requires their OTB, Capital OTB to subsidize a privately owned harness track that has generated billions of dollars in VLT handle since its inception. Also recommends:

- Licensing out of state ADWs and requiring them to pay same statutory payments as the OTBs
- Repeal Maintenance of Effort payments to harness tracks
- Repeal Dark Day payments that benefit tracks for not racing.
- Allow OTBs to retain unclaimed winning tickets
- Increase the NYRA takeout. The reduction in 2001 was a mistake that hurt the OTBs and NYRA.

**Steuben County** – Stated they obtained detailed information from Western OTB regarding this matter and provided a copy of the financial and statistical information with their response. Provide the following:

- Current law requires Western OTB to pay “welfare” payments to the NY tracks that can exceed the revenue OTB makes on the NY tracks races. Now that the tracks have video gaming such subsidies are no longer needed.
- Western OTB has 2 branches that provide 14 jobs that contribute the local economy. They provide payroll and revenue figures from the inception of OTB through 2008.

They state that Western OTB has made the following recommendations that if enacted would assure their profitability:

- The current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds.
- Repeal the “Maintenance of Effort” provisions that have resulted in “welfare” payments to the “unneedy”.
- Eliminate “Dark Day” “welfare” subsidies they pay the tracks.
- Require an industry wide application of the Regulatory fee and reduce it from .5% to .25%. (This appears to mean to apply the fee to ADWs.)
- License out of state ADWs and require them to pay same statutory payments as the OTBs or not allow them to accept wagers from NYS residents. The current model provides for unfair competition.
- OTBs should be allowed one site each for operation of video lottery gaming.

Steuben County also submitted Resolution 162-09 dated 10/26/09 that lists all of the benefits they have enjoyed (distributions, jobs etc.) as being a member county for Western OTB and that they have been told that the Task Force’s

## ATTACHMENT XVI

recommendations have been “pre-ordained” to dissolve the regional OTBs and consolidate them so that the participating counties no longer receive distributions from them. The resolution resolves:

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Western OTBs legislative efforts to increase distributions,
- Their stake in OTB be protected.

**Schuyler County** - Submitted Resolution 319 that was adopted on 10/13/09 that lists all of the benefits they have enjoyed (distributions, jobs etc.) as being a member county for Western OTB and that they have been told that the Task Force’s recommendations have been “pre-ordained” to dissolve the regional OTBs and consolidate them so that the participating counties no longer receive distributions from them. The resolution resolves:

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Western OTBs legislative efforts to increase distributions,
- Their stake in OTB be protected.

**Chautauqua County** - Submitted Motion No. 10-09 that was adopted on September 23, 2009 that lists all of the benefits they have enjoyed (distributions, jobs etc.) as being a member county for Western OTB and that they have been told that the Task Force’s recommendations have been “pre-ordained” to dissolve the regional OTBs and consolidate them so that the participating counties no longer receive distributions from them. The resolution resolves:

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Western OTBs legislative efforts to increase distributions,
- Their stake in OTB be protected.

**Rensselaer County** – Currently have nine (9) Capital OTB branches within the county and OTB generates an important source of revenue for the county. County revenue from OTB has gone from \$878,000 in 2001 to about \$406,000 in 2008. Stated that they understand this decrease is due to various legislation that has adversely affected OTB operations. Recommend consolidation of OTBs, which they understand the task force is considering should be done to the extent it enhances the racing industry and protects revenue stream from OTBs that the counties rely on.

**Livingston County** - They have 1 Western OTB branches in their county that provides 15 jobs. They provide payroll and revenue figures from the inception of OTB through 2008. Believe the OTB system should stay “as is” with some changes to regulations that would reduce payments to harness tracks.

## ATTACHMENT XVI

**Suffolk County** – Suffolk OTB employees 320 individuals that contribute the local economy and taxes. They operate 14 branches and 13 Quick bet locations. Revenue to Suffolk County from OTB in 2008 was \$2,299,051, which is a 57.75% decrease from 1998 revenues. Since 1999 arrest for gambling in Suffolk County has been reduced by over 30%.

The County supports legislation that would decrease OTB payments to the industry and increase payments to local governments.

Suffolk County also submitted a letter signed by all eighteen legislatures that describes the benefits they have enjoyed (distributions, jobs etc.) from Suffolk OTB. They state that:

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Suffolk OTBs legislative efforts to increase distributions,

**City of Albany** – The City has a positive working relationship with Capital OTB who employs many City residents. OTB has produced from \$349,973 in 2005 to \$270,198 in 2008 of revenue for the City. Supports the following proposals to restore OTB's strength and increase revenue:

- End Statutory Payments to the Harness Tracks
- Allow VLTs at OTBs
- Level the Playing Field for OTBs by licensing and taxing ADWs
- Provide VLT revenue sharing agreement with host municipalities

### **Non-Participating**

**Schoharie County** – There is no OTB in the county and therefore does not know the current impact OTB has on them.

Recommends:

- Sharing revenue from OTB statewide to all counties (participating and non-participating) will increase statewide cooperation and gain support.
- Distribute annual report to all counties to convey a real picture of what OTB does to benefit each municipality. Include in such report how the OTBs help strengthen the racing and breeding industries in the state.
- Make OTB facilities conveniently located to provide access to more people to increase revenues. Suggest increasing the number of betting locations but not one on every corner.

**City of Yonkers** – There are no OTBs in the city itself but there are several branches that are very close. They report that as currently structured and authorized OTB has no impact on the City of Yonkers.

Recommend:

- As the host City to the Empire Casino at Yonkers Raceway the City of Yonkers is not in favor of bills S.4588 / A.8211 that would permit OTBs

## **ATTACHMENT XVI**

to host video lottery terminals. The City states that video lottery terminals should only be placed at designated racetracks and that while “store-front” casinos’ may produce some additional revenue, it would not be in the best interest of New York’s residents.

## The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From OTBs

### Capital District Regional Off-Track Betting:

#### CURRENT IMPACT:

- Employs 300 people of which 200 are AFSCME Union members.
- Has reduced expenses over \$2 million in last four years and continues to cut costs.
- Operates and owns its own TV station that makes horse racing available to over 300,000 people.
- Pioneered the EZ Bet concept to cut cost and reach new fans.
- Has partnered with NYCOTB and NYRA during the Saratoga season to promote racing.
- Has aggressively engaged in new innovations such as Internet wagering and live video streaming on the Internet.

#### RECOMMENDATIONS:

Provided a copy of the 2009 OTB Omnibus Bill that that Suffolk OTB also submitted as well as copies of approximately 300 letters from Capital OTB employees to their State legislative representatives requesting they support the bill. Stated they supported the bill (which is described in detail in the summary of Suffolk OTB's submission below) however listed the following in their response:

- The OTBs need to maintain local control so they can obtain input on many issues.
- Single tote system for all 6 regional OTBs
- Statewide TV Station that cable companies would be legislatively required to provide at no cost.
- Legislative action described in the 2009 OTB Omnibus Bill.
- Eliminate the hold harmless payments to the tracks.
- Authorize VLTs at OTBs.
- Enhance and coordinate marketing efforts with all OTBs and NYS tracks.

#### MORATORIUM ON LONG TERM CONTRACTS:

Cited several reasons why abiding by the Task Force's request to not enter into long term contracts until the Task Forces mission is complete and respectfully declined to do so. The main reason provided is that they believe it would detrimental to the corporation's bottom line.

Additional Comment – June 30, 2009 – Stated that Capital OTB should not be portrayed as “top heavy” with management as they felt was done at the Task Force's June 25, 2009 meeting. Information was provided that reports that by promoting individuals in the company and not filling the Executive Vice

## ATTACHMENT XVII

Presidents position that they achieved a \$108,500 savings. In addition they have cut cost over the past several years and now have the lowest corporate wages in 22 years.

Second Additional Comment – June 30, 2009 – Provided copies of a form letter signed by 15 Capital OTB patrons. The comments are supportive of the promotions, Internet wagering, cash rewards and general customer services. The individuals who signed the letter are:

1. Rick Caputo
2. Vincent Arduini
3. Bob Schere
4. Rick Alfred
5. Andrew Weir
6. Miles Bailey
7. Don Matusik
8. Roddy Valente, Horse owner
9. Stew Boschwitz
10. Todd Dugan, Horse owner
11. Ron Mutch
12. Cos Cavallo
13. Carl Stowell
14. Alan Boulant, Horse owner
15. Gordon Mayo

Third Additional Comment – July 2, 2009 – Copies of resolutions that were passed in 2004 and 2005 from the following Capital OTB participating municipalities were provided requesting state legislation to assist Capital OTB, allow VLT's at OTBs and repeal certain legislation such as the hold harmless provision:

- City of Schenectady – Supportive of VLTs (2004)
- Cortland County - Supportive of VLTs (2004)
- Madison County - Supportive of VLTs (2004)
- Clinton County - Supportive of VLTs (2004)
- Oneida County - Supportive of VLTs (2004)
- Fulton County - Supportive of VLTs (2004)
- Intercounty Legislative Committee of the Adirondacks  
(Representing the Counties of Clinton, Essex, Franklin, Fulton, Hamilton, Herkimer, Lewis, St. Lawrence, Saratoga, Warren and Washington) - Supportive of VLTs (2004)
- Montgomery County - Supportive of VLTs (2004)
- St. Lawrence County - Supportive of VLTs (2004)
- Warren County - Supportive of VLTs (2004)
- Warren County – Authorize \$1,000 paid from Capital OTB to be distributed to the Warren County Soil and Water Conservation District for the Envirothon Program.
- Herkimer County - Supportive of VLTs (2004)
- Greene County - Supportive of VLTs (2004)
- Rensselaer County - Supportive of VLTs (2004)

## ATTACHMENT XVII

- Washington County - Supportive of VLTs (2004)
- Franklin County - Supportive of VLTs (2004)
- Essex County - Supportive of VLTs (2004)
- Columbia County - Supportive of VLTs (2004)
  
- Warren County – Opposes State Tax on OTB handle (2005)
- Fulton County – Eliminate Hold Harmless provisions, increase takeout on NYRA races, increase breakage, authorize Internet betting, and reduce State Taxes on OTB handle. (2005)
- Warren County - Eliminate Hold Harmless provisions, increase takeout on NYRA races, increase breakage, and authorize Internet betting. (2005)
  
- Warren County – Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- St. Lawrence County - Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- Montgomery County - Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- Clinton County - Repeal regulatory fee, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- Rensselaer County - Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- Fulton County – Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)
- Columbia County - Repeal regulatory fee, require an OTB representative be on the NYRA Board, reduce or eliminate hold harmless provisions, include hold harmless payments to be made to

## ATTACHMENT XVII

Capital OTB from Turning Stone Casino and Saratoga Harness, mandate special smoking rooms for OTB parlors. (2004)

In addition with this correspondence a copy of a letter from the Chairman of the Legislature from Rensselaer County was sent to various State Legislatures in 2005 that supports elimination of the Hold Harmless provisions, increase takeout on NYRA races, increase breakage, authorize internet betting.

Fourth additional correspondence dated July 31, 2009 – Provided an analysis of handle regarding out of state ADWs prepared by OTB consultant Charles Vickery. Capital OTB disagrees with the Task Force report that NY handle has declined at past worse than national trends and that handle trends don't support the OTBs position that ADWs are causing severe harm to the OTBs and NY tracks.

Fifth additional correspondence dated August 5, 2009 – Provided copies of resolutions that were passed mid to late 2009. The resolutions resolve:

- They will not support any recommendations the Task Force make that would change the current OTB structure,
- They support Capital OTBs legislative efforts to increase distributions,
- They support Capital OTBs proposal to be authorized to operate video gaming.

Resolutions provided were from the following municipalities:

- Clinton County
- Franklin County
- Greene County
- Herkimer County
- Oneida County
- Rensselaer County
- City of Schenectady
- Warren County

Sixth additional correspondence dated August 18, 2009 – Provided copies of resolutions that were passed in July and August 2009 from Montgomery and Fulton Counties that are similar to the ones submitted on August 5, 2009 with Capital OTBs fifth submission.

Seventh additional correspondence dated September 8, 2009 – Provided a copy of a resolution that were passed on August 3, 2009 from Essex County that is similar to the ones submitted on August 5<sup>th</sup> & 18<sup>th</sup> with Capital OTBs fifth & sixth submissions.

**Suffolk Regional Off-Track Betting** – Provided a detailed submission referred to as “The Suffolk Plan” including a proposed bill drafted to amend the racing law to support their plan. The plans main points are:

## ATTACHMENT XVII

- Creation of an umbrella, Service corporation consisting of the 6 independent OTBs (maintain local autonomy to the independent corps to deal with branch locations, union issues other matters having to do with specific branch location issues.)
- Development and implementation of a state-wide tote-system
- Development and implementation of one upstate and one downstate telephone wager center
- Establishment of a statewide “OTB/Racing” cable television station
- Development and implementation of a statewide internet wagering site for use by all NYS OTBs
- Development and implementation of a statewide branding and marketing effort
- Development and implementation of a shared purchasing policy for all OTBs.
- Eliminate maintenance of effort payments to privately owned harness tracks
- Eliminate dark day payments to privately owned harness tracks
- Require out-of-state ADW companies to pay the same statutory and regulatory fees as OTBs.
- Require licensing of ADWs and modify required account wagering procedures (currently addressed by rule) into statute.
- Remove restriction on wagering on Palm Sunday
- Make statutory payments after operational expense based on percentage of take instead of handle.
- Either completely eliminate all regional statutory payments to tracks or reduce such payments by 50% and require all remaining payments to be made to purses.
- Amend Section 516 of the Racing Law to allow carry over of losses from one quarter to the next to apply to subsequent quarter’s profit.
- Amend current in-home simulcasting restrictions to free up the ability for in home distribution including video streaming provided the approval of the Regional OTB.
- Authorize VLTs at OTBs and include authorization for video lottery table games.
- The OTBs should have free and unimpeded access to the simulcasting of each NYS track.
- The Racing & Wagering Board should audit each track to determine whether each track has passed through to the horsemen those OTB funds they have been statutorily required to.
- Each OTB should be authorized to open additional teletheaters.

### MORATORIUM ON LONG TERM CONTRACTS:

Cited several reasons why abiding by the Task Force’s request to not enter into long term contracts until the Task Forces mission is complete and respectfully declined to do so. The main reason provided is that they believe it would detrimental to the corporation’s bottom line.

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**Nassau Regional Off-Track Betting** – Provided a thirteen-page submission however requested it be exempt from public disclosure. The submission was returned and a request for a submission for public disclosure was made.

A second submission was made on June 30, 2009 without a request for exemption from public disclosure. Nassau reported the contributions it made to Nassau County, the State and racing since its inception and noted they employ 315 individuals and continue to streamline operations through the use of technological innovations. As the industry has been changing Nassau has reduced the number of branches but has increased branch size and concentrated on amenities. Nassau has also turned its focus to account wagering, the fastest growing segment of wagering in horse racing. They are the first OTB to provide video streaming to their Internet wagering customers (located in Nassau County) and launched a reward program all for customer convenience. They also developed a restaurant / branch program to reach more customers and host / promote many events regarding NY racing and wagering activities.

Nassau and Suffolk OTB jointly operate a telephone wagering facility that provides a cost savings to both and suggest the Task Force consider such a model. They claim that the Racing Law they are forced to follow is outdated and the revenue and distributions requirements are not in conformity with generally accepted accounting principles (GAAP). As a result they recommend:

1. Eliminate Racing Law Sections 1016 and 1017 payments
2. Eliminate 2% tax on out-of-state thoroughbred handle after 7:30 pm over \$100 million.
3. Allow the OTBs to receive a credit for uncashed winning tickets turned over to the State against the regulatory fee they pay
4. Eliminate pari-mutuel taxes on tele-theatre handle
5. Eliminate requirement for simulcast agreement with regional tracks
6. Eliminate regional track designation for tracks more than 50 miles from Nassau County (except NYRA tracks)
7. Change maintenance of effort calculations to be based on composite amounts not individuals track levels
8. Give the OTBs the right to approve any in-state track's agreement to export to an out-of-state entity
9. Reduce minimum pay on wagers from .05 to .025 per \$1 (\$2.05 minimum on \$2 Wager).

Nassau drafted the New York Racing Initiatives program in 2005 with the intent of improving cooperation between the State's OTBs and NYRA and believes much of that program would be useful today. They suggest that the NY tracks need to re-invest in their infrastructure and explore running nighttime thoroughbred races. In addition field sizes should have a required minimum and VLT monies should "seed" Pick Four and Pick Six pools to entice more wagering. Backstretch conditions must be improved and better enforcement is needed to rebuild the integrity of racing.

Suggest that NYRAs' takeout could be increased and money could be diverted to the New York Racing Initiatives Fund. The Initiatives program also includes a

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call for statewide platform for Internet, Player Reward, Television & Account Wagering.

Statutory and regulatory payments should be reduced and some monies should be redirected to the Initiatives program.

Out-of-State ADW's should be prohibited from accepting wagers from NY residents unless they are licensed and regulated by NYS and pay the same statutory payments as the NY OTBs.

Suggest that the State join the federal lawsuit to legalize sports betting and authorize the OTBs to offer sports betting as they have the systems in place to handle such activity. Nassau also suggests that VLTs be approved for the tele-theatres.

### MORATORIUM ON LONG TERM CONTRACTS:

Cited several reasons, very similar to Capital's why abiding by the Task Force's request to not enter into long term contracts until the Task Forces mission is complete and respectfully declined to do so. The main reason provided is that they believe it would detrimental to the corporation's bottom line.

**Catskill Regional Off-Track Betting** – Provided some financial / statistical information that reports Catskill OTB as the most efficient OTB in the state with highest revenues to participating municipalities and lowest expenses. Also provided a summary of several events that have caused diminishing returns to municipalities such as the Racing Board authorizing rebates, the opening of Tioga Downs and the new Yonkers Raceway, New Jersey OTB beginning operations, out of state ADWs, poor economy and no Triple Crown winner.

### RECOMMENDATIONS:

- Repeal Section 1017-a(2)(a) and (b) – the hold harmless and maintenance of effort payments to harness tracks.
- Return unclaimed winning tickets to the OTBs to distribute to member counties.
- Require cable TV to provide public access racing channels.
- Eliminate regulatory fee or spread it across “all handle” or at least cap it.
- Eliminate regional payments to tracks with VLTs.
- Eliminate consent by tracks over OTBs.
- Authorize OTBs to retain surcharge payable to local governments where a track is located if such track has VLTs.
- Prohibit or license out of state ADWs
- If out of state ADWs are permitted to accept wagers from NYS resident then assess them a 2.5% “source market fee” and require them to pay same statutory payments as NYS OTBs.
- Authorize 500 permanent or experimental VLTs for each OTB to be installed at one or more facilities each.

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- Require any racino payments enacted to be paid as “host community” fees to be paid to the regional OTB for distribution to the host communities.

Based on the above Catskill OTB projects it will gain \$51,870,000 in additional distributions to participating municipalities plus another \$87,500,000 in host community fees for VLTs at OTBs with \$58,300,000 to be raised for Education.

### MORATORIUM ON LONG TERM CONTRACTS:

Cited several reasons, very similar to Capital’s why abiding by the Task Force’s request to not enter into long term contracts until the Task Forces mission is complete and respectfully declined to do so. The main reason provided is that they believe it would violate their fiduciary responsibility.

Second Response – Some comments received by the Task Force are “wild-eyed ideas”. It is “ILL ADVISED” to allow the take over of OTBs by the bankrupt NYRA or failed harness tracks. . “How dare any respectable respondent or task force member even imagine such an idea.” There is nothing wrong with the management of OTBs or their regional concept, it’s the laws that have failed them. He recommends:

- Repeal Section 1017-a(2)(a) of the Racing Law, the hold harmless provision that requires OTBs subsidize harness tracks/VLT vendors that compete against OTBs.
- Repeal Section 1017-a(2)(b) of the Racing Law, the maintenance of effort provision that requires OTBs to subsidize the same tracks as above.
- Eliminate regional designation and payments to tracks with VLTs
- Eliminate consent by tracks over OTB, says this could save millions.
- Prohibit or license out of state ADWs. If licensed they must pay same fees as OTB does and an out of state source market fee of 2.5%
- Amend cable TV stations to require 2 channels with each franchise agreement for the use of OTB in promoting NY racing.

Further states the Task Force could help facilitate a joint marketing program and joint services (tote, internet & telephone wagering platforms) with required participation of all NY OTBs and tracks.

Third Additional Comment – July 27, 2009 – Calls upon the Task Force to recommend regulating out of state ADWs if the Attorney General finds that it is legal for them to take bets from NY residents and to recommend that the out of state ADWs be criminally prosecuted if it is found that such practice is illegal. Catskill OTB also strongly criticized the handle analysis presented at the Task Force’s June 24<sup>th</sup> meeting and concludes that the OTBs are doing a good job. Recommends that the OTBs be allowed to operate VLTs and that the Task Force facilitate a statewide marketing program and joint services platforms such as totalisator, internet& telephone account wagering for all OTBs and tracks in the State.

Fourth Additional Comment – September 1, 2009 – Criticizes some Task Force comments at previous meetings that some OTBs don’t promote the sport enough.

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Recommends that the regulatory fee the OTBs pay be reduced by amounts spent to promote racing.

Fifth Additional Comment – October 27, 2009 – The New York OTB model is the best model anywhere, not the worst, as it is often described. What separates it from others is that is required to provide revenue for the support of government while other OTBs systems in other jurisdictions only purpose is to support racing. The NY OTBs have provided \$2.8 billion to local governments, nearly \$1 billion to the State and more than \$3.8 billion to support the racing industry. Monies must not be diverted from local governments to failed track owners.

**Western Regional Off-Track Betting** – State they have a unique perspective as an OTB and harness track/VLT operator. While financially strong as a result of the VLT operations they offer the following recommendations:

- Hold harmless payments are no longer necessary as well as several other similar payments.
- Fundamental problem such as paying beneficiaries under Racing Law Section 527 before OTB operational expenses must be addressed.
- They stated that they will rely upon the tracks and OTBs to more specific as to their respective recommendations, which they state would “unquestionably agree”.

**MORATORIUM ON LONG TERM CONTRACTS:**

No response was offered on this.

**New York City Off-Track Betting** – Contacted the Task Force after the June 24<sup>th</sup> Task Force meeting stating they were working on the submission but it would be a couple days late. The Task Force was than later advised that NYC OTB would make no submission to the Task Force as they work on their (at the time) pending bankruptcy reorganization plan. After several correspondences NYCOTB chairman Meyer Frucher provided a submission to the Task Force dated October 19, 2009. Mr. Frucher stated that the work they are doing is “discrete in nature” and is “entirely separate and distinct form the Task Force’s mission”. Mr. Frucher also stated that while Chapter 115 of the laws of 2008 provided them some limited legislative relieve, it was not enough. The governor issued Executive Order No. 27 authorizing NYCOTB to file a petition for reorganization under Chapter 9 of Title 11 of the US Bankruptcy code. As a result NYCOTB has been focused on their pending bankruptcy and has not been able to focus on providing information to the Task Force. A copy of Mr. Frucher’s testimony to the Senate Racing Committee on August 25, 2009 was provided and he again declined to appear before the Task Force as he continues sensitive discussions relative to NYCOTBs bankruptcy.

### The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From Totalisator Providers

**AmTote – (Tote provider for NYCOTB and Buffalo Raceway)-** They earn revenues from NYS racing operations in two ways, as a provider of tote services and ITW interface fees with locations that don't use AmTote.

- Expressed concern of the “increased political momentum” of placing the cost of monitoring tote activities on the tote company. Believes cost is a major issue.
- Support regulating ADW providers that have customers in NYS just as current state operators are.
- Believes concentration should be on increasing revenues and not on cost cutting. Ideas to increase revenue are:
  - Ease account sign-up for ADWs
  - Enable casual cell phone based wagering
  - Ease expansion of restaurant/pub/convenience store OTB outlets
  - Ease introduction of new super exotic wagers targeted at the non-traditional horse wagering customer.
- Believes that consolidation of tote services under one provider will not produce significant savings. States that 86% of tote cost is from staffing and paper which will not change with consolidations and that 91% of capital cost are terminals and outlet-based equipment that will also not change as a result of consolidation.

**United Tote – (Tote provider for NYRA, Capital OTB, Western OTB, Batavia Downs, Finger Lakes, Tioga Downs and Vernon Downs)** – States that the NY OTBs were originally intended to enlarge the market areas of the tracks and enhance customer service. However they have become competitors with the tracks and their operations are imbalanced by regulatory impositions.

- Suggest the tracks and OTBs consolidate resources and their governance to increase profitability.
- Consolidation of some or all of the 6 OTBs would reduce the cost of operations, increase technical efficiency, improve regulatory capabilities and efficiencies and vastly enhance customer experience. Provides several examples of duplicate cost including the fact that ITW interface fees would no longer be required. ITW interface fees are typically .15% of handle (about \$4 million per year) and that personnel cost are about half of one percent of handle. One central system would also present huge cost savings for Internet account wager platform and allow customers to use their accounts at any NYS location, which currently cannot be done.
- States that fewer systems handling larger volumes of data provides for better regulatory control and will lower costs for 3<sup>rd</sup> party monitoring of the systems.
- Suggests that consolidating NYCOTB tote system with Capital and Western OTBs massive efficiencies can be achieved. Even more could be done if Catskill OTB were to join. They do not recommend mandating such consolidation but rather establishing a consolidation plan that addresses long-term costs and benefits.

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- Other regulatory suggestions include:
  - Eliminate surcharge on winnings
  - Eliminate other breed and time of day restrictions including restrictions on thoroughbred and harness.
  - Eliminate subsidies payments that some entities are currently forced to pay others, frequently their competitors.
  - Aligning ADW operations with the tracks into a source-based model.
- Believes that NYS should regulate out-of-state ADWs, including United Tote's parent company Youbet.com however there should be no newly created fees and taxes imposed on such entities. United Tote believes that such additional fees would artificially suppress the largest growth for NYS track handle (ADWs) and therefore cause an adverse effect on them. Furthermore other jurisdictions may follow suit, which will in turn further suppress handle particularly on NYRA races.
- Recommendation to optimally utilize the OTB system are:
  1. Provides specific ideas on the form of a single Statewide OTB, its directors and regulatory structure.
  2. Promote NY racing as a whole and have the OTBs operate as an extension of the tracks, they way it was intended. Says the image of OTB is tarnished and needs to be "re-branded".
  3. Combine live teller operations into a single service based system so there is one provider that can be accessed throughout the State.
  4. License ADW's to ensure security and protection to the bettors and not create market manipulation protectionism.

**Scientific Games Racing LLC** – The key to a healthy horse racing industry is distribution and the OTBs are the primary way to achieve this. Believe the NYS OTBs are at an unfair competitive disadvantage to out of state ADWs and that this situation should be addressed. They recommend the New Jersey model for regulating ADWs be explored. They support legally compliant measures to increase handle and suggest OTB models in other countries such as Sweden, UK, France and the Dominican Republic be studied for ideas on ways to increase distribution and handle in New York. They believe that tote operators, because of the nature of the business, can provide useful information in this area and appreciate the opportunity to do so.

## The Task Force on the Future of Off-Track Betting in New York State Summary of Comments Received From The Tracks

**Buffalo** – OTB’s contributed to decline in NY racing by continued bickering, unwarranted competition between entities, inconsistently maintained facilities, divergent presentation of product, unenthusiastic employees, poorly maintained facilities, confusion by patrons regarding such issues as surcharges, telephone & internet wagering, rebates, track signals offered, out-of-state jurisdictions taking advantage of situation with discriminatory pricing and “poachers” (national internet & telephone wagering operators) providing player incentives for which NYS cannot compete.

- Buffalo receives approximately \$1.2 million annually, most of which comes from Western OTB and is equally split with the horsemen. This represents 40% of Buffalo’s total income of which about half (\$580,000) is derived from out-of-state harness, \$100,000 from “dark Day” and the remainder from “regional” and “direct” payments. Buffalo receives no “maintenance of effort” payments as Western OTB does not offer nighttime thoroughbred. Income at Buffalo has declined steadily for years.
- The impact of the decline in racing revenue has had on purses has been offset by VLT contributions which represent 76% of purses earned. 11% of the total purse money comes from OTB.
- In-home simulcasting and the 25 surrounding OTB branches has had a negative impact.
- Western OTB refused to show Buffalo races in Monroe County, which again hurt them.
- Buffalo cannot compete with Western OTB or the national ADWs.
- The various monies the OTBs pay to the NY tracks (dark day, out-of-state Harness, Maintenance of effort, direct commissions and regional commissions) are relied upon by the tracks and horsemen. A complete analysis must be performed before proposing any changes to the distributions methods so not to enrich the OTBs and possibly injure the tracks or horsemen.
- The OTBs have joined together as a “buying co-op” so they can obtain favorable rates from out-of-state tracks. As a result the rates the OTBs pay is about half then the rates the NY tracks pay. Buffalo has been told they could not participate in the OTB buying co-op.

### FUTURE ROLE / RECOMMENDATIONS:

- Need legislation to create a statewide Tote hub; statewide satellite/decoder communications network and require all tracks and OTBs to participate.
- Create a statewide television network for all OTBs and NY tracks with a regional approach.

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- Create a statewide Internet and telephone wagering network for all OTBs and tracks and establish regionalized distribution of revenues.
- Need legislation requiring all out-of-state host fees paid by NY tracks and OTBs be negotiated as one statewide fee.
- Require all OTBs to give top priority to NY tracts with strict requirements for signal presentation.
- Require NY residents to bet through NY wagering venues (tracks & OTBs) only and no longer allow out-of-state providers (ADWs) to accept wagers from NY residents.

**Yonkers Raceway** – Presently Yonkers derives approximately \$12 million from all OTBs with a similar amount dedicated to purses which helps sustain racing. They obtained about \$300 million of loans to perform renovations to the track to accommodate video gaming. The loans were based on revenues, which OTB is a big part of losing any of this revenue could jeopardize their loan covenants. They race more days than any other track in North America (244) yet rank 6<sup>th</sup> in average purse per race. OTB plays a significant role in promoting their races but could do more. OTBs however showcase out of state races (which they make more money on) over Yonkers races. Agree that the payment schedule devised to limit the cannibalization of harness revenues from allowing nighttime thoroughbred (known as Maintenance of Effort payments) need to be revised (in an equitable way) due to the OTBs miscalculation of projected thoroughbred handle. Believes cost savings could be achieved by consolidating OTBs and suggest that the OTBs join the NY tracks in negotiating simulcasting rates. Currently OTBs pay about half of what the tracks pay for the same simulcast signal because of their “buying power”. By including the tracks everyone can pay less and therefore make more money.

Also recommends that OTBs not be allowed get VLTS as this would jeopardize their investment and loan commitments and result in the canalization of VLT handle much like was done to the racing handle at the inception of OTBs. Lastly recommends the licensing of ADWs and be able to sign up customers and accept deposits like they do to “level the playing field”.

**Saratoga Gaming & Raceway** – The OTBs in their current form cannot fulfill its mission to raise revenue for local governments and strengthen NY’s racing and breeding industries. In every other state in the country the OTB systems are an extension of the tracks and not a direct competitor. Anything less than privatization of the OTBs simply will not work.

Saratoga handle has steadily declined due to Capital OTBs numerous branches in surrounding County’s that have major populations and Capital OTB’s telephone and Internet wagering systems that accept Saratoga county residents. The regional OTB should act as a marketing tool to promote in-state racing, particularly the racetracks that exist within the OTB’s region. OTBs must continue to fund the tracks because of the detrimental effect they have on on-track betting. OTB’s should continue to provide money to local governments but not at the expense of the tracks and the horsemen, who they are statutorily to provide for as well. OTBs

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mission to raise revenues for state and local governments directly conflicts with its mission to strengthen the racing and breeding industries in NYS.

In an effort to raise further revenues OTBs supported approval to allow them to offer wagering on out of state evening thoroughbred races which they said would add new handle and not cannibalize the NY harness handle. Maintenance of Effort payments or “hold harmless” payments were agreed to by the OTBs to mitigate the effect on NY handle. The thoroughbred handle they anticipated did not occur and harness handle declined thereby causing payments to be required to the harness tracks as a result of the OTB decision to take the evening thoroughbred signal. The OTBs ended up challenging the very legislation they championed. They lost and have still not paid the tracks.

OTBs should be mandated to promote NY racing first and over out of state racing to meet its mandate to act in the best interest of NY racing. This will be difficult, as the OTBs have been marketing the out of state products because they make more money from them than on NY tracks. As an alternative suggest repealing the hold harmless provisions and in its place require the OTBs to pay a less rate to the regional tracks on such wagers, thereby reducing their payments. In return they recommend that the tax on free play vouchers be lifted. Such non-taxable free play is a proven marketing tool in other jurisdictions and will benefit the horsemen, breeder’s track and State as well.

Supports the idea of the tracks joining the OTBs in negotiating simulcasting rates. Currently OTBs pay about half of what the tracks pay for the same simulcast signal because of their “buying power”. By including the tracks everyone can pay less and therefore make more money.

Amend Section 1003 of the Racing Law to no longer require mutual consent for video streaming racing and only require host track consent.

Ideally would like to prohibit out of state ADWs from accepting wagers from NY residents but believe this is impractical as NY tracks rely on ADWs revenues.

Therefore suggest that ADWs be subject to the same statutory payments as the NY OTBs and pay a 5% commission to the NY OTBs.

Again stresses that the OTBs cannot, in their current form meet all their statutory requirements. Believe that consolidating the OTB’s and streamlining operations (they compare the numerous branch locations in NYS to PA, Arizona, Illinois, Indiana combined and conclude NY is over saturated with OTB branches.) will help but that only by privatizing (and continuing to allow payments to municipalities for 5 years) will the system really ever be fixed.

**Monticello Casino & Raceway** - OTBs have weakened harness racing to its lowest levels. They have interpreted statute to suit their own purposes such as denying

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Monticello is a regional track, refusing to pay statutory payments and creating an overall hostile atmosphere. Millions of dollars are owed to Monticello by NYC, Nassau and Suffolk OTBs with some liabilities going as far back as September 2007. The result has been Monticello having the lowest purse structure in the state, even with VLTs. The recommend:

- Downsizing operations
- Close unprofitable branches
- Streamline operations through the use of technologies
- Approach unions for contract concessions
- Cut pay/benefits
- Ensure benefit packages are in line with comparable industry
- Employee benefit contributions
- License OTB employees
- Eliminate political appointees
- Go lean and mean. 30 years ago Monticello had 127 mutuel tellers, they now have 15, their pension plan was eliminated in 1988 and there were no raises from 1985 to 2003.
- Address surcharge to see if still needed
- Require yearly financial audits including a review of operational procedures that are no longer relevant.
- Require out of state ADWs to contribute to NYS racing industry and charge them 10%, half of which goes to the OTBs and State and half to the industry. This would cut into their ability to offer rebates that the current take out structure in NY does not provide to the tracks and OTBs now.
- Privatize the OTBs
- Pursue sports betting.
- One telephone/internet wagering platform for the entire state.
- Pursue bookies and off shore rebate shops from offering NY tracks. Keep NY money in NY.
- Market protection, the market belongs to the tracks, not the OTBs who merchandise racing.
- Have the OTBs and NY tracks combine to negotiate one rate for all imports to benefit NY.
- Consolidate payments, commissions and settlements into one A/P & A/R department.

Monticello submitted a second letter dated October 26, 2009 that provided an analysis of handle and racing revenue from 1981 to 2008 that demonstrates why dark day and maintenance of effort payments were established. The analysis also provides for a comparison of revenues retained from racing between the tracks, who retain approximately 2.20% and the OTBs who retain approximately 9.25%. They ask that the Task Force not recommend any decreases to distributions to tracks.

**New York Racing Association, Inc. (NYRA)** – Suggest that given the immediate financial shortfalls of New York City OTB that the Task Force first concentrate on a plan to reorganize NYC OTB's finances before they run out of money before the end of 2009. NYRA also provided

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a listing of goals of OTB/NYRA Restructuring that would streamline and improve the distribution of racing throughout the State. The goals included are:

- Eliminate duplicative costs
- Rationalize statutory rates based on current industry practices
- Increase payments to local government
- Statewide phone and internet account wagering platform
- Statewide television and video streaming broadcast
- Statewide integrated marketing strategy
- Contemporary retail network that presents horse racing in a positive entertaining environment
- Increase payments to purses
- Increase payments to breeders awards to ensure that New York continues growth and support for breeders
- Simplified business model where the track and the retail network have consistent goals
- Consolidate operating structures