

In the opinion of Phillips Lytle LLP, bond counsel to the Corporation (as defined herein) ("Bond Counsel"), under existing law and assuming continued compliance by the Corporation (as defined herein) with certain tax covenants described herein (i) interest on the Notes (as defined herein) is not included in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a specific preference item under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. However, such interest is included in "adjusted current earnings" of a corporate owner in determining alternative minimum taxable income and in calculating the foreign branch profits tax under certain circumstances and to the tax on "excess net passive income" imposed on S corporations by the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and its political subdivisions, including The City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of or accrual or receipt of interest on the Notes. For a further discussion and other tax aspects see "Tax Matters."

The Notes will be designated by the Corporation as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
NASSAU COUNTY, NEW YORK**

\$5,000,000

2.00% REVENUE ANTICIPATION NOTES, SERIES 2014B

(Reoffered @ 0.83%)

(the "Notes")

Date of Issue: Date of Delivery

Maturity Date: December 23, 2015

The Notes are general obligations of the Nassau Regional Off-Track Betting Corporation (the "Corporation"), a public benefit corporation established pursuant to the laws of the State of New York, and are payable out of any available revenues or moneys of the Corporation, as described herein. See "Authority for and Purpose of the Notes" and "Security for the Notes" herein.

The Notes are dated their Date of Issue and bear interest from that date until their Maturity Date, as described herein, at the annual rate as specified by the purchaser of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the Corporation to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

The Notes are not a debt of the State of New York (the "State") or the County of Nassau, New York (the "County"), and neither the State nor the County shall be liable on the Notes. The Corporation has no taxing power.

THE CORPORATION HAS EXPERIENCED FINANCIAL DIFFICULTIES IN RECENT YEARS WHICH COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. SEE "REVENUE ALLOCATIONS," "OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS," "NASSAU REGIONAL OFF-TRACK BETTING CORPORATION PAYMENTS" AND "FINANCIAL FACTORS" WHICH INCLUDES A DISCUSSION OF THE CORPORATION'S "GOING CONCERN UNCERTAINTIES" IN APPENDIX A HEREOF.

The Notes are offered when, as and if issued by the Corporation and accepted by the purchaser, subject to the approval of legality by Phillips Lytle LLP, Garden City, New York, Bond Counsel, and subject to certain other conditions. Capital Markets Advisors, LLC has served as Financial Advisor to the Corporation in connection with the issuance of the Notes. It is expected that delivery of the Notes to DTC in book-entry form, will be made in Jersey City, New Jersey or as otherwise agreed upon between the Corporation and the purchaser on or about December 23, 2014.

FOR A DESCRIPTION OF THE CORPORATION'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, SEE "DISCLOSURE UNDERTAKING" HEREIN.

Dated: December 17, 2014

ROOSEVELT & CROSS, INC.

No person has been authorized by the Corporation to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation since the date hereof.

It is expected that potential investors will conduct an independent investigation of the risks posed by an investment in the Notes.

PROSPECTIVE PURCHASERS SHOULD ALSO CONSULT THEIR OWN INVESTMENT, LEGAL, TAX AND ACCOUNTING ADVISORS TO DETERMINE WHETHER THE NOTES CONSTITUTE APPROPRIATE INVESTMENTS FOR THEM AND THE APPLICABLE LEGAL, TAX, REGULATORY AND ACCOUNTING TREATMENT OF THE NOTES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PURCHASERS OF THE NOTES SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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OFFICIAL STATEMENT
of the
NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
NASSAU COUNTY, NEW YORK
Relating to
\$5,000,000
REVENUE ANTICIPATION NOTES, SERIES 2014B
(the “Notes”)

This Official Statement, including its cover page and appendices, presents information relating to the Nassau Regional Off-Track Betting Corporation (the “Corporation”), Nassau County, New York in connection with the issuance and sale of \$5,000,000 Revenue Anticipation Notes, Series 2014B (the “Notes”), by the Corporation.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Corporation contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Corporation relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE CORPORATION HAS EXPERIENCED FINANCIAL DIFFICULTIES IN RECENT YEARS WHICH COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. SEE “REVENUE ALLOCATIONS,” “OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS,” “NASSAU REGIONAL OFF-TRACK BETTING CORPORATION PAYMENTS” AND “FINANCIAL FACTORS” WHICH INCLUDES A DISCUSSION OF THE CORPORATION’S “GOING CONCERN UNCERTAINTIES” IN APPENDIX A HEREOF.

THE NOTES

Description of the Notes

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof. The Corporation will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser.

The Notes are to be issued in the aggregate principal amount of \$5,000,000 on their Date of Delivery, shall bear interest from that date and mature on December 23, 2015. Interest on the Notes will be calculated based on a thirty (30) day month and a three hundred sixty (360) day year.

Authorization and Purpose of the Notes

The Notes are issued in accordance with and pursuant to Section 508 of the Racing, Pari-Mutuel Betting and Breeding Law of the State of New York (the “Act”) and a resolution duly adopted by the Board of Directors of the Corporation on December 4, 2014, authorizing the issuance of up to \$6,000,000 in revenue anticipation notes of the Corporation. The Notes are payable out of any and all available revenues or moneys expected to be received by the Corporation for the 2015 fiscal year (the “Available Revenues”). The Available Revenues are the revenues of the Corporation less the “Required Statutory and Simulcast Payments”.

The “Required Statutory and Simulcast Payments” are the payments required to be made by the Corporation (i) to New York State for pari-mutuel tax and breakage, (ii) to the New York State Gaming Commission for a regulatory fee, (iii) to the New York State Development & Breeders Fund for thoroughbred and harness racing, and (iv) to in-state and out-of-state thoroughbred and harness tracks including for special events. With respect to the video lottery terminal casino, statutory payments will be made to education, horseman and racing enhancements, lottery gaming

floor and administration. Repayment of the Notes assumes that revenues from a video lottery terminal casino to be developed will be forthcoming in 2015. See “Prospective Capital Financing” herein.

A portion of the proceeds from the sale of the Notes in the amount of \$3,200,000 will be used to redeem the Corporation’s outstanding \$3,200,000 Revenue Anticipation Notes, Series 2014 at maturity on December 30, 2014. A portion of the proceeds from the sale of the Notes in the amount of \$1,800,000 will be used to provide new funding to offset the effects of timing differences between cash receipts and disbursements of the Corporation. The proceeds of the Notes may be used only for the purposes for which such Available Revenues were to be applied.

In the event the aforementioned Available Revenues are not received on or before the maturity date for the Notes, the Corporation may, under certain circumstances, be able to issue renewal notes. No assurance can be given that some or all of the Notes can or will be renewed upon maturity. (See “Noteholders Risks” herein.)

Optional Redemption

The Notes will not be subject to redemption prior to maturity.

Security for the Notes

The Notes, when duly issued and paid for, will each constitute a contract between the Corporation and the holders thereof.

The Notes will be general obligations of the Corporation payable out of any revenues or moneys of the Corporation available for the payment of the principal thereof and the interest thereon.

The Notes are not a debt of the State or the County and neither the State nor the County shall be liable on the Notes. The Corporation has no taxing power.

Book-Entry-Only System

In the event that the Notes are issued in registered book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered Notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Corporation. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND PUBLIC BENEFIT CORPORATIONS OF THE STATE

THE CORPORATION HAS EXPERIENCED FINANCIAL DIFFICULTIES IN RECENT YEARS WHICH COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. SEE “REVENUE ALLOCATIONS,” “OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS,” “NASSAU REGIONAL OFF-TRACK BETTING CORPORATION PAYMENTS” AND “FINANCIAL FACTORS” WHICH INCLUDES A DISCUSSION OF THE CORPORATION’S “GOING CONCERN UNCERTAINTIES” IN APPENDIX A HEREOF.

The financial condition of the Corporation as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the Corporation’s control. There can be no assurance that adverse events in the State, including, for example, the seeking by a public benefit corporation of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Corporation to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

NOTEHOLDERS RISKS

No person should purchase any of the Notes without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

The Corporation is subject to increasing competition from other venues that provide access to various forms of wagering, including casinos and internet gambling. In recent years, the Corporation and other off-track betting corporations have experienced declines in revenues that have resulted in significant operating losses. Continued proliferation of alternative forms of legal gambling could adversely affect the Corporation. In addition, the Corporation is subject to extensive regulation and control by the State. Changes in regulatory policies of the State could significantly affect the operating results of the Corporation.

In the event Available Revenues are insufficient to pay the Notes at maturity the Corporation will need to obtain funds from another source including possibly renewing a portion of the Notes upon their maturity. No assurance can be provided that some or all of the Notes can or will be renewed upon maturity or that alternative funding sources will be available at such time.

As described herein, economic conditions have had, and may continue to have, significant effects on the finances and operations of the Corporation and its revenues and no assurance can be given that further impacts will not occur. At December 31, 2013, the Corporation’s current liabilities exceed its current assets and it has a net position deficiency. Further, the racing industry is faced with a variety of structural and operational issues. All of these factors raise substantial doubt on the part of the Corporation’s independent auditors, Grassi & Co., CPAs, P.C., about the Corporation’s ability to continue as a going concern. These issues and management’s plans regarding those matters are discussed in Appendix A under “*Going Concern Uncertainties*” in “FINANCIAL FACTORS”.

Other Off Track Betting Corporations in New York have experienced significant financial stress in the past which led to bankruptcy filings and in the case of the New York City Off Track Betting Corporation, the termination of business.

Video Lottery Terminal Facilities in New York State

On July, 30, 2013 Governor Cuomo signed the Upstate NY Gaming Economic Development Act into law, which among other initiatives, authorizes the Corporation, located in Nassau County, New York and Suffolk Regional Off Track Betting Corporation located in adjacent Suffolk County, New York, to each establish one video lottery gaming facility with a maximum of 1,000 video lottery terminals (VLTs) at each site. It is the Corporation’s intention to establish and operate such video lottery gaming facility during the fiscal year ending December 31,

2015. There can be no assurances that such a facility will be operational during 2015 or that revenues from any such facility will be sufficient to meet the Corporation's Note obligations at maturity.

Following is a listing of the nine licensed, video lottery terminal facilities and racetracks in New York State and their operator (if applicable):

- Batavia Downs and Casino operated by Western Regional OTB
- Hamburg Casino at the Fairground
- Finger Lakes Casino and Racetrack
- Saratoga Casino and Racetrack
- Monticello Casino and Racetrack
- Empire City Casino at Yonkers Raceway
- Tioga Downs Casino, Racetrack and Entertainment
- Vernon Downs Casino, Hotel and Entertainment
- Resorts World Casino New York City

Competition for Gamers

Gaming experts have stated that the operation of video lottery parlors and casinos in the New York metropolitan area could adversely impact the revenues of existing gaming facilities in the area. Empire City Casino in Yonkers, Westchester County and Resorts World Casino at the Aqueduct Raceway in Queens County, New York City currently operate gaming facilities. On October 30, 2014, Suffolk Regional Off Track Betting Corporation purchased a 31 acre site in Suffolk County to develop its new video lottery terminal casino. In 2012 and again in 2013, Resorts World Casino generated more revenue from electronic slot machines than the slot machines at any of the 12 casinos in Atlantic City, New Jersey or at Foxwoods Casino or Mohegan Sun Casino in Connecticut. Resorts World Casino, which opened in October 2011, generated \$696 million in total revenue for its 2012-13 fiscal year, which ended in March 2013, making it the single highest grossing slot revenue generator in the nation. The average income from an electronic slot machine at Resorts World Casino has been reported at more than \$370 a day, compared with \$169 for the average slot machine on the Strip in Las Vegas, Nevada.

Future Need for Capital Project

The Corporation is currently negotiating to acquire a site located in central Nassau County with easy access to major transportation arteries to develop a facility which will house the 1,000 VLT's it was authorized to operate by the New York State Legislature in June 2013. It is expected that the capital project will consist of the reconstruction of an existing structure to accommodate at least 1,000 video lottery terminal devices on a single or two floor level design. The Corporation expects to issue debt, or secure other means of financing, in the next four months to fund the construction of the VLT facility. There can be no assurances that such a financing will take place or that other funds will be available and sufficient to fund the construction and operation of a VLT facility (See "Prospective Capital Financing" herein.)

Weather-Related Events Beyond the Corporation's Control

From time to time, weather-related events occur that have a material impact on the Corporation's ability to generate revenues. In October 2012, Super Storm Sandy ravaged the Northeastern United States including the Corporation's service area. As a result of the storm, hundreds of thousands of homeowners and commercial enterprises lost power in Nassau County resulting in a significant reduction in revenues to the Corporation. In January and February of 2014, bitterly cold weather affected the ability of some racetracks in New York State to conduct normal operations. As a result, the Corporation's revenues were significantly below budgeted levels. There can be no assurances that future weather-related events will not adversely affect the Corporation's revenues.

Effect of Bankruptcy on the Notes

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Noteholders' rights and their claim or claims to moneys owed them.

A bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Corporation, and their respective property and as an automatic stay of any act or proceeding to enforce a lien against any property.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Corporation:

- (a) Establishment of mandatory governmental wage, rent or price controls;
- (b) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in operating revenues;
- (c) Unionization, employee strikes and other adverse labor actions that could result in a substantial increase in expenditures without a corresponding increase in revenues; and
- (d) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation.

LITIGATION

There is no pending litigation (i) restraining or enjoining the issuance or delivery of the Notes or questioning or affecting the validity of the Notes or the proceedings and authority under which they are issued; (ii) contesting the creation, organization or existence of the Corporation, or the title of the directors or officers of the Corporation to their respective offices; or (iii) questioning the right of the Corporation to pledge funds and other moneys purported to be pledged in this Official Statement in the manner and to the extent provided in this Official Statement.

TAX MATTERS

In the opinion of Phillips Lytle LLP, Bond Counsel to the Corporation, under existing law and assuming continuing compliance with the Certificate as to Non-Arbitrage (i) interest on the Notes is not included in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a specific preference item under Section 57 of the Code for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code. However, such interest is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed upon such corporations. In rendering its opinion, Bond Counsel shall rely on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation in connection with the Notes, and shall assume compliance by the Corporation with certain ongoing certifications in the Arbitrage and Use of Proceeds Certificate to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The size and duration of the Notes are based on certain representations of the Corporation, including as to the size and timing of the Corporation's deficits.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative

minimum taxable income (determined without regard to the adjustment or the alternative tax net operating loss deduction).

Interest on the Notes is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Notes is included in computing such corporation's alternative minimum taxable income for such year.

In addition, in the opinion of Bond Counsel, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing law as of the issue date, and assumes no obligation to monitor compliance or to update its opinion or to advise any party after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance, and delivery of the Notes in order that interest on the Notes be and remain not includible in gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become includible in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Corporation has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Income Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters but does not purport to address all aspects of federal income taxation that may be relevant to a particular owner of a Note.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining the alternative minimum taxable income of a corporation (other than an S corporation, qualified mutual fund, real estate investment trust, real estate mortgage investment conduit or financial asset securitization investment trust). Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of (i) the "adjusted current earnings" of a corporation over (ii) the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). Interest on tax-exempt obligations, such as the Notes, will be included in computing a corporation's "adjusted current earnings". Accordingly, a portion of any interest on the Notes received or accrued by a corporation that owns the Notes will be includible in computing such corporation's alternative minimum taxable income for such year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial corporations, life insurance companies, holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and individuals who otherwise qualify for the earned income credit and, for years ending after December 31, 2013, to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift corporations and other financial corporations to purchase or to carry tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code. The Corporation has NOT designated the Notes as “qualified tax-exempt obligations” for the purposes of Section 265(b)(1) of the Code.

Owners of the Notes should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

Original Issue Note Premium

The excess, if any, of the tax basis of the Notes purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Notes as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium”. Bond premium is amortized over the term of such Notes for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such Notes are required to decrease their adjusted basis in such Notes by the amount of amortizable bond premium attributable to each taxable year such Notes are held. The amortizable bond premium on such Notes attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Notes. Owners of such Notes should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premiums upon sale or other disposition of such Notes and with respect to the state and local tax consequences of owning and disposing of such Notes.

Possible Government Action

Legislation affecting municipal bonds is regularly under consideration by the United States Congress and the State Legislature. In addition, the Internal Revenue Service has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated by the Internal Revenue Service involving either Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Notes. There can be no assurance that legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes.

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the final approving opinion of Phillips Lytle LLP, Garden City, New York, Bond Counsel. The form of such opinion is set forth in Appendix D hereto. Certain other legal matters will be passed upon for the Corporation by its general counsel, Arthur T. Walsh, Esq., Mineola, New York.

LEGALITY OF NOTES FOR INVESTMENT

Under the Act, bonds and notes of the Corporation, including the Notes, are made securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State may properly and legally invest funds including capital in their control or belonging to them. No representation is made as to the eligibility of the Notes for investment or any other purposes under any law of any other state.

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the Corporation for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the Corporation will provide an executed copy of its “Undertaking to Provide Notices of Events” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Corporation for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of holders of the Notes, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Corporation; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation]; (xiii) the consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of

all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Corporation may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes; but the Corporation does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The Corporation's Undertaking shall remain in full force and effect until such time as the principal of and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Corporation, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Corporation to comply with the Undertaking will not constitute a default with respect to the Notes.

The Corporation reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with the Rule as then in effect.

On March 12, 2014, the Corporation filed the County's 2008 through 2011, inclusive, audited financial statements and annual operating data and financial information as required under the continuing disclosure agreement (the "2005 CDA") entered into by the County and the Corporation in connection with the issuance of the Corporation's Revenue Bonds, Series 2005. Also on March 12, 2014, the Corporation filed the Corporation's 2008 through 2012, inclusive, audited financial statements and annual operating data and financial information as required under the 2005 CDA. The County previously filed audited financial statements, annual operating data and financial information referenced above as required; however, did not reference CUSIP numbers for the Corporation's Revenue Bonds, Series 2005 in such filings.

The Corporation is in compliance in all material respects with all previous undertakings made pursuant to the Rule.

RATINGS

The Corporation did not apply for a rating on the Notes.

The Corporation's debt is not currently rated. The Corporation's Revenue Bonds, Series 2005 have underlying ratings of 'Baa1' with a negative outlook by Moody's Investors Service and 'A' with a stable outlook by Standard & Poor's Ratings Services due to a support agreement entered into between the Corporation and the County, which specifies that the County shall make principal and interest payments directly to the bond trustee not less than fifteen days prior to their respective due dates. The Corporation is obligated to reimburse the County for payments made by the County under the Support Agreement no later than the next business day.

The Corporation did not enter into a support agreement with the County in connection with the issuance of the Notes.

FINANCIAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York (the "Financial Advisor") has served as the independent financial advisor to the Corporation in connection with this transaction.

In preparing this Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and the

Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the Corporation to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Corporation's management's beliefs as well as assumptions made by, and information currently available to, the Corporation's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Corporation files with the repositories. When used in Corporation documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Phillips Lytle LLP, Garden City, New York, Bond Counsel to the Corporation, expressed no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the Corporation for use in connection with the offer and sale of the Notes, including but not limited to, the financial, statistical or other information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the Corporation will furnish a certificate to the effect that as of the date of this Official Statement, this Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in this Official Statement obtained from sources other than the Corporation.

This Official Statement is submitted only in connection with the sale of the Notes by the Corporation and may not be reproduced or used in whole or in part for any other purpose.

ADDITIONAL INFORMATION

Additional information pertaining to this Official Statement may be obtained upon request from the Nassau Regional Off-Track Betting Corporation, 139 Liberty Avenue, Mineola, New York 11501, telephone (516) 572-2800.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Corporation and the holders of any of the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Corporation nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Corporation disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Corporation also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Official Statement is submitted only in connection with the sale of the Notes by the Corporation and may not be reproduced or used in whole or in part for any other purpose.

The execution of this Official Statement and its delivery has been duly authorized by the Corporation.

**NASSAU REGIONAL OFF-TRACK
BETTING CORPORATION**

BY: /s/ Joseph G. Cairo, Jr. Esq.
President

Dated: December 17, 2014

APPENDIX A

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION

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THE CORPORATION

General Information

Articles V and VI of the State Racing, Pari-Mutuel Wagering and Breeding Law (Racing Law), enacted in 1970 and 1973, authorized local governments in New York State to operate systems of off-track pari-mutuel betting as a method of raising revenues for the local governments, the State's horse racing industry, and New York State. The legislation was also intended to prevent and curb unlawful bookmaking and illegal wagering on horse races, and ensure that off-track betting (OTB) activities were conducted in a manner compatible with the well-being of the State's horse racing industry. Pursuant to the legislation, the following six regional OTB corporations (Corporations) were created as public benefit corporations: Capital, Catskill, Nassau, New York City, Suffolk and Western. With the exception of the New York City regional OTB, which no longer operates, each Corporation is governed by a Board of Directors whose members are appointed by the governing bodies of the relevant local governments.

The Nassau Regional Off-Track Betting Corporation (the "Corporation") is a body corporate and politic constituting a public benefit corporation of the State that was formed on August 19, 1974 pursuant to Section 172 of Article VIIA of Chapter 346 of the New York Laws of 1973, codified, as subsequently amended as Article V of the New York Racing, Pari-Mutuel Wagering and Breeding Law (the "Act"). Enabling legislation by the Nassau County Board of Supervisors electing to participate in Off-Track Betting was enacted on June 24, 1974 by Local Law 10 of 1974. The governing body of the entity is the Board of Directors, which consists of three seats, all occupied, whose members are appointed by the Nassau County Legislature. The Corporation has the power under the Act to acquire, operate and manage branch offices to conduct its corporate purposes facilities and to issue bonds and notes to finance the costs of providing such facilities. As of December 31, 2013, the Corporation had twenty operational facilities.

The Corporation provides off-track betting services for thoroughbred and harness racing. The geographic area covered by the Corporation's locations is limited to Nassau County, New York.

Board of Directors

Under the Act, the Corporation is governed by a board of three voting directors ("Corporation Board") appointed by the Nassau County Legislature, no more than two of whom may be from the same political party.

A Chairman is elected by the Corporation Board. Each director serves at the pleasure of the County Legislature. The Corporation Board is required under the Act to select the Chief Executive Officer, subject to the approval of the County Executive. The Chief Executive Officer serves at the pleasure of the Corporation Board.

The current members of the Corporation Board are the following:

Joseph Bentivegna, Chairperson Mr. Bentivegna has resided in Levittown, NY for 60 years. He retired 27 years ago as the Deputy Commissioner in the Parks Department for the Town of Hempstead. Mr. Bentivegna has been on the Board of Directors for the Corporation since 2010.

Eric Harkin, Vice Chairperson Mr. Harkin has resided in Wantagh, NY for the past five years. He attended Molloy College in Long Island, New York. He has worked at the town of Hempstead as a park supervisor since 2010. Prior to working at the town, Mr. Harkin worked for Local 1456 Dock Builders from 1997 to 2009. Mr. Harkin has been on the Board of Directors of the Corporation since 2010.

Frank DeStefano, Member Mr. DeStefano resides in Farmingdale, New York. Mr. DeStefano has a Bachelor of Arts from Queens College and attended post graduate studies at CW Post in Public Administration. His career began as Reporter for the Long Island Press. This first position led to many others due to Mr. DeStefano's skill and dedication. Mr. DeStefano served in the Public Information Office, Executive Assistant to the Supervisor, Parks Commissioner, Deputy Town Supervisor, Deputy

Commissioner of Public Works, Commissioner of Human Resources, Commissioner of Planning and Development and Commissioner of Parks Department for the Town of Oyster Bay.

Following his retirement in 2006, Mr. DeStefano continued to serve the community and currently serves on the Board of the town of Oyster Bay Housing Authority, Ethic's Board for the Town of Oyster Bay, Board of Directors to Nassau Regional Off-Track Betting Corporation and the Village Advisory Board.

Officers

The principal officers of the Corporation and their titles are:

Joseph G. Cairo, Jr., Esq., President and Chief Executive Officer Mr. Cairo has served as a member of the Nassau County Republican Executive Committee and as a Republican leader in North Valley Stream since January 1975. Mr. Cairo also serves as the First Vice Chairman of the Nassau County Republican Committee and the Town of Hempstead Republican Committee.

A graduate of the University of Notre Dame and St. John's University School of Law, Mr. Cairo is a practicing attorney in North Valley Stream. Mr. Cairo served as a Councilman on the Hempstead Town Board from January 1975 until 1994. Mr. Cairo was President of the Board of Commissioners of the Nassau County Board of Elections from 1994 to 1995. Mr. Cairo has been a Delegate to Republican National Conventions since 1984 and served most recently as a Delegate from the 4th Congressional District to the 2012 Republican National Convention. Since 2010, Mr. Cairo has been serving as President and CEO of Nassau Regional Off-Track Betting Corporation.

Richard Bianculli, Vice President, Operations Mr. Bianculli resides in Oyster Bay Cove, New York. As a graduate of the State University of New York and an Air Force Veteran of the Vietnam War, Mr. Bianculli became active in Nassau County and the Town of Hempstead governments after a career with the New York City Board of Education. Starting in the Town of Hempstead Real Estate Department and appointed as a Deputy Commissioner of the town's General Service Department, Mr. Bianculli went on to five years of service as Personnel Director of the Nassau Regional Off-Track Betting Corporation. Selected as a member of the Nassau Board of Assessors, he later served the town both as a member of the Planning Board and as an appointee to the Board of Zoning Appeals. Mr. Bianculli continues to serve the town as Commissioner of the Department of Planning and Economic Development.

Appointed as Executive Commissioner of the Nassau County Planning Commission, Mr. Bianculli was later chosen for his current position as Vice President of Nassau Regional Off-Track Betting Corporation. He was appointed to the Industrial Development Agency by the Hempstead Town Board on June 21, 2011.

Arthur T. Walsh, Esq., General Counsel and Executive Secretary Mr. Walsh is General Counsel and Corporate Secretary to the Corporation since 2010 where he represents the Corporation in all legal matters, regulatory and legislative proceedings and reviews all contracts and leases of the Corporation. Since then, he has become well versed in Racing and Wagering Law. Upon admission to the New York State Bar in 1988, Mr. Walsh became a Staff Trial Attorney with the Legal Aid Society of Suffolk County. Mr. Walsh then joined O'Reilly, Marsh & Corteselli P.C. in 1989. While he still is of Counsel to the firm, Mr. Walsh previously was a member of the firm and practiced primarily in the areas of real estate finance and banking, representing institutional lenders in the sale and financing of real estate leasing, transactions, real estate secured debt restructuring and commercial, real estate, industrial accident defense, and foreclosure, bankruptcy and collection litigation. He has served as a Receiver of Rents in the New York Supreme Court, Guardian Ad Litem in the Surrogate Court and Referee in both the New York Supreme Court and in the U.S. District Court, Eastern District of New York. Mr. Walsh has also served as Special Village Prosecutor of the Incorporated Village of Floral Park, Village Prosecutor of the Incorporated Village of Massapequa Park and Village Prosecutor of the Incorporated Village of Stewart Manor. Mr. Walsh received a B.S., Cum Laude from Saint John's University and a J.D. from Jacob D. Fuchsborg Law Center of Touro College.

Michelle Schiavone, Comptroller Ms. Schiavone resides in Massapequa, New York and joined the Corporation in October 2010 as comptroller. Ms. Schiavone has a Bachelor Degree in Business

Administration from Hofstra University and is a licensed Certified Public Accountant. Ms. Schiavone has been a partner at Schiavone & Evola CPAs in Lynbrook, NY since 2006. Ms Schiavone has also served as Treasurer for the Woodmere Fire District since 2009.

Pari-Mutuel Betting Operations

Pari-mutuel betting is a system of wagering on a race or sporting event whereby the winners divide the total amount of bets after deducting commission, fees and taxes in proportion to the amount individually wagered. The total amount of bets received by the Corporation from bettors is known as the “Handle.” Winning bettors receive a major percentage of the amounts wagered on each race. From the remaining handle, the Corporations make monthly statutory distributions to the State’s horse racing industry and to the State, and pay monthly surcharge fees to local governments that participate in the OTB system. The handle that remains after statutory distributions and surcharges are paid, plus miscellaneous income, constitutes operating revenues. After paying operating expenses, each Corporation must distribute its remaining revenues (called “net operating revenues”) to participating local governments.

Video Lottery Terminals

In June 2013, the Corporation was awarded 1,000 video lottery terminals (“VLTs”) by the State Legislature. VLTs are slot machines that allow a user to bet on the outcome of a video game. Unlike traditional Las Vegas-style slot machines, VLTs are controlled by a centralized computer system that generates a predetermined number of winners. Players are competing with other VLT users throughout the State for a prize, compared with traditional slot machines in which the game’s outcome is independent of other machines. The Corporation is currently seeking a site at which it will construct a gaming facility to house the VLTs and related amenities. (See “Prospective Capital Financing” herein.)

Budgetary Procedure

Section 524.4 of the Laws of New York requires the Corporation to submit a copy of the Corporation’s annual budget to the New York State Gaming Commission no later than twenty (20) days following approval of such budget by the Corporation Board. This requirement went into effect commencing with the Corporation’s 2011 budget.

On March 24, 2014, the Corporation Board adopted the 2014 adopted budget. The Corporation intends to present the 2015 Proposed Budget to the Corporation Board in February, 2015 for adoption vote by the Corporation Board in March 2015, as has been the Corporation’s practice since Section 524.4 of the Laws of New York went into effect.

REVENUES OF THE CORPORATION

The Corporation predominantly derives its revenues from money wagered in the pari-mutuels on a race, also referred to as the handle. The Corporation retains its commission and related fees, as discussed herein, and in turn distributes the remaining amount to various entities and governments as described herein. A summary of such revenues and expenditures for the Corporation is presented in “Statement of Revenues, Expenditures and Changes in Net Assets (Deficit)” in Appendix B.

With the opening of the VLT facility, projected for the fourth quarter of 2015, the Corporation expects to derive a significant portion of its revenues from its operation of such facility.

Gross Revenue

Gross revenues earned on handle at various in-State and out-of-State tracks range from 13.5% to 21.4% of the total amount of applicable regular wagers handled, 19% to 28% of the total amount of applicable multiple wagers handled, and 19% to 35% of applicable exotic wagers handled. A multiple wager is

defined as a “single bet or wager on two horses, evidenced by a single ticket and representing an interest in a single betting pool.” An exotic wager is defined as a “single bet or wager on three or more horses, evidenced by a single ticket and representing an interest in a single betting pool.”

Breakage

Currently in New York State, “breakage” is defined as the odd cents retained by the Corporation:

- (1) over any multiple of five for payoffs from \$1.05 to \$5.00,
- (2) over any multiple of ten for payoffs from \$5.00 to \$25.00,
- (3) over any multiple of twenty-five for payoffs from \$25.00 to \$250.00, and
- (4) over any multiple of fifty for payoffs over \$250.00.

Breakage is distributable as follows:

- 1) To New York State – 20% of breakage derived from bets placed in the Corporation’s teletheater on in-State thoroughbred or harness races (effective with the opening of the teletheater in February 2004).
- 2) To Agriculture and New York State Horse Breeding and Development Fund – 25% of breakage derived from all other bets on thoroughbred races and 10% of breakage derived from all other bets on harness races (effective in July 1994).
- 3) The New York State Thoroughbred Breeding and Development Fund – 25% of breakage derived from all other bets on thoroughbred or steeplechase races and 10% of breakage derived from all other bets on harness races (effective in July 1994).
- 4) The balance of total breakage is available to pay operating expenditures of the Corporation.

Advance Deposit Wagering Fees (ADW)

The Upstate New York Gaming Economic Development Act Of 2013 (the “2013 Act”) was passed to, among other initiatives, regulate multi-jurisdictional account wagering providers on par with in-state providers who have and continue to pay both regulatory and statutory fees to the State and industry participants such as the horsemen and breeders. Out-of-state ADW businesses who accept wagers from New York State residents were not licensed to conduct business in New York, and therefore, not subject to the payment of commissions and fees, as is the case for wagers placed and accepted in New York State. The 2013 Act provides for collection of market original fees from out-of-state advance deposit wagering entities on all wagers accepted from New York residents and applying the fees as credits against the racing regulatory fee paid by in-state tracks and off-track betting locations. Seven ADW businesses were registered with the New York State Gaming Commission and are required to transfer fees on a monthly basis to in-state tracks and off-track betting locations, including the Corporation as of January 1, 2014. The value of those monthly transfers to the Corporation is projected at \$1,860,000 for the fiscal year ending December 31, 2014.

REVENUE ALLOCATIONS

Surcharge and Surcharge Breakage

Section 532 of the Racing, Pari-Mutuel Wagering and Breeding Law of the State of New York imposes a surcharge of 5% on pari-mutuel winnings attributable to persons having placed bets at off-track betting facilities, with the exceptions of the Corporation’s teletheater and Internet platforms.

Revenue Allocated to the Racing Industry

A commission is payable to participating in-State tracks at the following rates on applicable wagers handled for 2012.

<u>Event Location</u>	<u>Regular and Multiple Wagers</u>	<u>Exotic Wagers</u>
NYRA	6.50%	6.50%
Yonkers	4.50%	7.00%
Monticello	4.50%	7.00%
Finger Lakes	2.60%	2.60%

In addition, the Corporation pays a prorated 0.5% of handle from thoroughbred tracks to the New York State Thoroughbred Breeding and Development Fund, and 1.0% of handle from harness tracks to the Agriculture and New York State Horse Breeding and Development Fund.

Revenue Allocated to New York State and Nassau County

A pari-mutuel tax is payable to New York State at a rate which varies depending upon the event location within the state and the type of wager (i.e. regular wager, multiple wager or exotic wager). In addition, taxes are payable on wagers made on events at out-of-state thoroughbred and harness tracks depending on NYRA designation and type of wager (i.e. regular wager, multiple wager or exotic wager). After allocation of pari-mutuel tax, unclaimed pari-mutuel tickets, breakage to New York State and surcharge, surcharge breakage to other local governments and the Corporation's operational costs, the net remaining revenue is distributable to Nassau County.

Capital Acquisition Fund

Section 509(a) of the Racing, Pari-Mutuel Wagering and Breeding Law of the State of New York requires the Corporation to collect an additional 1% surcharge on certain winnings for the purpose of using the proceeds for "the acquisition, construction or equipping of offices, facilities or premises of the Corporation." In addition, legislation entitles the Corporation to retain up to 1% of certain wagering pools. The proceeds of this additional surcharge are recognized consistent with handle recognition.

Maintenance of Effort to Harness Tracks

In 2003, the State Legislature allowed Off-Track Betting Corporations to broadcast, and accept bets on, thoroughbred races conducted after 7:30 p.m. from anywhere in the world. Between 1984 and 2003, simulcasting of thoroughbred races was prohibited between 7:30 p.m. and midnight as evenings were traditionally reserved for harness racing. Perceiving an adverse impact on nighttime harness racing, the Legislature provided for "maintenance of effort" payments, requiring Off Track Betting Corporations that simulcast nighttime thoroughbred racing, every year after 2002, to guarantee to their regional harness tracks minimum payments based upon the commissions those tracks received before the nighttime thoroughbred simulcasts were permitted.

On dark days, Off Track Betting Corporations can broadcast out-of-state thoroughbred races, but they must make "dark day" payments to the harness tracks which are not open for business that day in accordance with a statutory formula (Racing Law defines "Dark Days" as those days when the State Racing Association is not conducting a thoroughbred race meeting, and no licensed harness track is accepting wagers on or displaying the signal of any thoroughbred track).

During 2009, the New York State Racing & Wagering Board ruled against all New York State Off-Track Betting Corporations, including the Corporation, relating to the "Maintenance of Effort" payments (as defined in Section 107.2a of the New York State Racing & Wagering Law) due to two separate regional harness tracks ("Race Tracks"). The Corporation commenced an Article 78 proceeding to challenge the

ruling. By Order dated March 31, 2011, the Supreme Court dismissed the Corporation's challenge to the maintenance of effort determinations and directed the Corporation to pay the liability "forthwith." In March 2012, the Corporation and Race Tracks agreed on an amount to be paid in full satisfaction of the obligations due. With respect to harness track Yonkers Raceway ("Yonkers"), the amount being paid is the subject to a confidential Settlement Agreement which is contingent and subject to reduction upon future events. At December 31, 2013, the Corporation has accrued an amount that represents approximately the maximum liability. The amount of the established settlement is contingent upon certain future events. Management believes that these future events could reduce the recorded liability. This is an estimate that could change in the near term. The aggregate amount accrued for both of the Race Tracks amounted to approximately \$4,766,000, and \$5,130,000 at December 31, 2013 and 2012, respectively, which is included in accounts payable and accrued expenses and other current liabilities.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

In June 2005, the Corporation issued \$21,810,000 in revenue bonds (the "2005 Bonds"). The proceeds from the sale of the revenue bonds were used to finance the acquisition and rehabilitation of the Race Palace in Plainview, New York, a state-of-the-art, Las Vegas-style facility, and other various ongoing and future capital projects.

The 2005 Bonds received ratings of 'Baa1' by Moody's Investors Service, 'BBB+' by Standard & Poor's Rating Corporation and 'A' by Fitch Ratings due to the Support Agreement between the Corporation and the County, which specifies that the County shall make principal and interest payments directly to the bond trustee not less than fifteen days prior to their respective due dates. The Corporation is obligated to reimburse the County for payments made by the County under the Support Agreement no later than the next business day.

In consideration of the significant interest savings generated by the Support Agreement and realized by the Corporation, the Corporation paid the County annually \$870,000 from 2006 to 2008 and \$620,000 from 2009 to 2012 and annually thereafter until the 2005 Bonds are retired. In 2014, the County was timely reimbursed as required by the Support Agreement.

Under the Support Agreement, in the event the Corporation's operations result in a net profit, the Corporation is obligated to provide a dividend payment for said profit to the County annually on December 15th. The Nassau County Executive can revoke the annual payment of net profit by the Corporation to the County and reinstitute quarterly payments with six months' notice to the Corporation.

The Corporation does not intend to enter into a support agreement with the County in connection with the issuance of the Notes.

Discussion of Recent Financial Results

During the past several years the Corporation has experienced operating and cumulative deficits. The causes of such deficits included, but were not limited to, declines in handle beyond budgeted declines, Handle continues to decrease as a result of national deterioration of wagering interest in the industry. The Corporation has been challenged by structural provisions in the New York State Racing & Wagering law which mandates that the Corporation's net revenue remaining after payment of all costs be distributed to Nassau County, regardless of accumulated deficits. Recent changes in operational and financial dynamics, including but not limited to increased regulatory fees, decrease in retained commission, competition from a neighboring location with surcharge free wagering of off-track betting have also negatively impacted profitability.

Fiscal Year End December 31, 2013 Audited results for the fiscal year ended 12/31/2013 produced an operating deficit of \$6,829,711 and a cumulative deficit of \$51,303,546. Net handle revenue during fiscal year 2013 totaled \$219 million, a decrease of 4% from fiscal year 2012 net handle revenue of \$230 million. Fiscal 2013 saw a significant increase in racing cancellations over prior year by the New York Racing

Association with full-day racing cancellations of 14 in 2013 (as compared to 2 cancellations in 2012) and 91 partial day cancellations, up from 61 in 2012. The Corporation also realized a decrease in Net Retained Commissions of 5% between fiscal 2013 and fiscal 2012. Cash and cash equivalents on 12/31/2013 were \$3,609, which is a decrease of \$3,657 from the balance of 12/31/2012.

Fiscal Year End December 31, 2014 Projections for the fiscal year to end 12/31/14 include a negative variance to budgeted handle revenue of \$205 million with current handle revenue projected to be \$198 million for the year. Operating expenditures are projected to be \$28,000,000, a variance to budget of \$660,000. An operating deficit of \$4,240,000 is projected for the fiscal year end 12/31/2014. Principal factors having a negative impact on operations, include, but are not limited to, weather-related race day closures; increases in pension and health benefits above budget, increases in host track contract rates and indirect commissions owed on out of state thoroughbred handle.

The Corporation has undertaken a number of cost cutting and revenue enhancement measures including:

- Work shift scheduling adjustments and headcount reduction through attrition which are projected to save \$156,000 during fiscal year 2014.
- In March 2014, the corporation relocated the headquarter location from Hempstead (leased premises) to Mineola (owned premises). Said relocation is expected to result in a savings of rent and real estate tax costs net of debt service of \$80K.

Liquidity and Capital Resources

On December 31, 2013, the Corporation had \$3,609,000 in cash and cash equivalents, which is a decrease from \$7,266,000 on December 31, 2012. The overall \$3,657,000 decrease in cash and cash equivalents was comprised of increases in the cash flow from operations of \$1,222,000, purchase of fixed assets of \$2,177,000 and a decrease in cash flow from financing activities of \$2,702,000. On December 31, 2013, \$419,000 in cash and cash equivalents was cash in the vaults of the Corporation's operating locations, \$623,000 was attributable to the telephone betting customer accounts and \$1,957,000 was restricted as required by the terms of the bond indenture. In addition, \$610,000 was attributed to unclaimed tickets for the year.

Capital Asset Activity and Updates

Corporate Headquarter Relocation In December, 2013 the Corporation, as a measure of reducing costs, purchased its current Corporate Headquarters located in Mineola, New York. Considering a ten (10) year conservative escalation on what would have been prospective lease and real estate payments on their prior leased corporate headquarters, the Corporation projects to save approximately \$2,700,000 over the next decade by relocating its headquarters.

Telephone Wagering The Corporation's telephone wagering operation has been administered by Suffolk Regional Off-Track Betting Corporation ("SROTB") in conjunction with SROTB's own operation. Costs incurred in this regard have been accounted for and billed to the Corporation in accordance with the apportionment of handle between the two entities. In 2012, the ongoing concern of SROTB with respect to a telephone room operation was acted upon by the Corporation whereby contingency plans were developed with timely implementation available if required. In March, 2011, SROTB filed for Chapter 9 Bankruptcy protection. To date, this filing has not adversely affected SROTB's ability to provide telephone wagering operations to the Corporation.

Internet Wagering The Internet wagering platform continues to outperform original projections. BetNowNY.com gives patrons the ability to wager from the comfort of their own home. Significant management attention was devoted to the effort necessary to ensure a "first-class" online wagering experience. Real-time odds and scratches as well as the live streaming of races add to the website's appeal. BetNowNY.com was the first site approved by the NYS Racing & Wagering Board to have live streaming of races across the country. The site also provides a detailed database of information to existing patrons

including a targeted marketing appeal in an effort to attract potential new patrons. Internet wagering is available to all Nassau OTB account holders residing in the State.

Fast Track Venues The Corporation has continued the implementation of the Fast Track satellite restaurant wagering venue. The Fast Track venue consists of self-service wagering terminals, flat screen televisions dedicated to displaying racing and a cashier terminal for the exclusive purpose of cashing and selling vouchers in sports-oriented restaurants throughout the County. On December 31, 2013, there were 13 of these locations in operation. Two additional locations have been approved by the New York State Gaming Commission and are expected to be operational by December 31, 2014. The Corporation plans on opening more of these establishments provided that the regional track operator, NYRA, affords the Corporation permission to open these establishments as their proximity falls within the statutory parameters for their required consent. These venues have proven to be both popular with patrons, and, as a result of its preferential operating costs, profitable. Patrons have the opportunity to enjoy a meal, watch a race, place a wager, and collect their winnings while enjoying a comfortable atmosphere. In addition, the Fast Track program enables the Corporation to expand its patron base and expose horse racing to a younger demographic.

Mobile Wagering On April 23, 2012, the Corporation launched a mobile wagering site, <http://m.nassauotb.com> and <http://nassauotb.mobi>. The mobile wagering site collected handle totaling \$554,837 through December 31, 2013. The Corporation believes that this additional wagering outlet will likewise expand the Corporation's customer base and contribute to the handle in the coming years.

Player Programs In November 2008, the Corporation launched the BetNowNY Player's Club, its Player Tracking and Player Rewards Programs. This system allows the Corporation to track wagering activity. Similar to many corporate and credit card rewards programs, the Player's Club enables the Corporation to reward customer loyalty. Patrons earn points based upon wagering activity (i.e. a self-service wager vs. a wager with a cashier or telephone operator) and its pool.

The points program is structured to influence patrons to wager on pools with higher takeouts and/or via self-service, generating both a greater payout and a greater degree of profitability for the Corporation. The Rewards Programs have also better enabled the Corporation to provide premium service to patrons based on their racetrack and wagering preferences.

Changes in Net Position

Section 516, subsection 2 of the New York State Racing & Wagering Law mandates that the Corporation's net revenue remaining after payment of all of the costs shall be distributed to the County. It appears that the Racing and Wagering statute that requires distribution of profit did not contemplate the prospective effect of annual deficits. Accordingly, accumulated deficits generated by operating expenses in excess of revenue have been memorialized in the Corporation's Financial Statements while its prospective accounting, recording and application is under review.

In recent years, both the operational and financial dynamics of off-track betting have challenged its ability to maintain profitability.

Additional obligations and competitor preferences as follows are particularly burdensome:

- NYS Racing & Wagering Board Regulatory Fee (.5% of handle)
- Decrease in retained commission (*Statutory Requirements*)
- Regional tracks hold harmless provision
- Regional tracks indirect commissions
- Postemployment benefits funding (*GASB 45*)
- Neighboring competitor surcharge free wagering (*Belmont Café*)
- Inability to open new fast track locations without NYRA consent

As such, any deficit the Corporation incurs during a given quarter becomes unrecoverable since the law does not address the Corporation's ability to apply accumulated deficits to future profits. This unbalanced statutory requirement results in a negative cash-flow position which would require statutory relief to ensure going concern. There can be no assurances that statutory relief will be forthcoming.

Increase in net position before statutory revenue allocations decreased from \$26,712,000 in Fiscal 2012 to \$22,320,000 in Fiscal 2013, a decrease of \$4,392,000. This decrease was the result of both a decrease in revenues of \$2,010,000 and a net increase in operating expenses of \$2,382,000.

Statutory revenue allocations decreased from \$26,319,000 in Fiscal 2012 to \$25,724,000 in Fiscal 2013, a decrease of \$595,000. The decrease in handle caused a decrease in payments to the racing industry, the State and other local governments.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION PAYMENTS

Statutory Payment Obligations to the Racing Industry

Under the Racing Law (Section 1003), the Corporation must make a variety of payments to racetracks within the Corporation's statutorily defined region (collectively, the "Regional Tracks"). The Corporation's statutory region encompasses three harness racing tracks: Monticello Raceway, Yonkers Raceway and Tioga Downs (collectively, the "Regional Harness Tracks") and two thoroughbred racing tracks operated by NYRA: Aqueduct Race Track and Belmont Park. There are two other thoroughbred tracks in New York: Saratoga Race Course, operated by NYRA, and Finger Lakes Race Track, operated by Finger Lakes (collectively, the "Regional Thoroughbred Tracks").

State Breeding and Development Fund Payments

The Corporation is also required to contribute 0.5% of the Handle from bets on thoroughbred or steeplechase races to the New York State Thoroughbred Breeding and Development Fund and 1.0% of the Handle from bets on harness races to the Agriculture and New York State Breeding and Development Fund. These breeding funds are also paid a portion of revenue that the Corporation records from the rounding down of winning payoffs.

Direct Commissions

The Corporation simulcasts signals of live racing from the Regional Harness Tracks and the four in-state thoroughbred tracks when they are running races and accepts wagers on those races. The Racing Law (Section 527) sets fees to be paid to in-state tracks for wagers accepted by the Corporation for races held at those tracks, based on the Handle that wagering on those races generates through the Corporation.

Indirect Commissions

In addition to the Direct Commissions, the Racing Law (Section 527) obligates the Corporation to make payments to the Regional Harness Tracks and the four in-state thoroughbred tracks based on the Corporation's Handle from races run at tracks outside of the State and based on the Corporation's Handle from races run at tracks within the State that are outside of the Corporation's statutory region. The Indirect Commissions are structured differently for the Harness Tracks and for the Thoroughbred Tracks.

Indirect Commission Payments to Harness Tracks

Under the Racing Law (Section 1014), the amount of the Handle from out-of-state harness races that each of the three Regional Harness Tracks receives depends on races on that day and is based upon the average daily Handle from wagers placed with the Corporation on races hosted by each of the harness tracks during the preceding month. The Regional Harness Tracks are also entitled to receive payments based on wagers on out-of-region thoroughbred racing at Finger Lakes Race Track when the Corporation carries the signal from and accepts wagers on those

races. On days when Finger Lakes is running races, the Regional Harness Tracks are entitled to receive payments based on the Corporation's Handle from wagers on those races, provided two conditions are met: (1) NYRA is not running races on that day; and (2) the Regional Harness Track is not simulcasting or taking wagers any thoroughbred races.

The portion of the Dark Day commission to which each of the Regional Harness Tracks is entitled based upon the Corporation's Handle from wagers on races at the Finger Lakes Racetrack is determined based on a formula that is similar to the formula for distribution of the out-of-state harness Indirect Commissions. Moreover, the Regional Harness Tracks are entitled to receive payments based on wagers on races run at thoroughbred tracks in other states. The Regional Harness Tracks are entitled to receive Dark Day payments in the aggregate amount of 1.5% of the Corporation's Handle from wagering on thoroughbred races run at tracks outside of the State, provided that: (1) NYRA is dark and (2) the Regional Harness Tracks do not simulcast and accept wagers on any thoroughbred races.

The Corporation also must pay each of the Regional Harness Tracks at least as much as it paid that track during calendar year 2002 from its Handle from wagers on out-of-state evening (6:00 P.M. ET or later) harness racing run on those calendar dates in 2002 corresponding to those dates in the current year on which the Corporation accepted wagers on out-of-state night-time (7:30 P.M. to midnight, ET) thoroughbred races.

Additionally, Under the Racing Law (Section 1014) once the year-to-date cumulative Handle at all Off Track Betting Corporations in the State from nighttime (between 7:30 P.M. and midnight ET) thoroughbred racing at out-of-state tracks reaches \$100 million, the OTBs are required to pay an additional 2% commission to the Regional Harness Tracks on the Handle from each wager on night-time thoroughbred racing placed thereafter. These payments are typically referred to in the industry as "Maintenance of Effort" payments. (See also "Maintenance of Effort to Harness Tracks" herein.)

Indirect Commission Payments to Thoroughbred Tracks Under the Racing Law (Section 1016), in-state thoroughbred tracks are entitled to receive a percentage of the Corporation's daily Handle from wagering on thoroughbred racing from outside of the State. The specific percentage to which each is entitled varies based upon whether: (1) any NYRA track is running races that day; (2) Finger Lakes is running races that day; (3) the Handle is from wagers on the "initial" or "other than initial" out-of-state track that the Corporation has carried and accepted wagering on for that day; and (4) whether the wager is considered "regular", "multiple", or "exotic". NYRA is also entitled to receive payments based upon the Corporation's Handle from wagering on races hosted by Finger Lakes if NYRA is hosting races at any of its tracks on the same day.

Statutory Payment Obligations to State and Local Governments

Pari-Mutuel Taxes Under the Racing Law (Section 527) the Corporation is required to pay pari-mutuel taxes to the State on the amount of Handle wagered through its operations, according to varying rates based on type of wager, location and type of race.

Uncashed Pari-Mutuel Tickets Additionally, under the Racing Law (Section 527), the Corporation is required to relinquish all uncashed pari-mutuel tickets (i.e. uncollected winning tickets) held on April 1 for the preceding calendar year to the State and is also required to pay the State a portion of the revenue the Corporation receives from the rounding down of winning payoffs.

Surcharge Under the Racing Law (Section 532), the Corporation pays a portion of the surcharge it collects on wagers to each of the local governments where the tracks are located. Each of the local governments receive fifty percent (50%) of the surcharge revenue on wagers with the exception of Ontario County which receives five percent (5%) of surcharge revenue.

Contractual Payment Obligations to the Racing Industry

The Corporation is party to contractual agreements with in-state thoroughbred tracks to simulcast live racing. The Corporation's simulcast contract with NYRA expired in 2013.

The Corporation is also party to contracts with harness and thoroughbred tracks outside of the State that permit the Corporation to receive a signal of the tracks' races as they are run and to accept wagers on those races.

The amount that the Corporation pays to each of the out-of-state tracks is set by contractual terms negotiated by the parties.

Employees

The Corporation provides services through 244 full and part-time employees, many of whom are represented by the bargaining unit listed below.

<u>Employees</u>		
<u>Bargaining Unit</u>	<u># of Members</u>	<u>Contract Expiration</u>
Teamsters Local Union 858 – Full-time	88	12/31/2008*
Teamsters Local Union 858 – Part-time	<u>134</u>	12/31/2008
Total:	<u>222</u>	

* Currently under negotiation.

Employee Pension Benefits

The Corporation participates in the New York State and Local Employees' Retirement System (the "System"), which is a cost-sharing multiple-employer retirement system. The System provides a wide range of plans and postretirement benefits which are related to years of service and three-year average salary calculations, vesting of retirement benefits, and death and disability benefits. The obligation of employers (including the Corporation) and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (the "NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. The Comptroller can adopt and amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

The System is non-contributory except for the employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. The State passed legislation in 2000 that suspends the 3% contribution for employees who have 10 years or more of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the New York State Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by the employers to the pension accumulation fund. The Corporation is required to contribute an actuarially determined amount.

The required contribution for the System's fiscal years ended March 31, 2014, 2013 and 2012 was \$2,341,767, \$2,141,195, and \$1,399,192, respectively. These amounts represented approximately 23.5%, 21.2%, and 10.6%, of eligible payroll for the Corporation's fiscal years ended, respectively. For the System's fiscal years ended March 31, 2013 and March 31, 2012, the Corporation's contribution to the System was equal to 100% of the contributions required for each year. The System permits a portion of the

annual pension contribution to be amortized each year. For the System's fiscal year ended March 31, 2014, the Corporation elected to amortize the maximum amount allowable of \$711,000 at over a period of 10 years with interest to be calculated based upon the twelve-year treasury bond plus 100 basis points..

Other Post Employment Benefits

Postemployment retirement benefits are recorded under the GASB Codification (formerly GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*). The GASB codification establishes standards for the measurement, recognition, and display of Other Postemployment Benefits ("OPEB") expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. The GASB Codification improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer; (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows.

An independent actuarial valuation was completed on behalf of both the County and as a component unit, the Corporation. In the fiscal years ended December 31, 2013 and 2012, the postretirement benefits liability was \$45,844,000 and \$42,792,000, respectively. In 2013, there was an adjustment made on the Corporation's books to reflect an increase of \$3,052 in OPEB liability. This increase in the OPEB liability was the result of both a change in the actuarial calculation and an adjustment to the population of active participants. In 2013, healthcare costs for current retirees increased 5% to an annual premium of \$1,503,000.

NEW YORK STATE GAMING COMMISSION

The New York State Gaming Commission (the "Gaming Commission") was formally created via Chapter 60 of the Laws of 2012 as part of the 2012/2013 Enacted State Budget. The Gaming Commission became effective February 1, 2013.

The Gaming Commission regulates all aspects of gaming and gambling activity in the State, including horse racing and pari-mutuel wagering, Class III Indian Gaming, the State lottery (including video lottery terminals) and charitable gaming.

FINANCIAL FACTORS

Independent Audit

The annual financial statements of the Corporation are audited by Grassi & Co., CPAs, P.C. Appendix B to this Official Statement presents a summary of the results of operations for the last five fiscal years ended and a budget summary for the two most recent fiscal years. The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As discussed in Note 2 to the financial statements, at December 31, 2013 and 2012, the Corporation's current liabilities exceed its current assets and it has a net position deficiency.

Going Concern Uncertainties

At December 31, 2013, the Corporation's current liabilities exceeded its current assets by \$10,458,206, and the Corporation had a net position deficiency of \$51,303,546 as indicated in the financial statements included in Appendix C hereto. Over the past several years, the Corporation has experienced continuing

mandated increases in personnel benefits and other costs and increases in the statutory distribution requirements of New York State laws, including a regulatory fee of .50% of the Corporation's gross handle payable to the New York State Gaming Commission. These factors, coupled with uncertain conditions in the general economy and the inability to gain relief on statutory payments to the racing industry, create an uncertainty as to the Corporation's ability to continue as a going concern.

Management has instituted a number of initiatives to reduce its expenses, including a reduction in its workforce and a focus on maximization of branch profitability, and increased handle through an enhanced Internet gaming and wagering platform. These operating incentives, however, have been sufficient to offset other increases in expenses and required distributions. Management has continued to seek legislative relief from the statutory distribution requirements of New York State laws. There is no assurance that the New York State legislature will adopt the necessary changes to the New York State laws to provide relief to the Corporation. Additionally, the racing industry and the Corporation have and continue to face a variety of challenges. The financial legislative and regulatory environment in addition to increased gaming competition and declining consumer interest, continue to impact the thoroughbred and harness racing industries.

Management continues to focus on and enhance overall operations, and to develop new opportunities and initiatives which support and leverage the industry. The Corporation's ability to continue as a going concern is dependent on the state of the economy, obtaining relief from statutory revenue distribution requirements, the enactment of increased regulation over out-of-state advanced deposit wagering entities as well as the Corporation's ability to continue to reduce and manage expenses. The financial statements do not include any adjustments that might result from the outcome of the financial uncertainties created by these circumstances.

Fund Structure and Accounts

The financial statements of the Corporation conform to those prescribed by generally accepted accounting principles for proprietary funds. A proprietary fund is used by government to account for business-type for profit activities. Proprietary funds are required to use the full accrual method of accounting, whereby, all revenues are recorded when earned and all expenses are recorded when incurred.

The Corporation is a public benefit corporation and, as such, all net profit derived from operations are distributed to its county of domicile, Nassau County. The statement of undistributed net revenue payable to the County in its audited financial statements includes amounts owed to the County at the beginning and end of the year.

CORPORATION INDEBTEDNESS

Trend of Outstanding Indebtedness

The following table provides information relating to the bonded indebtedness outstanding at year end for the Corporation's last five fiscal years.

	<u>Outstanding Indebtedness</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Serial Bonds	\$15,990,000	\$14,535,000	\$13,080,000	\$11,625,000	\$10,162,417

Source: Audited Financial Statements

Line of Credit from Community National Bank

The Corporation has a \$1.9 million letter of credit with Community National Bank, a national commercial bank with offices at 400 Broadhollow Road in Melville, New York. The line of credit is secured by a mortgage encumbering certain real property owned by the corporation and located at 2680 Hempstead Turnpike in Levittown, New York and 4747 Hempstead Turnpike in Farmingdale, New York. The Corporation expects the line of credit to be fully drawn by fiscal year end December 31, 2014. Interest on the line of credit is payable monthly on the first day of each month with principal due on December 15, 2015.

Mortgage from Community National Bank

The Corporation also has a \$1.4 million mortgage with Community National Bank. The mortgage proceeds were used by the Corporation to buy a \$1.9 million, two-story brick building of approximately 11,000 square feet on Liberty Avenue in Mineola, New York which serves as the Corporation's new headquarters. The new facility houses the Corporation's 40-person administrative staff which, among other things, handles payroll, finance and customer service. The Corporation had been leasing 20,000 square feet at its current headquarters on Fulton Avenue in Hempstead since the 1970's. Corporation officials estimate that the move into new, smaller space will save the Corporation approximately \$2.7 million over the next decade.

Short-Term Indebtedness

The Corporation has no bond anticipation notes outstanding.

Other than the Notes, the Corporation has not needed to issue revenue anticipation notes or other working capital notes for operating purposes since the Corporation's inception.

Cash Flow Projections

The cash flow summaries of the Corporation for the 2014 fiscal year (actual) and 2015 fiscal year (actual/projected), including the borrowing and repayment of the Notes, are set forth in "Appendix B – Summary of Financial Statements and Cash Flows" herein. Such cash flow statements, with respect to future receipts and payments, are estimates only and no representation whatsoever is made that any such estimates will be realized.

Cash flows assume future revenues from a financing to construct a VLT facility and that such facility will be operational during the 4th quarter of 2015. (See "Prospective Capital Financing") There can be no assurances that financing will be available or adequate to fund such facility or that revenues generated from such facility will be sufficient to pay the principal of and interest on the Notes.

Prospective Capital Financing

In June 2013, the Corporation was awarded permission to install and operate 1,000 video lottery terminals ("VLTs") by the State Legislature. VLTs are slot machines that allow a user to bet on the outcome of a video game. Unlike traditional Las Vegas-style slot machines, VLTs are controlled by a centralized computer system that generates a predetermined number of winners. Players are competing with other VLT users throughout the State for a prize, compared with traditional slot machines in which the game's outcome is independent of other machines. The Corporation is currently in negotiation to purchase a site at which it will construct a gaming facility to house the VLTs and related amenities (the "Facility") The Facility is expected to be located in central Nassau County with easy access to major transportation arteries. The capital project is expected to consist of either a renovation or rehabilitation of an existing structure to accommodate at least 1,000 video lottery terminal devices on a single or two floor level design..

With respect to the Facility development, the Corporation intends to draw upon its experience gained since 2005 when it commenced operations of a casino-like branch (the Race Palace). Although a VLT operation should be considered a more significant undertaking, it is worth noting that the Corporation has experience in this regard, and will utilize its expertise gained (professional and operational) for Facility development. In addition, the Corporation has retained a gaming consultant and architect to assist in site development and business planning.

The Corporation has retained Union Gaming Analytics, LLC (the “Gaming Consultant”), a Las Vegas-based independent research and advisory group, to provide consulting and advisory services related to the Corporation’s planned VLT operations. The Gaming Consultant routinely conducts economic impact, market feasibility and various other reports for institutional gaming clients. The Gaming Consultant has provided the Corporation with a study dated December 4, 2014 (the “Gaming Study”), which estimates full year VLT gross gaming revenues for the Facility of \$216.8 million, \$237.9 million, and \$259.0 million in the low, base and high case, respectively. Gross gaming revenue estimates result in full year earnings before interest, taxes, depreciation and amortization for the Facility of \$34.2 million, \$38.6 million and \$43.3 million in the low, base and high case, respectively. The Gaming Study is attached in Appendix F. Please note that the Corporation is presently a party to a confidentiality agreement related to the negotiation for purchase of a site to house the Facility. Accordingly, all references to site related matters have been redacted from the attached Gaming Study. (See “Appendix F –Gaming Study prepared by Union Gaming Group dated 12/4/2014)

The Corporation has also retained SOSH Architects (the “Architect”) to advise the Corporation with respect to site design and construction. The Architect, founded in 1979, is architecture, interiors and planning firm that specializes in the hospitality, entertainment, retail, civic and education markets. Ongoing or recently completed projects include several projects for Seminole Hard Rock Casinos on the East Coast, Scioto Downs in Columbus, Ohio, the phased master plan expansion to Fantasy Springs Golf Resort in California and the first phase of design for Genting Group’s Bimini Bay resort in the Bahamas. The success of the Spotlight 29 Casino near Palm Springs, California and the collaboration that resulted in the property’s stunning design received first prize for Casino Design in the prestigious Sarno Awards. The Corporation may circulate additional Requests for Proposals for professional services required in connection with the planning, development, construction and financing of the Facility.

The Corporation currently estimates the total cost of the Facility to be between \$75 and \$100 million. The Corporation’s goal is to open the Facility in 2015 and Cash Flows assume net revenues from VLT operations will be available in the fourth quarter of the fiscal year to end December 31, 2014. There can be no assurances that the Facility will be operational in 2015 or that revenues generated from such facility will be sufficient to pay the principal of and interest on the Notes. (See “Noteholders Risks” herein.)

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Debt Service Schedule

The following table sets forth all principal and interest payments required on the Corporation's outstanding bonded indebtedness.

Outstanding Bond Principal and Interest Maturity

Fiscal Year ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 ⁽¹⁾	\$ 1,455,000	\$ 397,706	\$ 1,852,706
2015	1,455,000	343,144	1,798,144
2016	1,455,000	288,581	1,743,581
2017	1,455,000	232,200	1,687,200
2018	1,450,000	174,000	1,624,000
2019	1,450,000	116,000	1,566,000
2020	<u>1,450,000</u>	<u>58,000</u>	<u>1,508,000</u>
Total	<u>\$10,170,000</u>	<u>\$1,609,631</u>	<u>\$11,779,631</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements.

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE COUNTY OF NASSAU

Overview

Established in 1899, Nassau County (the "County") is the site of some of New York State's (the "State") earliest colonial settlements, some of which date to the 1640s. With a total land area of 287 square miles and a population of over 1.3 million, the County is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes 3 towns, 2 cities, 64 incorporated villages, 56 school districts and various special districts that provide fire protection, water supply and other services. Land uses within the County are predominantly single-family residential, commercial and industrial.

Population

The following table shows the County's population from 1970 to 2010. The County's population has experienced two major growth periods over the past 100 years, reaching a peak of 1,428,080 residents in 1970. Between 1970 and 1990, the County's population decreased 9.9% to 1,287,348 residents. By 2010, the U.S. Census Bureau estimated the County's population had increased by 4.1% (from 1990) to 1,339,532 residents.

Population Trend

2010	1,339,532
2000	1,336,073
1990	1,287,348
1980	1,321,582
1970	1,428,080

Source: US Census Bureau

Economic Indicators

Median Household Income

As shown in the following table, the County's estimated median household income for 2012 was \$93,214, up from \$91,414 in 2011, and significantly higher than that of the State (\$56,448) and the United States (\$51,371). Moreover, the County has a smaller percentage of families below the poverty level (4.6%) than the State (12.2%) and the United States (11.8%).

Median Household Income in the County In Comparison to the State and the U.S., 2012 and 2011

	<u>2012</u>		<u>2011</u>	
	Median Household Income	Families Below Poverty	Median Household Income	Families Below Poverty
County	\$93,214	4.6%	\$91,414	4.7%
State	56,448	12.2	55,246	12.3
United States	51,371	11.8	50,502	11.7

Source: U.S. Census, 2011 and 2012 American Community Survey, 1-Year estimate.

Consumer Price Index

The Consumer Price Index ("CPI") represents changes in prices of a typical market basket of goods and services that are purchased by households over time and is used to gauge the level of inflation. The CPI includes user fees such as for water and sewer services and sales and excise taxes paid by consumers, but does not include income taxes and investments such as stocks, bonds and life insurance. Annual totals and increases in the CPI for both the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Consolidated Metropolitan Statistical Area ("CMSA") and U.S. cities between the years 2003 and 2012 are shown in the following table.

In 2013, prices in the CMSA rose by 1.50% and the 2013 U.S. city average CPI increase was 1.70%.

Consumer Price Index

<u>Year</u>	U.S. City Average (000s)	Percentage Change	NY-NJ-CT-PA CMSA (000s)	Percentage Change
2013	233.0	1.50%	256.8	1.70%
2012	229.6	2.09%	252.6	1.98%
2011	224.9	3.12	247.7	2.82
2010	218.1	1.68	240.9	1.73
2009	214.5	(0.37)	236.8	0.41
2008	215.3	3.86	235.8	3.94
2007	207.3	2.83	226.9	2.81
2006	201.6	3.23	220.7	3.76
2005	195.3	3.39	212.7	3.86
2004	188.9	2.66	204.8	3.54

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Retail Sales and Business Activity

The County is served by seven major regional shopping centers. The Gallery at Westbury Plaza is a new 330,000 square foot, LEED-certified, open-air shopping center located on the grounds of the former Avis corporate headquarters. The other major retail centers are the Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres Mall in Valley Stream, Americana Manhasset in Manhasset, Sunrise Mall in Massapequa and the Source in Westbury. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls have a total of 7.6 million square feet of gross leasable area.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets and gourmet food markets, electronic stores, and bookstores. Major retailers in the County include Wal-Mart, Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy's, Sears, JC Penney, Marshalls, Old Navy, Kohl's and Target. Commercial outlet stores in the County include, but are not limited to, Costco, Bed, Bath & Beyond, B.J.'s and Best Buy. In addition, there are designer boutique shops and specialty department stores such as Brooks Brothers, Giorgio Armani, Ralph Lauren, Prada and Neiman Marcus at Roosevelt Field Mall (currently under construction), and jewelers such as Tiffany & Co., Cartier, and Van Cleef & Arpels.

Based on a report released by the New York State Department of Taxation and Finance, the County ranked third in the State with taxable sales and purchases totaling \$23.2 billion for the most recent reporting year, an increase of 2.67% from the prior year.

Retail Sales Activity Ranked by County in the State

(in thousands)

<u>County</u>	<u>Rank</u> <u>(2010/2011)</u>	<u>Taxable Sales</u> <u>(2010/2011)</u>	<u>Rank</u> <u>(2009-2010)</u>	<u>Taxable Sales</u> <u>(2009/2010)</u>	<u>Change</u>
New York City*	1	\$116,281,232	1	\$106,440,554	9.25%
Suffolk	2	26,874,884	2	25,339,638	6.06
Nassau	3	23,249,728	3	22,645,417	2.67
Westchester	4	17,159,132	4	16,099,227	6.58
Erie	5	13,636,031	5	12,894,176	5.75
Monroe	6	10,047,848	6	9,496,181	5.81
Onondaga	7	7,239,027	7	6,805,707	6.37
Orange	8	5,940,024	8	5,573,543	6.58
Albany	9	5,463,853	9	5,324,664	2.61
Dutchess	10	4,057,873	11	3,576,332	13.46

Source: New York State Department of Taxation and Finance, Office of Tax Policy Analysis Annual Statistical report: Taxable Sales and Purchases (August 2012). Represents sales reported from March through February.

* Includes the five counties of the Bronx, Kings, New York (Manhattan), Queens and Richmond.

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Employment

The following table compares employment totals and unemployment rates in the County to adjoining municipalities, the State and the United States. The County had a workforce of approximately 655,200 in 2013. The unemployment rate in the County decreased from 7.1% in 2012 to 5.9% in 2013. Nassau County's unemployment rate continues to be less than that of Suffolk County, New York City, the State and the United States.

Annual Average Employment (in thousands) and Unemployment Rate (%)

Year	Nassau County		Suffolk County		New York City		New York State		United States	
	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>
2013	655.2	5.9%	792.8	6.4%	3,702	8.7%	8,898	7.7%	143,929	7.4%
2012	642.5	7.1	728.8	7.6	3,632	9.2	8,773	8.5	142,469	8.1
2011	635.9	6.7	721.3	7.4	3,592	9.0	8,683	8.2	139,869	8.9
2010	638.4	7.1	726.7	7.6	3,625	9.3	8,553	8.6	148,250	9.6
2009	642.4	7.1	731.2	7.4	3,633	9.5	8,556	8.4	139,877	9.3
2008	665.7	4.7	757.9	5.0	3,719	5.4	8,793	5.3	145,362	5.8
2007	670.0	3.7	758.2	3.9	3,684	4.9	8,734	4.5	146,047	4.6
2006	668.3	3.8	753.9	4.0	3,630	5.0	8,618	4.6	144,427	4.6
2005	662.1	4.1	745.9	4.2	3,540	5.8	8,537	5.0	141,730	5.1
2004	655.1	4.5	734.8	4.7	3,469	7.1	8,465	5.8	139,252	5.5

Source: New York State Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics.

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Key Employment Trends

The following table shows the annual average employment in non-farm jobs by industry for the years 2004 to 2013 in the Nassau-Suffolk Primary Metropolitan Statistical Area ("PMSA").

Annual Average Nassau-Suffolk Employment, Non-Farm, by Business Sector (in thousands)

Business Sector/ Industry	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Goods Producing										
Natural Resources, Construction & Mining	66.4	66.7	69.8	72.0	73.1	65.0	60.8	60.3	61.4	67.0
Manufacturing	<u>88.2</u>	<u>86.9</u>	<u>85.9</u>	<u>83.8</u>	<u>81.3</u>	<u>75.1</u>	<u>73.0</u>	<u>72.8</u>	<u>74.0</u>	<u>73.8</u>
Total – Goods Producing	154.6	153.6	155.7	155.8	154.4	140.1	133.8	133.1	135.4	140.8
Service Producing										
Trade, Transportation & Utilities	271.3	270.9	270.7	273.7	272.4	257.2	256.2	258.7	264.0	267.0
Financial Activities	83.4	81.6	80.4	79.2	75.0	70.8	69.8	70.5	72.4	72.6
Information	28.9	29.4	29.2	27.9	27.1	27.3	25.4	24.3	24.0	23.9
Educational & Health Services	200.7	203.0	206.2	210.8	215.7	220.6	225.8	230.8	237.1	238.4
Leisure & Hospitality	95.7	95.8	97.5	99.2	99.4	98.4	100.9	102.9	110.6	115.3
Other Services	51.4	51.9	51.9	52.7	53.6	52.7	52.9	54.4	54.9	56.0
Professional & Business Services	159.7	159.8	158.6	164.2	163.1	153.6	152.8	159.3	163.3	167.4
Government	<u>196.9</u>	<u>198.7</u>	<u>198.7</u>	<u>202.1</u>	<u>203.2</u>	<u>206.7</u>	<u>208.9</u>	<u>205.3</u>	<u>199.9</u>	<u>195.1</u>
Total - Service Producing	1,087.9	1,091.0	1,093.2	1,109.6	1,109.5	1,087.2	1,092.6	1,106.2	1,126.1	1,135.7
Total Non-Farm	1,242.6	1,244.6	1,248.9	1,265.6	1,264.0	1,227.4	1,226.5	1,239.3	1,261.5	1,243.6

Note: Totals may not equal the sum of the entries due to rounding.

Source: New York State Department of Labor.

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The following table compares the employment shares by business sector and industry in the Nassau-Suffolk PMSA to the United States. The percentage of jobs within each category is consistent with national figures.

Percentage of Non-Farm Employment by Business Sector, 2013

BUSINESS SECTOR	Nassau-Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	5
Manufacturing	<u>6</u>	<u>9</u>
Total Goods Producing	11	14
SERVICE PROVIDING** OR SERVICE PRODUCING*		
Trade, Transportation & Utilities	21	19
Financial Activities* or Finance, Insurance & Real Estate**	6	5
Assorted Services	48	45
Government	<u>16</u>	<u>16</u>
Total Service Providing / Producing	89	85

Note: Totals may not equal 100% due to rounding.

Sources: Compiled by the Corporation from: New York State Department of Labor (Nassau-Suffolk PMSA) and the U.S. Department of Labor, Bureau of Labor Statistics (United States).

*Nassau-Suffolk PMSA

**United States

Major County Employers

A sampling of the major commercial and industrial employers headquartered in the County is shown in the following table.

Major County Commercial and Industrial Employers, 2012

Company	Type of Business	Employees
North Shore – LIJ Health System	Health care	48,000*
Cablevision Systems Corp.	Cable and pay television	17,815
Pall Corporation	Industrial equipment	10,900
Broadridge Financial Solutions	Data processing	6,200
Griffon Corp.	Specialty building products	5,900
Systemax, Inc.	Computers & related products	5,500
Winthrop Healthcare Systems	Health care	5,100
Alcott Group	Professional employers organization	4,900

Sources: Compiled by the Corporation from Crain's Book of Lists. Selected data updates using Hoovers.com.

* North Shore – At a Glance, 2014 (note: not all employees of North Shore-LIJ Health System work in Nassau County.)

Construction Activity

The following table is a composite list of construction activity in the County for residential, business, industrial and public buildings for the years 2003 through 2013. Overall construction activity has varied considerably over the last decade. During the 2004-2013 period, residential construction activity reached its high point in 2008 with 1,868 permits, and fell to its lowest point the following year (2009) with 378 permits. During 2013, single-family dwelling permits increased, while permits for Other Housing Units fell from the recent high experienced in 2011. The increase in single-family dwelling permits from 2012-2013 may be due to homeowners filing for building permits to rebuild Superstorm Sandy-damaged properties as there have been no large single-family residential subdivisions created over the past few years. Data on non-residential building permits for 2009 through 2013 are not available.

County Construction Activity

Year	Single Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
2013	630	164	N/A	N/A	N/A	794
2012	375	276	N/A	N/A	N/A	651
2011	311	542	N/A	N/A	N/A	853
2010	400	123	N/A	N/A	N/A	523
2009	365	13	N/A	N/A	N/A	378
2008	822	1,046	18	0	4	1,890
2007	737	85	20	3	4	849
2006	1,291	161	30	4	4	1,490
2005	1,197	238	37	1	3	1,476
2004	735	442	23	4	8	1,212

Sources: 2004-2013 U.S. Bureau of the Census, Privately-owned Building Permit Estimates; 2004 – 2008 Nassau County Planning Commission Building Permits Reports.

*Other housing units includes two-family dwelling units, multi-family dwelling units and conversions.

The following table shows the number of building permits with an estimated dollar value greater than or equal to \$1,000,000 that were issued for Class 4 properties for the years 2004 through 2013. Class 4 property includes commercial, industrial, institutional buildings, and vacant land. As indicated in Table 10, there were 44 building permits that were issued and reported to the Department of Assessment for Class 4 properties in 2013.

High Value Building Permits* for Class 4 Properties

Year	Number of Permits	Value of Permits
2013	44	\$830,689,700
2012	56	154,210,056
2011	88	262,515,969
2010	57	211,534,203
2009	38	151,318,375
2008	39	91,992,908
2007	47	134,548,252
2006	47	161,235,223
2005	23	86,556,378
2004	30	148,570,968

Source: Nassau County Department of Assessment

*Includes only those permits for work with an estimated value greater than or equal to \$1 million.

Housing

As shown in the following table, the value of new residential construction activity in the County declined between 2008 and 2010, consistent with the national economic downturn. However, activity reported in 2011 and 2012 indicates a steady increase in new construction value from the recent low in 2010.

County New Residential Construction Activity

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
2013	\$291,260	794
2012	222,851	651
2011	207,482	853
2010	169,369	523
2009	178,307	378
2008	374,000	1,868
2007	284,404	822
2006	368,875	1,452
2005	373,879	1,435
2004	293,642	1,177

Source: 2004 – 2013 U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimate and imputation.

The following table shows the breakdown of new housing units by type and size.

Number of County New Residential Housing Units Authorized by Building Permit by Size Category

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2013	630	10	0	154	794
2012	375	2	0	274	651
2011	281	2	0	540	823
2010	357	28	63	32	480
2009	334	8	3	0	345
2008	801	6	0	1,040	1,847
2007	692	10	4	63	769
2006	1,259	18	4	114	1,395
2005	1,184	12	7	187	1,390
2004	717	46	0	367	1,130

Source: 2004 – 2013 U.S. Census Bureau New Privately-owned Building Permits – reported units only.

The following table shows County existing home sales. In 2013, the median sales price rose 1.2% from 2012; however, the number of homes sold decreased by nearly 2%.

County Existing Home Sales

Year	Median Sales Price	No. of Homes Sold
2013	\$420,000	7,341
2012	415,000	7,472
2011	432,250	7,262
2010	445,000	7,626
2009	435,000	7,472
2008	455,000	7,410
2007	490,000	8,778
2006	490,000	9,435
2005	489,000	10,343
2004	440,000	10,111

Sources: Compiled by the County from: Multiple Listing Service of Long Island Inc., 2004-2005; New York State Association of Realtors, 2006-2008; New York State Department of Taxation and Finance 2009-2013

Transportation

On January 1, 2012, the Nassau Inter-County Express (“NICE”) Bus commenced service as the exclusive transit operator of the County-owned bus system replacing the former operator MTA Long Island Bus, a subsidiary of the Metropolitan Transportation Authority (“MTA”). The MTA ceased operations as the County’s bus system pursuant to a mutual agreement between the parties. NICE, a subsidiary of Veolia Transportation Services, Inc., represents the County’s first transit public-private partnership. NICE is the third largest suburban bus system in the United States. Operating a network of 49 routes as well as para-transit service, NICE provides surface transit service for most of the County as well as parts of eastern Queens and western Suffolk County. This includes service across the Queens-Nassau border to subway and bus stations in Flushing, Far Rockaway, and Jamaica. The density of the NICE route network conforms to the development pattern of the County. It operates and maintains a fleet of approximately 297 fixed route buses and 93 para-transit vehicles. NICE has an average ridership of 103,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road stations, most area colleges and universities, as well as employment centers, shopping malls, and Nassau County government offices, including the Department of Social Services.

The Long Island Rail Road (“LIRR”), the second largest commuter railroad in the United States, carried approximately 81.7 million passengers in 2012. On an average weekday, the LIRR carries about 287,000 passengers.

The LIRR provides train service for the entire County. Its infrastructure includes 381 route miles of track, 296 at-grade-crossings, and 124 stations on 11 branch lines. These branches provide service through the County to eastern destinations in Suffolk County and western destinations of Penn Station in Manhattan, Flatbush Avenue in Brooklyn, as well as Jamaica and Hunters Point/Long Island City in Queens. Completion of the East Side Access project, which began tunneling work in 2007, will add a new hub in Grand Central Terminal, bringing LIRR customers directly to Manhattan’s East Side. On weekdays, about 80% of the system’s passenger trips occur during peak morning and evening travel periods.

The Jamaica LIRR station (Queens) provides access to the subway and the AirTrain, a light-rail system, to John F. Kennedy International Airport (“JFK”).

The Mineola Intermodal Center provides easy access to parking and seamless transfers to seven NICE bus lines. The Center has more than 700 parking spaces in a four-level garage, two elevators that connect to the

Mineola LIRR station platforms and a pedestrian overpass that connects the north and south sides of the station.

The LIRR maintains tracks, ties and switches and renovates its facilities as needed on an ongoing basis. The LIRR also is currently installing a fiber-optic communications system for greater safety and is consolidating antiquated control towers into one modern center at Jamaica Station. Traditionally serving a Manhattan-bound market, the LIRR has undertaken extensive efforts to augment its reverse-commute and off-peak service to meet the needs of businesses in Nassau and Suffolk counties.

The County highway system consists of over 4,000 miles of paved roads that include parkways, highways, major arteries, collector streets and local streets, which are operated and maintained by different levels of government. The eight major east-west roadways that provide direct through service to New York City and Suffolk County are Northern Boulevard, Long Island Expressway, Northern State Parkway, Jericho Turnpike, Hempstead Turnpike, Southern State Parkway, Sunrise Highway, and Merrick Road.

The County is located within close proximity to JFK and LaGuardia Airport (“LaGuardia”), both located in Queens County, and to Islip Long Island MacArthur Airport (“Islip MacArthur”), located in Suffolk County. JFK and LaGuardia are easily accessible to County residents by all major east-west roadways as well as airport shuttle service. Islip MacArthur is accessible by the Long Island Expressway and Sunrise Highway, as well as the LIRR.

To help eliminate delays, congestion and trouble spots on its highway network, the County receives Federal and State funding through the Federal Transportation Improvement Program (TIP), and is a voting member of the Nassau-Suffolk Transportation Coordinating Committee. The TIP is a compilation of transportation improvement projects, such as preserving and upgrading bridges and highways and making system-wide capacity and safety improvements scheduled to take place during a five-year period. The current TIP, adopted in October 2013, covers the years 2014-2018.

Utility Services

The Long Island Power Authority (“LIPA”) provides electrical service to the County. Effective January 1, 2014, Public Service Electric & Gas of New Jersey (“PSE&G”) will operate LIPA’s electric system, which serves 1.1 million customers. National Grid, which is the largest distributor of natural gas in the northeast United States, provides gas distribution in the County. The incorporated villages of Freeport and Rockville Centre operate their own electrical generation plants. Numerous private companies in the County provide telephone service.

Media

The daily newspaper Newsday circulates in Nassau, Suffolk and Queens Counties. Dozens of weekly newspapers cover news and events in the County. Some focus on events in specific towns, villages and communities, and others focus on niche industries, such as Long Island Business News, a publication that covers both Nassau and Suffolk Counties.

The County is home to two broadcast television stations, Channels 21 and 57, and receives nine additional VHF and UHF stations. Cable programming is available throughout the County via Cablevision Systems Corp., and provides access to channels with a local focus. Satellite programming and service by Verizon is also available in the County. In addition, News 12 provides local news coverage on cable, as does FiOS by Verizon.

Because of its proximity to New York City, events in the County attract regular coverage in New York City newspapers such as the New York Times, the Daily News, and the New York Post. Radio coverage includes nine County-based stations and 52 regional and neighboring stations that consider the County part of their listening area.

Educational Facilities

There are 56 public school districts in the County, with a total 2012-2013 enrollment of approximately 196,000 students according to the State Education Department. Individual school boards and the Board of Cooperative Educational Services (BOCES) are the primary managers of these school districts and provide services such as career training for high-school students and adults, special education, alternative schools, technology education and teacher training. Various public and private organizations manage the County's other educational facilities. The County's non-public schools, which are located in a number of municipalities, provide education in the State Regents program as well as in special and technical programs.

Many County public schools have received national recognition. A 2010 Newsweek magazine article cited five County high schools among the top 100 public high schools in the nation.

The County is home to many colleges and universities, some of which are highly specialized and have garnered nationwide attention for their programs. These institutions include Long Island University/LIU Post College, Adelphi University, Hofstra University, New York Institute of Technology, U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College, and the State University of New York/Old Westbury.

Colleges and universities in the County promote cross-disciplinary research, technology development and an integrated curriculum to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County's institutions of higher learning specialize in fields such as law, biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology and pharmacology. In 2010, Hofstra, in partnership with North Shore-LIJ Health System, opened the Hofstra North Shore-LIJ School of Medicine.

Recreational and Cultural Facilities

The County has numerous recreational and cultural facilities. One of the most popular destinations among the County's parks and beaches is the 2,413-acre Jones Beach State Park in Wantagh. With approximately six to seven million visitors annually, Jones Beach State Park features a six-mile ocean beachfront, a two-mile boardwalk, and the 11,200-seat Jones Beach Theater performing arts center, which attracts world-class musical acts. There are dozens of other public beaches located along both the Atlantic Ocean and the Long Island Sound shorelines. In addition, the County is home to the 930-acre Eisenhower Park in the Town of Hempstead, Bethpage State Park in Farmingdale, and numerous small local parks and campgrounds that offer a broad spectrum of recreational opportunities.

On a national level, the County is home to many high profile professional sporting events and teams. The Bethpage Black Golf Course, located in Bethpage State Park, hosted the U.S. Open in 2002 and 2009 and the 2012 Barclay's Tournament. Belmont Racetrack, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. Eisenhower Park's 80,000 square foot Aquatic Center is one of the largest pools in the Northern Hemisphere. The Nassau Veterans Memorial Coliseum (the "Coliseum") in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. In October 2012, the Islanders announced that the team will no longer play its home games in the County following the expiration of its lease in July 2015. In March 2013, the County issued a Request for Proposals for the renovation or reconstruction of the Coliseum to transform the venue into a state-of-the-art destination for sports and entertainment. In August 2013, the County announced Bruce Ratner and his Nassau Events Center team as the winning developer for the renovation and operation of the Coliseum. In September 2013, the Nassau County legislature approved the lease between the County and Nassau Events Center.

In terms of cultural and historic resources, the County boasts numerous museums, some of which are County-owned or operated, including the County-owned Cradle of Aviation Museum and the Long Island Children's Museum both in Garden City. Historical sites include two County-owned facilities, Old Bethpage Village Restoration, a recreated mid-19th-century American village, and Cedarmere, home of

19th-century poet, newspaper editor and civic leader William Cullen Bryant and a designated part of the New York State Underground Railroad Heritage Trail. The County is also the home of Theodore Roosevelt's estate in Cove Neck, Sagamore Hill, which is a National Historic Site operated by the National Park Service.

With a focus on preserving open space and natural and scenic resources for current and future generations of Nassau residents, voters overwhelmingly approved two Environmental Bond Acts (collectively known as the "EBA") in 2004 and 2006. The EBA committed \$150 million for the preservation of open space, the improvement of existing parkland and water quality, and the provision of matching funding for brownfield property remediation projects. In addition to the EBA, 5% of the proceeds from County land sales is set aside for the purpose of open space land acquisition and other environmental quality improvement projects.

Sewer Service and Water Service

The County Department of Public Works maintains and operates the County's sewerage and storm water resources facilities. In 2003, upon the approval of the County Legislature, State legislation created a single, Countywide sewer and storm water resources district, replacing the County's prior three sewage disposal districts and 27 sewage collection districts.

Most sewage collected in the County's sewer system is treated at either the Bay Park Sewage Treatment Plant ("Bay Park") in East Rockaway or the Cedar Creek Water Pollution Control Plant ("Cedar Creek") located in Wantagh. Sewage collected within the area corresponding to the former County sewage collection district of Lido Beach is processed at the City of Long Beach's sewage treatment plant. Bay Park and the City of Long Beach's sewage treatment plant each sustained substantial damage from Superstorm Sandy on October 29, 2012.

In 2008, the County assumed responsibility for the operation and maintenance of the Glen Cove Water Pollution Control Facility, sewage pumping stations, and the collection system piping. In 2008, the County executed inter-municipal agreements with each of the Village of Lawrence and the Village of Cedarhurst to consolidate each village's sewer system into the County's sewer system.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre and Roslyn) and the city of Long Beach own and operate their own sewage collection systems, which discharge sewage to the County's disposal system. The sewage collected by these systems is processed at one of the County-operated sewage treatment plants, either Bay Park or Cedar Creek. In addition, there are several sewage collection systems and treatment plants within the County, operated by other governmental agencies or special districts.

Forty-eight public water suppliers in the County provide water service to nearly 100% of the County's residents. All water supplied is pumped from the County's groundwater system via public water supply wells. A small number of residents in the less densely populated northern sections of the County obtain their water from private wells.

The groundwater system is comprised of three major aquifers that overlay bedrock: the Upper Glacial, Magothy and Lloyd aquifers. These aquifers, which are part of the County's subsurface geology, are continuously recharged by precipitation.

The County's population has increased by approximately 4% from 1990 to the present. This increase in population has had a negligible effect on water demand in the County. However, annual water demand has shown an upward trend over these years and has exhibited sizable seasonal fluctuations, both of which can be attributed to increased water use during the peak demand months (April, May, June, July, August, September and October) that generally are subject to hot and dry weather patterns.

Since 2000, public water demand during the base demand months (January, February, March, November and December) remained rather consistent at approximately 140 million gallons per day (mgd). During peak demand months, pumping can increase considerably (to well over 250 mgd) and is quite variable in

response to weather conditions. Annual water demand since 2000 has fluctuated between 184 mgd to 204 mgd.

Recharge to the groundwater system normally would amount to about half of the precipitation falling upon the County's land surface. This equates to 332 million gallons of recharge to the groundwater system each day. The amount has increased slightly to 341 mgd because of the effectiveness of the County's recharge basins in capturing additional storm water runoff for aquifer recharge.

Since the amount of recharge to the groundwater system exceeds the amount of water withdrawn from the system, the quantity of groundwater available for public water supply is more than adequate, both presently and into the future. Furthermore, any new developments within the County are required to retain all storm water on site. This requirement will ensure that storm water runoff emanating from such developments will be directed to the groundwater system as recharge.

END OF APPENDIX A

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS AND CASH FLOWS

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NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A Public Benefit Corporation)
SUMMARY OF BUDGETED REVENUES AND EXPENDITURES

	Adopted Budget 2013	Proposed Budget 2014
PARI-MUTUEL REVENUE BUDGET:		
Statutory Take-Out	\$ 44,123,000	\$ 42,403,800
Breakage	845,800	805,900
Minus Pools	(299,000)	(255,100)
Derived from Section 532.3.b.(iv) & 532.7	<u>1,621,200</u>	<u>1,554,200</u>
TOTAL PARI-MUTUEL REVENUES:	<u>\$ 46,291,000</u>	<u>\$ 44,508,800</u>
STATUTORY & SIMULCAST PAYMENTS BUDGET:		
New York State (Pari-Mutuel Tax & Breakage)	\$ 1,554,300	\$ 1,491,800
NYS Racing and Wagering Board Regulatory Fee	1,066,800	1,025,700
NYS Thoroughbred Development & Breeding Fund	1,032,200	986,400
Ag. & NYS Breeding & Dev. Fund Breeders' Fund - Harness	495,300	478,800
In-State Thoroughbred Tracks	10,800,100	10,357,100
Out-of-State Thoroughbred Tracks	3,406,500	3,380,600
In-State Harness Tracks	2,665,200	2,737,900
Out-of-State Harness Tracks	378,800	378,000
Special Events	<u>240,900</u>	<u>239,600</u>
TOTAL STATUTORY & SIMULCAST PAYMENTS:	<u>\$ 21,640,100</u>	<u>\$ 21,075,900</u>
NET PARI MUTUEL REVENUE BUDGET:	<u>\$ 24,650,900</u>	<u>\$ 23,432,900</u>
OTHER REVENUE BUDGET:		
Admission Income & Tax	\$ 102,500	\$ 91,000
Lottery Income	35,800	36,800
Concession Income	45,400	37,100
Other Income	<u>453,000</u>	<u>4,715,500</u>
NET REVENUE FROM OPERATIONS:	<u>\$ 25,287,600</u>	<u>\$ 28,313,300</u>
OPERATING EXPENSES BUDGET:		
Branch Expenses	\$ 27,673,200	\$ 25,923,500
General & Administrative Expenses	<u>3,963,000</u>	<u>3,380,600</u>
TOTAL OPERATING EXPENSES BUDGET:	<u>\$ 31,636,200</u>	<u>\$ 29,304,100</u>
SECTION 516 NET REVENUES FROM OPERATIONS:	<u>(\$ 6,348,600)</u>	<u>(\$ 990,800)</u>
SECTION 516 NET REVENUE FOR DISTRIBUTION:	<u><u>(\$ 6,348,600)</u></u>	<u><u>(\$ 990,800)</u></u>

Source: Adopted and Proposed Budgets of the Corporation.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A Public Benefit Corporation)
BALANCE SHEET

<u>ASSETS</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>
CURRENT ASSETS:					
Cash	\$ 6,381,547	\$ 6,191,765	\$ 7,469,588	\$ 4,637,360	\$ 1,159,603
Restricted cash	543,136	566,796	534,662	664,036	492,415
Accounts receivable	134,140	267,333	236,653	454,210	444,717
Other current assets	404,217	428,523	590,533	576,678	413,229
Total Current Assets:	7,463,040	7,454,417	8,831,436	6,332,284	2,509,964
FIXED ASSETS:					
Property, equipment, and leasehold improvements	42,277,053	42,606,553	42,804,993	42,176,103	44,414,392
Construction in progress	61,412	33,196	20,456	197,291	135,655
	42,338,465	42,639,749	42,825,449	42,373,394	44,550,047
Less: Accumulated depreciation and amortization	19,564,833	21,794,520	24,030,345	26,116,403	28,199,660
Fixed Assets, net:	22,773,632	20,845,229	18,795,104	16,256,991	16,350,387
OTHER ASSETS:					
Restricted cash	2,329,373	2,054,859	2,054,859	1,964,322	1,956,739
Bond issuance costs, net of accumulated amortization	372,357	336,895	301,433	0	0
Total Other Assets:	2,701,730	2,391,754	2,356,292	1,964,322	1,956,739
TOTAL ASSETS:	<u>\$ 32,938,402</u>	<u>\$ 30,691,400</u>	<u>\$ 29,982,832</u>	<u>\$ 24,553,597</u>	<u>\$ 20,817,090</u>
<u>LIABILITIES AND NET POSITION</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 4,163,048	\$ 5,863,010	\$ 5,992,371	\$ 5,591,760	\$ 6,137,344
Due to Nassau County	451,996	429,419	475,298	375,209	366,534
Due to New York State	824,959	677,756	829,946	711,565	672,132
Due to other local governments	153,177	82,416	65,961	54,121	60,208
Current maturities of mortgage note payable	55,722	59,278	63,059	10,920	30,978
Current maturities of bonds payable	1,455,000	1,455,000	1,455,000	1,455,000	1,455,000
Accrued expenses and other current liabilities	7,149,045	7,489,612	7,739,390	3,646,327	3,711,055
Outstanding pari-mutuel tickets, net of allocation for estimated unclaimed tickets	103,302	131,732	69,403	89,893	42,504
Betting customer accounts	543,136	566,796	534,662	664,036	492,415
Total Current Liabilities:	14,899,385	16,755,019	17,225,090	12,598,831	12,968,170
LONG-TERM LIABILITIES:					
Due to Yonkers, less current maturities				3,466,312	3,150,000
Mortgage note payable, less current maturities	133,231	73,952	10,920	0	1,450,272
Bonds payable, less current maturities	14,535,000	13,080,000	11,625,000	10,170,000	8,707,417
Postemployment retirement benefits payable	46,818,769	48,934,000	42,095,270	42,792,289	45,844,778
Total Long-Term Liabilities:	61,487,000	62,087,952	53,731,190	56,428,601	59,152,467
TOTAL LIABILITIES:	<u>\$ 76,386,385</u>	<u>\$ 78,842,971</u>	<u>\$ 70,956,280</u>	<u>\$ 69,027,432</u>	<u>\$ 72,120,637</u>
COMMITMENTS AND CONTINGENCIES:					
NET POSITION:					
Capital acquisition fund balance	\$ 9,273,159	\$ 9,728,037	\$ 10,188,474	\$ 10,286,672	\$ 10,791,969
Unrestricted deficit	(52,721,142)	(57,879,608)	(51,461,922)	(54,760,507)	(62,095,515)
Total Net Position:	(43,447,983)	(48,151,571)	(41,273,448)	(44,473,835)	(51,303,546)
TOTAL LIABILITIES AND NET POSITION:	<u>\$ 32,938,402</u>	<u>\$ 30,691,400</u>	<u>\$ 29,682,832</u>	<u>\$ 24,553,597</u>	<u>\$ 20,817,091</u>

(1) restated.

Source: Corporation's Audited Financial Statements. Summary itself is not audited.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A Public Benefit Corporation)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS (DEFICIT)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>
REVENUES:					
Commissions - pari-mutuel betting	\$ 53,067,047	\$ 48,665,105	\$ 53,395,164	\$ 47,549,938	\$ 45,276,652
Surcharge and surcharge breakage:					
Nassau County	4,324,743	3,798,777	4,021,343	3,586,242	3,423,699
Other	1,030,499	945,737	891,907	869,093	794,092
Breakage retained commissions	1,032,103	963,264	1,010,872	878,283	831,019
Estimated unclaimed winnings and refunds allocable to NYS	737,901	606,983	735,131	639,640	609,889
Statutory 1% contribution (Section 532.3-a)	889,387	809,813	853,613	772,397	724,734
Other revenue, net	<u>1,465,280</u>	<u>1,460,137</u>	<u>1,497,107</u>	<u>1,579,131</u>	<u>1,507,210</u>
TOTAL REVENUES:	<u>\$62,546,960</u>	<u>\$57,249,816</u>	<u>\$62,405,137</u>	<u>\$55,874,724</u>	<u>\$53,167,295</u>
EXPENSES:					
Operating expenses	\$ 20,033,860	\$ 18,163,936	\$ 21,172,182	\$ 28,334,783	\$ 30,688,826
Administrative and selling	13,215,334	13,387,702	0	0	0
Depreciation expense - capital acquisition fund	<u>1,683,040</u>	<u>1,799,786</u>	<u>1,841,556</u>	<u>1,645,847</u>	<u>1,674,352</u>
TOTAL EXPENDITURES:	<u>\$34,932,234</u>	<u>\$33,351,424</u>	<u>\$23,013,738</u>	<u>\$29,980,630</u>	<u>\$32,363,178</u>
INCOME FROM OPERATIONS:	27,614,726	23,898,392	39,391,399	25,894,094	20,804,117
Other Income (Expense):					
Interest expense	(687,433)	(576,946)	0	0	
Interest expense - capital acquisition fund	(13,491)	(10,149)	(6,620)	(2,813)	(85)
Interest income	5,469	88	80	0	0
Other income, net	<u>446,707</u>	<u>775,718</u>	<u>877,458</u>	<u>820,968</u>	<u>1,515,833</u>
Total Other Income, net:	<u>(\$248,748)</u>	<u>\$188,711</u>	<u>\$870,918</u>	<u>\$818,155</u>	<u>\$1,515,748</u>
INCREASE IN NET POSITION BEFORE STATUTORY REVENUE ALLOCATIONS:	<u>\$27,365,978</u>	<u>\$24,087,103</u>	<u>\$40,262,317</u>	<u>\$26,712,249</u>	<u>\$22,319,865</u>
STATUTORY REVENUE ALLOCATIONS:					
Racing industry	\$ 21,387,551	\$ 19,944,290	\$ 23,687,369	\$ 21,330,131	\$ 21,016,109
New York State:					
Pari-mutuel tax, admissions tax, and breakage	1,934,479	1,695,938	1,838,890	1,683,995	1,588,234
Estimated unclaimed winnings and refunds	737,901	606,983	735,131	639,640	609,889
Regulatory fee	1,287,909	1,179,376	1,285,388	1,145,364	1,097,463
New York City	540,155	451,709	401,680	409,302	368,905
City of Yonkers	85,756	94,925	107,720	93,249	79,900
All other local governments	267,154	250,181	263,845	245,365	238,462
Capital acquisition revenue (Section 532.3-a)	<u>889,387</u>	<u>809,813</u>	<u>853,613</u>	<u>772,397</u>	<u>724,734</u>
Total Revenue Allocation:	<u>\$27,130,292</u>	<u>\$25,033,215</u>	<u>\$29,173,636</u>	<u>\$26,319,443</u>	<u>\$25,723,696</u>
INCREASE (DECREASE) IN NET POSITION BEFORE DISTRIBUTIONS TO NASSAU COUNTY:	235,686	(946,112)	11,088,681	392,806	(3,403,831)
Distributions to Nassau County - surcharge and surcharge breakage	(3,572,790)	(3,137,476)	(3,290,558)	(2,971,761)	(2,805,880)
Distributions to Nassau County - support agreement	<u>(620,000)</u>	<u>(620,000)</u>	<u>(620,000)</u>	<u>(620,000)</u>	<u>(620,000)</u>
CHANGE IN NET POSITION:	(3,957,104)	(4,703,588)	7,178,123	(3,198,955)	(6,829,711)
NET POSITION - BEGINNING OF YEAR:	(38,696,138)	(43,447,983)	(48,151,571)	(40,973,448)	(44,473,835)
Prior Period Adjustment:	(794,741)	0	0	(301,432)	
NET POSITION - END OF YEAR:	<u>(\$43,447,983)</u>	<u>(\$48,151,571)</u>	<u>(\$40,973,448)</u>	<u>(\$44,473,835)</u>	<u>(\$51,303,546)</u>

(1) restated.

Source: Corporation's Audited Financial Statements. Summary itself is not audited.

Nassau Regional Off-Track Betting Corporation														
Nassau County, New York														
Projected Cash Flow														
Fiscal Year January 1, 2014 - December 31, 2014														
		Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Projection	Projection	Projection	
MONTH		JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
BALANCE (Beginning)		\$1,159,603	\$595,058	(\$38,723)	\$1,685,440	\$1,628,023	\$2,112,502	\$1,149,084	\$1,626,780	\$1,993,051	\$1,722,022	\$1,624,202	\$1,024,202	\$1,159,603
RECEIPTS														
Commissions - Pari-mutuel betting		\$3,195,499	\$3,088,596	\$3,749,171	\$3,123,997	\$4,331,040	\$3,782,580	\$3,500,422	\$3,981,385	\$2,832,290	\$3,130,283	\$3,280,185	\$2,780,894	\$40,776,342
Surcharge and Breakage:														
Nassau County		215,160	210,360	247,023	190,836	311,793	\$310,129	254,919	269,201	214,170	236,704	248,039	210,284	2,918,618
Other Counties		59,964	49,603	75,700	68,054	30,265	\$33,920	61,944	125,524	49,675	54,901	57,530	48,773	715,853
Breakage retained commissions		61,074	57,711	75,277	61,424	89,710	\$68,581	69,434	78,250	51,985	57,454	60,205	51,041	782,146
Estimated unclaimed winnings and refunds to NYS		55,298	44,974	51,763	48,745	61,294	\$51,337	49,594	57,429	44,002	44,667	46,806	39,681	595,590
Statutory 1% Contribution (Section 532.3-a)		50,335	48,398	56,886	56,243	60,085	\$53,353	52,478	60,383	45,336	50,106	52,505	44,513	630,621
Other Revenue, net		104,431	116,528	115,644	115,395	138,969	\$85,408	68,200	102,885	94,284	104,204	109,194	92,573	1,247,715
Other Income		325,423	394,146	468,248	452,938	495,371	\$550,564	461,795	519,826	356,748	394,283	413,164	350,275	5,182,781
Out-of-State Advance Deposit Wagering		0	59,222	78,124	84,441	67,167	97,333	86,836	85,253	89,658	78,000	59,000	1,074,966	1,860,000
Line of Credit Proceeds		0	1,500,000	400,000				500,000	0	0	0	0	900,000	3,300,000
Note Proceeds		0		3,200,000				0	0	0	0	0	5,000,000	8,200,000
TOTAL RECEIPTS		4,067,183	5,569,538	8,517,836	4,202,073	5,585,694	5,033,205	5,105,622	5,280,136	3,778,148	4,150,602	4,326,628	10,593,000	66,209,665
BALANCE AND RECEIPTS		5,226,786	6,164,596	8,479,113	5,887,513	7,213,717	7,145,707	6,254,706	6,906,916	5,771,199	5,872,624	5,950,830	11,617,202	67,369,268
DISBURSEMENTS														
Salaries - Full-time		\$561,938	\$538,893	\$694,193	\$461,450	\$623,349	\$463,991	\$611,224	\$545,969	\$534,257	\$603,785	\$534,257	\$534,257	\$6,707,563
Salaries - Part-time		353,956	224,420	314,258	191,416	264,536	125,695	293,784	399,679	249,608	284,100	249,608	249,608	3,200,669
Fringe Benefits and Payroll Taxes		390,610	321,340	248,340	432,804	249,740	341,189	453,186	347,159	359,372	359,372	359,372	359,372	4,221,853
Insurance		29,620	29,620	29,620	29,620	29,620	38,454	30,829	30,829	30,829	30,829	30,829	30,829	371,528
Mortgage Payments		0	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	88,827
Promotions		31,911	31,780	38,704	39,771	49,477	48,814	45,944	58,088	37,410	37,101	38,877	32,960	490,836
Professional Fees		40,177	42,262	50,603	90,837	52,078	91,388	68,391	62,865	87,299	65,100	65,100	65,100	781,200
Rents & Real Estate Taxes		180,375	134,686	126,501	122,637	153,380	123,135	123,682	131,064	125,559	125,559	125,559	125,559	1,585,145
Totalisator Expense		219,184	265,417	261,632	229,325	322,820	271,678	253,693	260,578	234,794	234,794	234,794	234,794	3,023,500
Office Expenses and Services		48,218	42,303	74,025	62,748	48,501	42,434	27,452	57,573	50,407	50,407	50,407	50,407	604,882
NYS Retirement Pension Payments		0	1,630,954	0	0	0	0	0	0	0	0	0	0	1,630,954
Nassau County:														
Surcharge		193,595	172,879	175,494	168,297	199,887	196,408	262,438	255,524	210,821	224,681	208,253	217,806	2,486,083
Support & Interest Payment		0	620,000	0	0	0	198,853	0	0	0	0	0	171,600	990,453
Debt Service Principal Payment		0	0	0	0	0	1,455,000	0	0	0	0	0	0	1,455,000
Statutory Revenue Allocations:														
Racing Industry		1,387,104	981,295	1,382,510	1,094,478	1,633,323	1,135,185	1,190,670	1,307,538	842,060	1,024,286	1,080,182	915,763	13,974,394
Agriculture Fund		35,237	35,366	44,893	41,212	48,590	37,916	40,671	39,631	32,443	35,857	37,574	31,855	461,246
Finger Lakes		81,067	66,739	65,437	68,294	75,327	63,446	75,148	69,097	68,455	61,661	66,272	56,184	817,128
Monticello - Indirect		0	0	85,995	0	0	162,948	0	194,544	55,403	53,344	60,032	50,894	663,160
Monticello - Maintenance of Effort		0	0	0	0	0	0	0	0	0	0	112,778	0	112,778
NYRA - Indirect		361,227	363,406	416,376	421,967	453,761	349,011	368,818	309,653	351,841	412,621	363,711	308,349	4,480,742
NYRA - Simulcast		50,019	46,155	35,651	57,257	49,898	75,478	96,319	80,118	116,648	59,472	54,813	46,469	768,298
Thoroughbred Fund		72,392	68,031	84,626	69,163	104,685	88,179	82,433	97,979	64,671	71,476	74,899	63,498	942,032
Yonkers - Indirect/Simulcast		76,411	49,227	56,776	56,399	81,509	83,202	75,442	39,689	55,445	55,419	63,243	53,617	746,378
Yonkers - Maintenance of Effort		0	0	0	0	0	0	0	0	0	0	651,867	0	651,867
Yonkers - Settlement		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	840,000
New York State:														
Pari-mutuel tax, admissions tax and breakage		100,382	97,121	125,153	114,677	165,748	141,908	132,984	123,371	124,454	122,759	126,150	108,110	1,482,817
Estimated unclaimed winnings and refunds to NYS		0	0	579,395	16,197	0	0	0	0	0	0	0	0	595,591
Regulatory Fee		77,179	74,596	90,954	76,752	106,623	90,917	85,787	98,109	89,905	78,200	80,966	70,470	1,020,458
All Other Local Governments		60,925	52,879	43,275	65,958	59,605	26,421	27,934	53,570	109,668	27,221	26,708	55,045	609,208
Other Expenses		210,201	235,873	285,041	268,739	249,068	265,335	199,792	269,935	149,075	149,075	149,075	149,075	2,580,284
Line of Credit - Principal Repayment		0		1,400,000				0	0	0	0	0	0	1,400,000
Line of Credit - Interest Payments		0		6,146	1,417	1,615	1,562	3,229	3,229	3,229	3,229	3,229	3,229	30,115
Note Payment Including Interest		0						0	0	0	0	0	3,280,000	3,280,000
TOTAL DISBURSEMENTS		4,631,728	6,203,319	6,793,674	4,259,490	5,101,215	5,996,623	4,627,926	4,913,865	4,049,177	4,248,422	4,926,629	7,342,924	63,094,991
BALANCE (Ending) - Cash Flow		\$595,058	(\$38,723)	\$1,685,440	\$1,628,023	\$2,112,502	\$1,149,084	\$1,626,780	\$1,993,051	\$1,722,022	\$1,624,202	\$1,024,202	\$4,274,278	\$4,274,278

Nassau Regional Off-Track Betting Corporation														
Nassau County, New York														
Projected Cash Flow														
Fiscal Year January 1, 2015 - December 31, 2015														
		Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	
MONTH		JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
BALANCE (Beginning)		\$4,274,278	\$3,926,776	\$1,743,329	\$1,519,167	\$1,462,428	\$2,239,726	\$1,199,274	\$1,477,894	\$2,159,770	\$2,030,991	\$4,162,093	\$5,752,996	\$4,274,278
RECEIPTS														
Commissions - Pari-mutuel betting		\$3,010,223	\$2,909,459	\$3,547,454	\$2,993,550	\$4,158,623	\$3,546,039	\$3,345,946	\$3,826,535	\$2,677,627	\$2,959,348	\$3,101,064	\$2,629,038	\$38,704,906
Surcharge and Breakage:														
Nassau County		215,460	208,248	253,913	214,267	297,659	253,812	239,490	273,889	191,655	211,819	221,963	188,177	2,770,352
Other Counties		52,846	51,077	62,278	52,554	73,007	62,253	58,740	67,177	47,007	51,953	54,441	46,154	679,487
Breakage retained commissions		57,740	55,807	68,045	57,420	79,768	68,018	64,180	73,398	51,361	56,764	59,483	50,429	742,413
Estimated unclaimed winnings and refunds to NYS		43,968	42,496	51,815	43,725	60,742	51,794	48,872	55,891	39,110	43,225	45,295	38,400	565,333
Statutory 1% Contribution (Section 532.3-a)		46,554	44,996	54,863	46,296	64,315	54,841	51,746	59,179	41,410	45,767	47,959	40,659	598,585
Other Revenue, net		92,110	89,027	108,549	91,600	127,250	108,505	102,383	117,088	81,933	90,553	94,889	80,446	1,184,333
Other Income		483,307	470,500	551,591	481,188	629,272	551,411	558,379	619,463	473,433	2,602,742	2,620,753	2,560,757	12,602,796
Out-of-State Advance Deposit Wagering		67,707	65,441	79,791	67,332	93,537	79,759	75,258	86,068	60,226	66,563	69,750	59,133	870,565
Line of Credit Proceeds														0
Note Proceeds														0
TOTAL RECEIPTS		4,069,915	3,937,051	4,778,299	4,047,932	5,584,173	4,776,432	4,544,994	5,178,688	3,663,762	6,128,734	6,315,597	5,693,193	58,718,770
BALANCE AND RECEIPTS		8,344,193	7,863,827	6,521,628	5,567,099	7,046,601	7,016,158	5,744,268	6,656,582	5,823,532	8,159,725	10,477,690	11,446,189	62,993,048
DISBURSEMENTS														
Salaries - Full-time		\$537,219	\$514,174	\$669,474	\$436,731	\$598,630	\$439,272	\$586,505	\$521,250	\$509,538	\$579,066	\$509,538	\$509,538	\$6,410,935
Salaries - Part-time		350,478	220,942	310,780	187,938	261,058	197,217	215,306	396,201	246,130	280,622	246,130	246,130	3,158,932
Fringe Benefits and Payroll Taxes		385,143	315,873	242,873	242,337	244,273	335,722	447,719	341,692	353,905	353,905	353,905	353,905	4,156,252
Insurance		31,300	31,300	31,300	31,300	31,300	31,300	33,100	33,100	33,100	33,100	33,100	33,100	386,400
Mortgage Payments		8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	96,900
Promotions		30,290	30,165	36,738	37,751	46,963	46,335	43,610	55,137	35,510	35,216	36,902	31,286	465,903
Professional Fees		40,177	42,262	50,603	90,837	52,078	91,388	68,391	62,865	87,299	65,100	65,100	65,100	781,200
Rents & Real Estate Taxes		128,436	135,948	106,371	123,898	123,898	124,397	124,444	107,142	96,789	96,441	96,441	96,441	1,360,648
Totalisator Expense		222,941	222,941	222,941	222,941	222,941	222,941	222,941	222,941	222,941	222,941	222,941	222,941	2,675,292
Office Expenses and Services		50,407	50,407	50,407	50,407	50,407	50,407	50,407	50,407	50,407	50,407	50,407	50,407	604,882
NYS Retirement Pension Payments			1,722,496											1,722,496
Nassau County:														
Surcharge		183,760	164,097	166,579	159,748	189,733	186,430	249,106	242,543	200,111	213,267	197,674	206,741	2,359,789
Support & Interest Payment			620,000				171,572						144,291	935,863
Debt Service Principal Payment							1,455,000							1,455,000
Statutory Revenue Allocations:														
Racing Industry		1,316,639	931,445	1,312,278	1,038,879	1,550,350	1,202,518	1,005,184	1,241,115	799,283	972,252	1,025,309	869,242	13,264,494
Agriculture Fund		33,447	33,570	42,613	39,118	46,122	35,990	38,605	37,617	30,795	34,035	35,665	30,237	437,814
Finger Lakes		76,949	63,349	62,113	64,825	71,501	60,223	71,330	65,587	64,977	58,529	62,905	53,330	775,618
Monticello - Indirect		55,313	53,461	65,185	55,007	76,415	65,159	61,482	70,313	49,201	54,378	56,982	48,309	711,205
Monticello - Maintenance of Effort												146,874		146,874
NYRA - Indirect		342,877	344,945	395,224	400,531	430,710	331,282	350,082	293,923	333,967	391,660	345,234	292,685	4,253,120
NYRA - Simulcast		47,478	43,811	33,840	54,348	47,363	71,644	91,426	76,048	110,722	56,451	52,028	44,108	729,267
Thoroughbred Fund		68,715	64,575	80,327	65,650	99,367	83,700	78,245	93,001	61,386	67,845	71,094	60,272	894,177
Yonkers - Indirect/Simulcast		72,529	46,727	53,891	53,534	77,368	78,975	71,610	37,673	52,628	52,603	60,030	50,893	708,461
Yonkers - Maintenance of Effort												670,440		670,440
Yonkers - Settlement		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	840,000
New York State:														
Pari-mutuel tax, admissions tax and breakage		95,283	92,187	118,795	108,851	157,328	134,699	126,228	117,104	118,132	116,523	119,742	102,618	1,407,490
Estimated unclaimed winnings and refunds to NYS				516,007	27,158									543,165
Regulatory Fee		73,259	70,806	86,333	72,853	101,207	86,299	81,429	93,125	65,164	72,021	75,470	63,982	941,948
All Other Local Governments		57,830	50,193	41,077	62,607	56,577	25,079	26,515	50,849	104,097	25,838	25,351	52,249	578,262
Other Expenses		135,642	173,520	225,408	211,117	189,982	208,031	141,405	205,875	85,155	84,128	84,128	84,128	1,828,520
Line of Credit - Principal Repayment													1,900,000	1,900,000
Line of Credit - Interest Payments		3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	38,750
Note Payment Including Interest													5,200,000	5,200,000
TOTAL DISBURSEMENTS		4,417,416	6,120,498	5,002,461	4,104,671	4,806,876	5,816,884	4,266,374	4,496,812	3,792,541	3,997,632	4,724,694	10,893,237	62,440,096
BALANCE (Ending) - Cash Flow		\$3,926,776	\$1,743,329	\$1,519,167	\$1,462,428	\$2,239,726	\$1,199,274	\$1,477,894	\$2,159,770	\$2,030,991	\$4,162,093	\$5,752,996	\$552,952	\$552,952

Nassau Regional Off-Track Betting Corporation														
Nassau County, New York														
Projected Cash Flow														
Fiscal Year January 1, 2016 - December 31, 2016														
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	
MONTH	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL	
BALANCE (Beginning)	\$552,952	\$1,852,170	\$1,185,557	\$2,624,951	\$4,382,795	\$6,930,913	\$7,893,825	\$9,737,411	\$12,131,604	\$13,770,355	\$15,337,033	\$16,391,493	\$552,952	
RECEIPTS														
Commissions - Pari-mutuel betting	\$2,857,239	\$2,761,597	\$3,367,167	\$2,841,414	\$3,947,276	\$3,365,825	\$3,175,901	\$3,632,065	\$2,541,547	\$2,808,950	\$2,943,463	\$2,495,427	\$36,737,871	
Surcharge and Breakage:														
Nassau County	204,511	197,665	241,009	203,378	282,531	240,913	227,319	259,970	181,914	201,054	210,682	178,613	2,629,559	
Other Counties	50,161	48,481	59,113	49,883	69,297	59,089	55,755	63,763	44,618	49,313	51,674	43,809	644,955	
Breakage retained commissions	54,806	52,971	64,587	54,502	75,714	64,561	60,918	69,668	48,750	53,879	56,460	47,866	704,683	
Estimated unclaimed winnings and refunds to NYS	41,734	40,337	49,182	41,502	57,655	49,162	46,388	53,051	37,123	41,028	42,993	36,449	536,603	
Statutory 1% Contribution (Section 532.3-a)	44,188	42,709	52,074	43,943	61,046	52,054	49,116	56,171	39,306	43,441	45,522	38,593	568,165	
Other Revenue, net	87,429	84,502	103,032	86,944	120,783	102,991	97,179	111,138	77,769	85,951	90,067	76,358	1,124,142	
Other Income	2,141,996	2,129,840	2,206,809	2,316,651	2,457,209	2,383,305	2,359,165	2,417,145	2,278,537	2,100,525	2,117,622	2,060,675	26,969,481	
Out-of-State Advance Deposit Wagering	64,266	62,115	75,736	63,910	88,784	75,705	71,434	81,694	57,165	63,180	66,206	56,128	826,322	
Line of Credit Proceeds													0	
Note Proceeds													0	
TOTAL RECEIPTS	5,546,329	5,420,216	6,218,709	5,702,128	7,160,295	6,393,606	6,143,176	6,744,665	5,306,730	5,447,322	5,624,689	5,033,917	70,741,780	
BALANCE AND RECEIPTS	6,099,281	7,272,386	7,404,266	8,327,078	11,543,090	13,324,519	14,037,001	16,482,075	17,438,334	19,217,677	20,961,722	21,425,410	71,294,732	
DISBURSEMENTS														
Salaries - Full-time	\$537,219	\$514,174	\$669,474	\$436,731	\$598,630	\$439,272	\$586,505	\$521,250	\$509,538	\$579,066	\$509,538	\$509,538	\$6,410,935	
Salaries - Part-time	350,478	220,942	310,780	187,938	261,058	122,217	290,306	396,201	246,130	280,622	246,130	246,130	3,158,932	
Fringe Benefits and Payroll Taxes	385,143	315,873	242,873	427,337	244,273	335,722	447,719	341,692	353,905	353,905	353,905	353,905	4,156,252	
Insurance	32,865	32,865	32,865	32,865	32,865	34,755	34,755	34,755	34,755	34,755	34,755	34,755	407,610	
Mortgage Payments	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	8,075	96,900	
Promotions	30,290	30,165	36,738	37,751	46,963	46,335	43,610	55,137	35,510	35,216	36,902	31,286	465,903	
Professional Fees	31,843	33,928	42,269	82,504	43,745	83,055	60,058	54,532	78,966	56,767	56,767	56,767	681,200	
Rents & Real Estate Taxes	99,319	106,830	77,253	94,781	94,781	95,279	96,326	96,050	85,698	98,249	98,249	98,249	1,141,065	
Totalisator Expense	220,716	220,716	220,716	220,716	220,716	220,716	220,716	220,716	220,716	220,716	220,716	220,716	2,648,592	
Office Expenses and Services	51,250	51,250	51,250	51,250	51,250	51,250	51,250	51,250	51,250	51,250	51,250	51,250	615,000	
NYS Retirement Pension Payments		1,835,505											1,835,505	
Nassau County:														
Surcharge	174,421	155,757	158,113	151,629	180,090	176,956	236,446	230,217	189,941	202,429	187,628	196,235	2,239,862	
Support & Interest Payment		620,000					144,291					116,100	880,391	
Debt Service Principal Payment							1,455,000						1,455,000	
Statutory Revenue Allocations:														
Racing Industry	1,249,726	884,108	1,245,587	986,081	1,471,559	1,022,757	1,072,747	1,178,040	758,663	922,841	973,201	825,066	12,590,376	
Agriculture Fund	31,747	31,864	40,447	37,130	43,778	34,161	36,643	35,706	29,230	32,306	33,853	28,700	415,565	
Finger Lakes	73,038	60,129	58,957	61,530	67,867	57,162	67,705	62,254	61,675	55,554	59,708	50,620	736,199	
Monticello - Indirect	52,502	50,744	61,872	52,211	72,531	61,847	58,357	66,739	46,701	51,614	54,086	45,853	675,057	
Monticello - Maintenance of Effort											127,507		127,507	
NYRA - Indirect	325,452	327,415	375,138	380,175	408,821	314,445	332,290	278,985	316,995	371,756	327,689	277,810	4,036,971	
NYRA - Simulcast	45,065	41,584	32,120	51,586	44,956	68,003	86,780	72,183	105,095	53,582	49,384	41,867	692,205	
Thoroughbred Fund	65,223	61,293	76,245	62,313	94,317	79,446	74,269	88,275	58,266	64,397	67,481	57,209	848,734	
Yonkers - Indirect/Simulcast	68,843	44,352	51,153	50,813	73,436	74,962	67,970	35,758	49,954	49,930	56,979	48,307	672,457	
Yonkers - Maintenance of Effort											652,945		652,945	
Yonkers - Settlement	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	840,000	
New York State:														
Pari-mutuel tax, admissions tax and breakage	90,440	87,502	112,758	103,319	149,332	127,853	119,813	111,152	112,128	110,601	113,656	97,403	1,335,957	
Estimated unclaimed winnings and refunds to NYS			464,902	24,469									489,371	
Regulatory Fee	69,536	67,208	81,946	69,150	96,063	81,913	77,291	88,392	61,853	68,360	71,634	60,730	894,076	
All Other Local Governments	54,891	47,642	38,989	59,426	53,702	23,804	25,167	48,264	98,807	24,525	24,063	49,593	548,873	
Other Expenses	129,029	166,907	218,795	204,504	183,369	201,418	134,792	204,848	84,128	84,128	84,128	84,128	1,780,174	
Line of Credit - Principal Repayment													0	
Line of Credit - Interest Payments													0	
Note Payment Including Interest													0	
TOTAL DISBURSEMENTS	4,247,111	6,086,829	4,779,316	3,944,284	4,612,177	5,430,694	4,299,590	4,350,471	3,667,979	3,880,644	4,570,229	3,660,292	53,529,614	
BALANCE (Ending) - Cash Flow	\$1,852,170	\$1,185,557	\$2,624,951	\$4,382,795	\$6,930,913	\$7,893,825	\$9,737,411	\$12,131,604	\$13,770,355	\$15,337,033	\$16,391,493	\$17,765,118	\$17,765,118	

APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013*

(With Auditors' Report Thereon)

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. Grassi & Co., CPAs, P.C. has not been requested by the Corporation to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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**NASSAU REGIONAL
OFF-TRACK BETTING CORPORATION
(A Public Benefit Corporation)**

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Nassau Regional Off-Track Betting Corporation

Report on Financial Statements

We have audited the accompanying financial statements of Nassau Regional Off-Track Betting Corporation (the "Corporation") (a public benefit corporation), a component unit of the County of Nassau, New York, which comprise the statements of net position at December 31, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, undistributed net revenue payable to Nassau County, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau Regional Off-Track Betting Corporation at December 31, 2013 and 2012, and the changes in its net position, undistributed net revenue payable to Nassau County and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As discussed in Note 2 to the financial statements, at December 31, 2013 and 2012, the Corporation's current liabilities exceed its current assets and it has a net position deficiency. Further, the racing industry is faced with a variety of structural and operational issues. All of these factors raise substantial doubt about the Corporation's ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014, on our consideration of Nassau Regional Off-Track Betting Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nassau Regional Off-Track Betting Corporation's internal control over financial reporting and compliance.



GRASSI & CO., CPAs, P.C.

Jericho, New York
April 30, 2014

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

Our discussion and analysis of Nassau Regional Off-Track Betting Corporation (the "Corporation") provides an overview of the Corporation's financial results for the year ended December 31, 2013 ("Fiscal 2013"), with selected comparative information for the year ended December 31, 2012 ("Fiscal 2012"). Please consider it in conjunction with the Independent Auditors' Report and the Corporation's Financial Statements, including the Supplementary Information.

RESULTS

Nassau Regional Off-Track Betting Corporation net handle totaled \$219 million in 2013. For 2012, it amounted to \$230 million, or a decrease of 4%.

Handle continues to decrease as a result of national deterioration of wagering interest in the industry, the Corporation is disadvantaged by the Belmont Café, and significant race card cancellations by the New York State Racing Association ("NYRA"). Specifically:

- The Belmont Café, a surcharge-free parlor operation located on NYRA property, is within the franchise territory of the Corporation without the Corporation realizing any financial considerations for its operations.
- NYRA full-day racing cancellations amounted to fourteen (14) in 2013 or, a 600% increase over the prior year. Partial day cancellations (racing commenced for the day but ended prematurely of days racing events scheduled) amounted to ninety-one (91) in 2013, up from sixty-one (61) in 2012 or, a 50% increase.

REVENUE ALLOCATION

2013 and 2012 operational results generated revenue to both the racing industry and participating municipalities as follows:

	2013 Revenue Allocation (000's)	2013 Variance % From 2012 Amounts	2012 Revenue Allocation (000's)
Racing Industry (net of MOE*)	\$ 19,313	(0.47%)	\$ 19,404
Nassau County:			
Profits/surcharge	2,806	(5.59%)	2,972
Capital Acquisition Fund	725	(6.09%)	772
New York State:			
Pari-Mutuel Tax & Breakage	1,588	(5.53%)	1,681
Unclaimed Winnings	610	(4.69%)	640
Regulatory Fee	1,098	(4.10%)	1,145
New York City	369	(9.78%)	409
Other Local Governments	239	(2.45%)	245
City of Yonkers	80	(13.98%)	93
TOTAL	\$ 26,828	(1.95%)	\$ 27,361

*MOE – Maintenance of Effort – The Corporation's statutory obligation to its regional harness tracks in consideration of Simulcasting Out-of-State Thoroughbred Racing.

See independent auditors' report.

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OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

In accordance with prudent budgetary practice, projections (revenue/expense) are measured against revenue realized and costs incurred. The results are timely acted upon in order to ensure the cost effectiveness of corporate operations. During 2013, while experiencing a negative budgetary variance in handle, the Corporation has continued to implement a reduction in controllable branch, general and administrative expenses of \$2.2 million in 2013.

During 2013, the Corporation realized a decrease in both Handle and Net Retained Commissions of 4% and 5%, respectively. Additionally, operational costs exclusive of salary and benefits were maintained at 2010 levels. Salary and Benefit costs, net of Other Post Employment Benefits ("OPEB"), continued to trend down from \$20 million in 2010 to \$17 million in 2013, a 15.2% decrease.

A schedule of relevant costs associated with occupying various non-owned branch locations for Fiscal 2013 is as follows (rounded to the nearest thousand):

	Rent & Other	Real Estate Taxes	Total
Corporate Offices	\$ 167	\$ 105	\$ 272
Green Acres	371	195	566
Voice Road	327	167	494
Oceanside	112	39	151
Franklin Square	162	65	227
Freeport	111	9	120
SROTB Phone Betting Facility	13	0	13
Fast Track Location	80	0	80
	<u>\$ 1,343</u>	<u>\$ 580</u>	<u>\$ 1,923</u>

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements that have been audited by independent auditors. They have been prepared in compliance with generally accepted accounting principles for proprietary funds. A proprietary fund is used by government to account for business-type for profit activities. Proprietary funds are required to use full accrual method of accounting, whereby, all revenues are recorded when earned and all expenses are recorded when incurred.

The statements of net position as of December 31, 2013 and 2012, quantifies the Corporation's assets, liabilities and undistributed equity (deficit). It serves to measure the resources available and the related corporate obligations.

The statements of revenues, expenses and changes in net assets (deficit), otherwise known as the operating statement, record activity for the years ended December 31, 2013 and 2012. Revenues are classified by source. Expenses are classified into two categories, operating and administrative. The depreciation expense recorded within the capital acquisition fund is also shown separately. The excess of revenues over expenses for the year is memorialized as "Increase in net assets before statutory revenue allocations," (2013 \$22.3M / 2012 \$26.7M).

See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

BASIC FINANCIAL STATEMENTS (cont'd.)

The Corporation is a public benefit corporation and, as such, all net profit derived from operations is distributed to its county of domicile, Nassau County (the "County"). The statement of undistributed net revenue payable to the County includes amounts owed to the County at the beginning and end of the year.

The statements of cash flows for years ended December 31, 2013 and 2012, detail the receipt and disbursements of cash. Cash received and disbursed is segregated into three groups; operating, investing and financing activities. The statements of cash flows separately report cash received from and paid to patrons, cash received from other sources, cash paid to suppliers (goods, services, fixed assets, salaries, and statutory payments.) The statements include a reconciliation of beginning and ending cash of all financial activity occurring during the year.

The notes to the financial statements disclose the Corporation's material pending litigation, significant accounting policies and provide details of the major assets and liabilities such as cash and investments, fixed assets, postemployment retirement benefits payable, debt and the uncertainty regarding the Corporation's ability to continue as a going concern. The New York State retirement system is described, including calculation of the Corporation's contribution and funding policy. Also disclosed are future commitments of the Corporation, such as a revenue bond issued through the County, leases, and material contracts. The notes include a definition of gross revenue and detail the allocation of such revenues to the racing industry, the County, New York State, and other municipalities that are party to Corporate revenue.

See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

CONDENSED FINANCIAL INFORMATION

(In thousands)

	December 31,		
	2013	2012	2011
Assets:			
Current assets	\$ 2,510	\$ 6,332	\$ 8,831
Fixed assets, net	16,350	16,257	18,795
Other assets	1,957	1,964	2,356
Total Assets	<u>\$ 20,817</u>	<u>\$ 24,553</u>	<u>\$ 29,982</u>
Liabilities:			
Current liabilities	\$ 12,968	\$ 12,599	\$ 17,225
Long-term liabilities	13,307	13,636	11,636
Postemployment retirement benefits payable	45,845	42,792	42,095
Total Liabilities	<u>72,120</u>	<u>69,027</u>	<u>70,956</u>
Net Position			
Capital acquisition fund balance	10,792	10,286	10,188
Unrestricted deficit	(62,095)	(54,760)	(51,162)
Total Net Position	<u>(51,303)</u>	<u>(44,474)</u>	<u>(40,974)</u>
Total Liabilities and Net Position	<u>\$ 20,817</u>	<u>\$ 24,553</u>	<u>\$ 29,982</u>
	Years Ended December 31,		
	2013	2012	2011
Total revenue and other income	\$ 54,683	\$ 56,693	\$ 63,276
Total expenses	32,363	29,981	23,014
Income before revenue allocation	<u>22,320</u>	<u>26,712</u>	<u>40,262</u>
Revenue Allocation			
Racing industry	21,016	21,330	23,687
New York State	3,296	3,469	3,859
Other local governments	687	748	773
Capital acquisition fund	<u>725</u>	<u>772</u>	<u>854</u>
Net increase (decrease) in net position before Distributions to Nassau County	<u>(3,404)</u>	<u>393</u>	<u>11,089</u>
Distributions to Nassau County:			
Surcharge	(2,806)	(2,972)	(3,291)
Support agreement	(620)	(620)	(620)
Operations	-	-	-
Change in net position	<u>\$ (6,830)</u>	<u>\$ (3,199)</u>	<u>\$ 7,178</u>

See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
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DECEMBER 31, 2013 AND 2012

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

In June 2005, the Corporation issued \$21,810,000 in Series 2005 Revenue Bonds. The sources of the funds included \$21,810,000 in principal, \$33,000 original issue discount, and the Corporation's equity contribution of \$110,000, to total \$21,887,000. The uses of the funds included \$12,342,000 for the redemption of prior notes that had originally financed the acquisition and rehabilitation of the Race Palace, \$6,774,000 for various ongoing and future capital projects, \$483,000 for issuance costs, and \$2,288,000 that was deposited to the debt service reserve fund, to total \$21,887,000.

The Series 2005 Revenue Bonds received an A rating primarily due to the Support Agreement between the Corporation and the County, which specifies that the County shall make principal and interest payments directly to the Trustee not less than fifteen days prior to their respective due dates. The Corporation is obligated to reimburse the County for payments made by the County under the Support Agreement no later than the next business day. In addition, the Corporation purchased bond insurance for the Series 2005 Revenue Bonds.

In consideration of the significant interest savings generated by the Support Agreement and realized by the Corporation, the Corporation paid the County annually \$870,000 from 2006 to 2008 and \$620,000 from 2009 to 2013 and annually thereafter until the bond is retired.

Under the Support Agreement, in the event the Corporation's operations result in a net profit, the Corporation is obligated to provide a dividend payment for said profit to the County annually on December 15th. The Nassau County Executive can revoke the annual payment of net profit by the Corporation to the County and reinstitute quarterly payments with six months' notice to the Corporation.

In 2013, the County was timely reimbursed as required by the Support Agreement.

Liquidity and Capital Resources (in 000's)

On December 31, 2013, cash and cash equivalents amounted to \$3,609, itemized as follows;

Bond indenture restricted cash	\$	1,957		
Unclaimed winning tickets	\$	610		
Telephone betting customer accounts	\$	623		
Branch vault cash	\$	419	Total	\$ 3,609

On December 31, 2013, the Corporation had \$3,609 in cash and cash equivalents, which is a decrease of \$3,657 from the balance of December 31, 2012. This decrease was comprised of:

Cash provided from operation	\$	1,222		
Purchases of fixed assets	\$	(2,177)		
Net cash related to financing activities	\$	(2,702)	Total	\$ 3,657

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NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
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OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (cont'd.)

Capital Asset Activity and Updates

The Corporation's telephone wagering operation has been administered by Suffolk Regional Off-Track Betting Corporation ("SROTB") in conjunction with SROTB's own operation. Costs incurred in this regard have been accounted for and billed to the Corporation in accordance with the apportionment of handle between the two entities.

The Internet wagering platform continues to outperform original projections. BetNowNY.com gives patrons the ability to wager from the comfort of their own home. Significant management attention was devoted to the effort necessary to ensure a "first-class" online wagering experience. Real-time odds and scratches as well as the live streaming of races are just two of the key attributes that adds to the website's appeal. BetNowNY.com was the first site approved by the NYS Racing & Wagering Board to have live streaming of races across the country. The site also provides a detailed database of information to existing patrons including a targeted marketing appeal in an effort to attract potential new patrons. Internet wagering is available to all Nassau OTB account holders residing in New York State.

In December 2013, the Corporation, as a measure of reducing costs, purchased its current Corporate headquarters located in Mineola, Nassau County, New York. Considering a ten (10) year conservative escalation on what would have been prospective lease and real estate payments on their prior leased Corporate headquarters, the Corporation is projected to save approximately \$2.7 million.

Statutory relief in the form of reduced racing industry commissions and regulatory apportioned revenue has been legislatively passed in Albany with the Corporation relatively confident of its material positive effect on finances. The Corporation has continued the implementation of the Fast Track satellite restaurant wagering venue. Currently, pursuant to the Collective Bargaining Agreement, the Corporation has the ability to operate at eighteen (18) locations throughout Nassau County. Currently, thirteen (13) locations are accepting wagering and two (2) locations are pending The New York Gaming Association due diligence review; the Corporation is optimistic about realizing fast track operations at its full complement of eighteen (18) locations. The Fast Track venue consists of self-service wagering terminals, flat screen televisions dedicated to displaying racing, and a cashier terminal for the exclusive purpose of cashing and selling vouchers in sports-oriented restaurants throughout the County. These venues have proven to be both popular with patrons, and, as a result of its preferential operating costs, profitable. Patrons have the opportunity to enjoy a fine meal, watch a race, place a wager, and collect their winnings while enjoying a comfortable atmosphere. Additionally, the Fast Track program enables the Corporation to expand its patron base and attract horse racing to a younger demographic.

The Corporation launched a mobile wagering site, m.nassauotb.com and nassauotb.mobi, on April 23, 2012. The mobile wagering site collected handle totaling \$554,837 through December 31, 2013. We believe that this additional wagering outlet will likewise expand our customer base and contribute to our handle in the coming years.

In November 2008, the Corporation launched the BetNowNY Player's Club, its Player Tracking and Player Rewards Programs. This system allows the Corporation to track the wagering activity. Similar to many corporate and credit card rewards programs, the Player's Club enables the Corporation to reward customer loyalty. Patrons earn points based upon wagering activity (i.e., a self-service wager vs. a wager with a cashier or telephone operator) and its pool.

See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
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DECEMBER 31, 2013 AND 2012

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (cont'd.)

Capital Asset Activity and Updates (cont'd.)

The points program is structured to influence patrons to wager on pools with higher takeouts and/or via self-service, generating both a greater payout and a greater degree of profitability for the Corporation. The Program has also better enabled the Corporation to provide premium service to patrons based on their racetrack and wagering preferences.

Change in Net Position (Deficit)

Section 516 subsection 2 of the NYS Racing & Wagering law mandates that the Corporation's net revenue remaining after payment of all of the costs shall be distributed to Nassau County. It appears that the Racing and Wagering statute that requires distribution of profit did not contemplate the prospective effect of deficits. Accordingly, accumulated deficits generated by operating expenses in excess of revenue have been memorialized in the Corporation's Financial Statements while its prospective accounting, recording and application is under review.

In recent years, both the operational and financial dynamics of off-track betting have challenged its ability to maintain profitability.

Additional obligations and competitor preferences as follows are particularly burdensome:

- NYS Racing & Wagering Board Regulatory Fee **(.5% of Handle)**
- Decrease in retained commission **(Statutory Requirements)**
- Regional tracks hold harmless provision
- Regional tracks indirect commissions
- Postemployment benefits funding **(GASB 45)**
- Neighboring competitor surcharge free wagering **(Belmont Café)**
- Inability to open new fast track locations without NYRA consent

As such, any deficit the Corporation incurs during a given quarter becomes unrecoverable since the law does not address the Corporation's ability to apply accumulated deficits to future profits. This unbalanced statutory requirement results in a negative cash-flow position requiring statutory relief to ensure the Corporation's return to profitability.

Increase in net position before statutory revenue allocations decreased (in 000's) from \$26,712 in Fiscal 2012 to \$22,320 in Fiscal 2013, a decrease of \$4,392. This net decrease is the result of a reduction of revenue of \$2,010 and an increase in operating expenses of \$2,382.

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OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (cont'd.)

Change in Net Position (Deficit) (cont'd.)

Statutory revenue allocations decreased (in 000's) from \$26,319 in Fiscal 2012 to \$25,724 in Fiscal 2013. This reduction is the result of a decrease in handle of \$10,205.

For 2013, corporate net position decreased (in 000's) by \$6,830. This reduction was the result of expenses in excess in available revenues, specifically driven by:

- Maintenance of effort/hold harmless obligations
- Annual adjustment to future postemployment benefits
- Required distributions and mandated expenses

POSTEMPLOYMENT BENEFITS (in 000's)

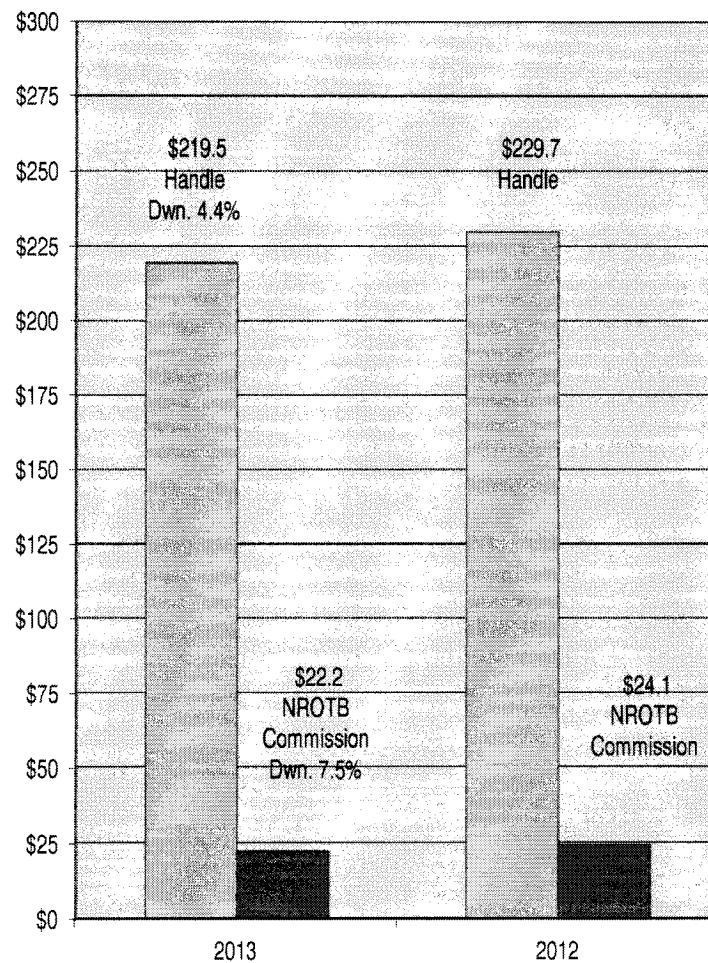
An independent actuarial valuation conducted by Milliman was completed on behalf of both the County and as a component unit, the Corporation.

At December 31, 2013 and 2012, the postretirement benefits liability was \$45,844 and \$42,792, respectively. In 2013, there was an adjustment made on the Corporation's books to reflect an increase of \$3,052 in OPEB liability. This increase in the OPEB liability was the result of both a change in the actuarial calculation coupled with a net declining population of active participants. Conversely, in 2013, healthcare costs for current retirees increased 5% to an annual premium of \$1,503. *(See Note 8 of the financial statements for additional plan matters).*

See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

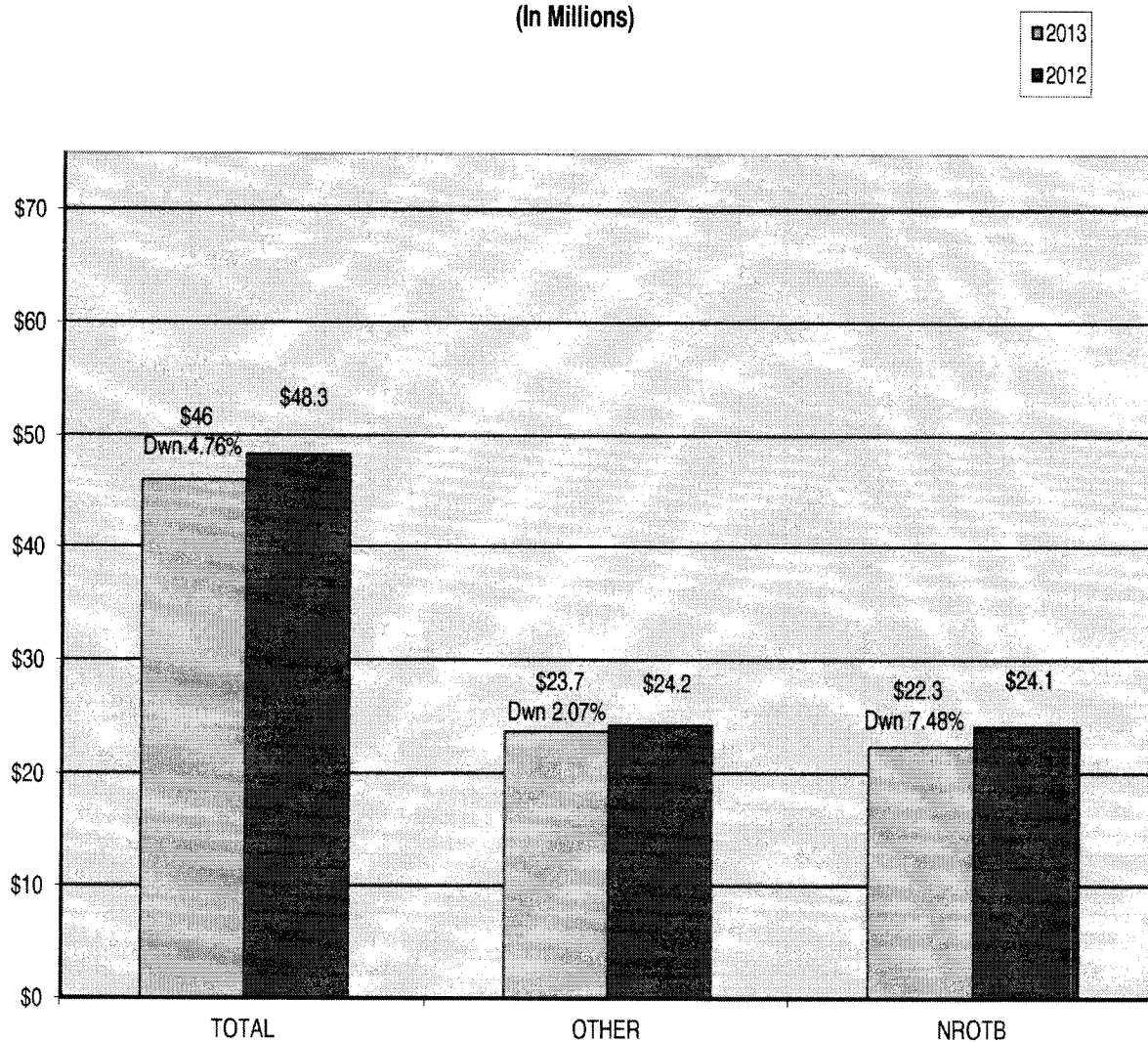
Comparative Results of Handle / Retained Commissions
2013 / 2012
(In Millions)



See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

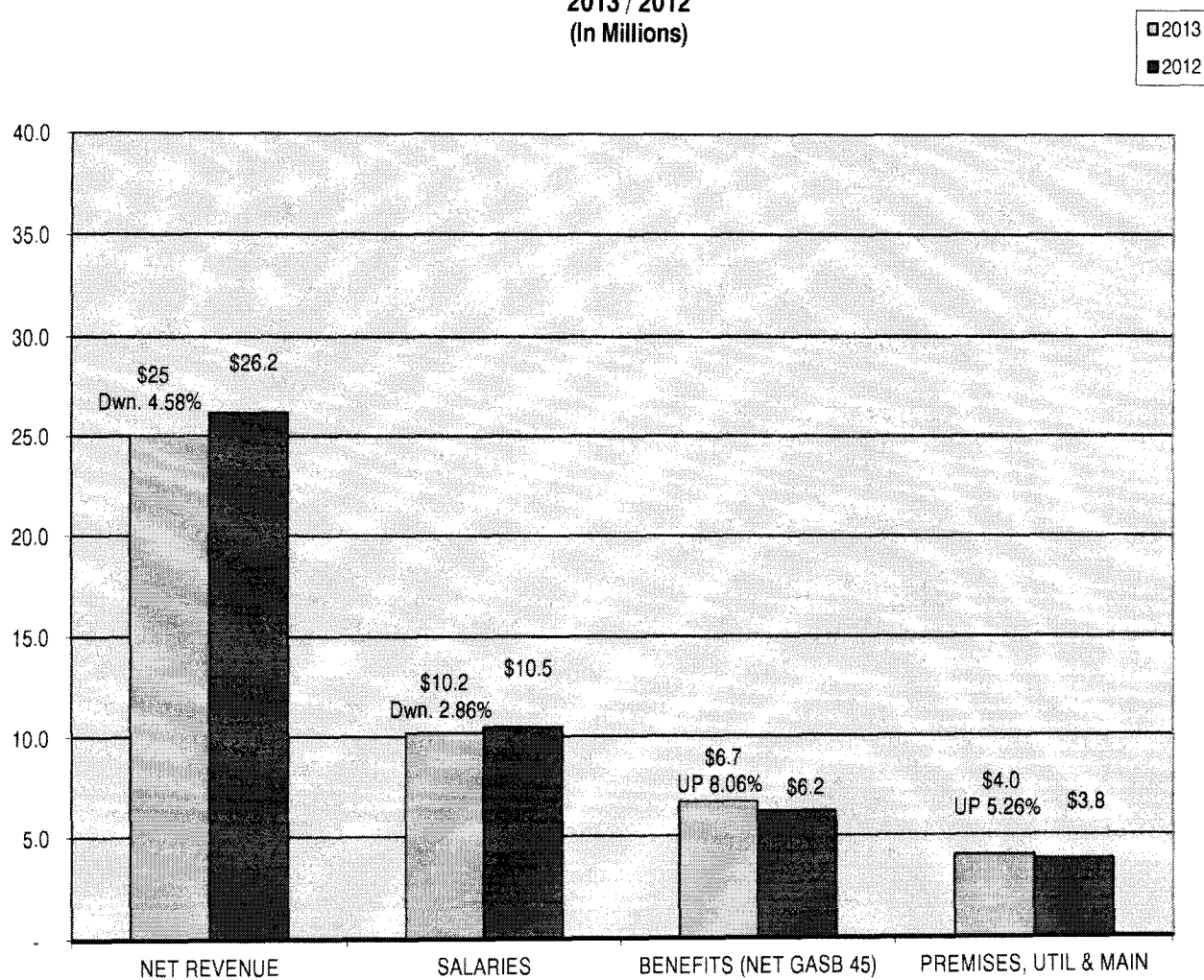
Apportionment of Commissions
Total / Other (Tracks, Funds & Taxes) / NROTB
2013 / 2012
(In Millions)



See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013 AND 2012

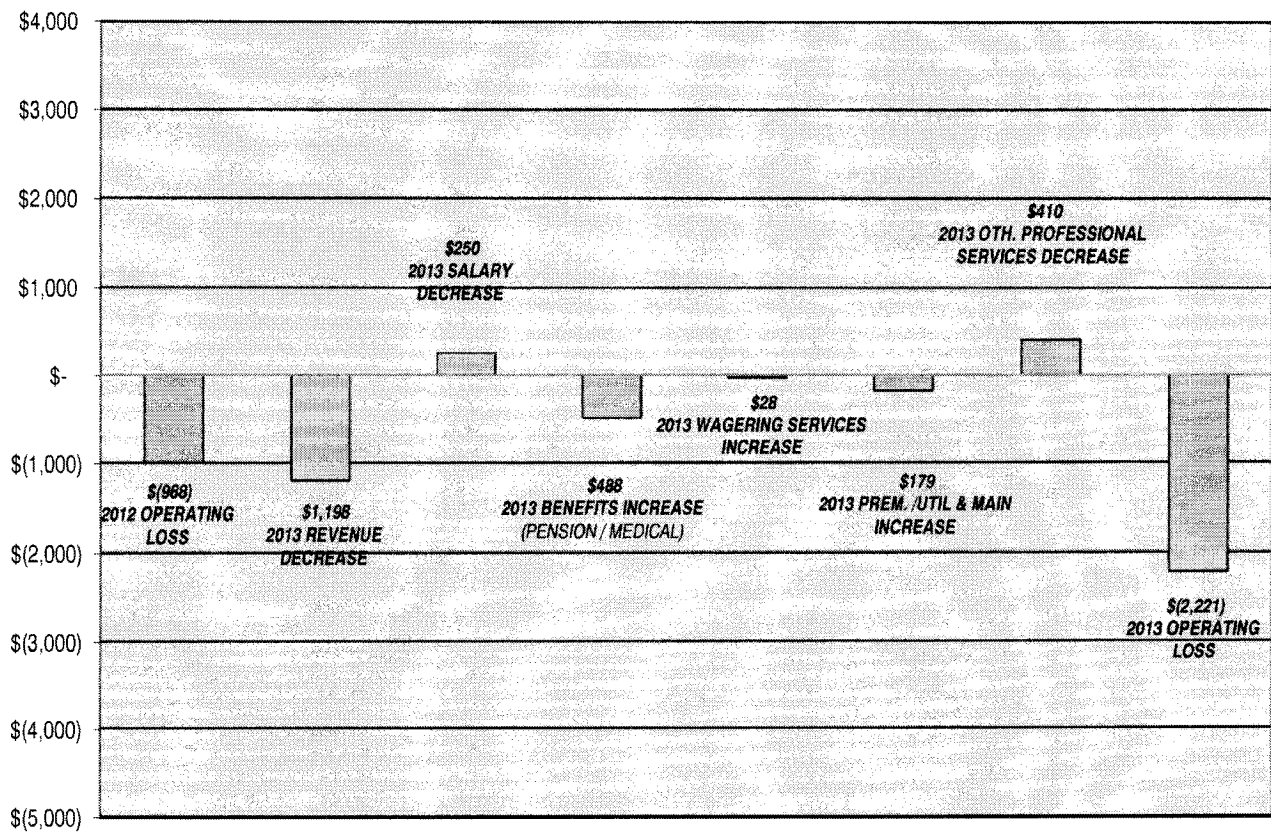
NROTB Comparison of Net Revenues and Operating Expenses
2013 / 2012
(In Millions)



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NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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**Reconciliation of Operating Results
(Non GASB 45-OPEB)
2013 / 2012
(In Thousands)**



See independent auditors' report.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash	\$ 1,159,603	\$ 4,637,360
Restricted cash	492,415	664,036
Accounts receivable	444,717	454,210
Other current assets	<u>413,229</u>	<u>576,678</u>
Total Current Assets	<u>2,509,964</u>	<u>6,332,284</u>
FIXED ASSETS:		
Property, equipment, and leasehold improvements	44,414,392	42,176,103
Construction in progress	<u>135,655</u>	<u>197,291</u>
	44,550,047	42,373,394
Less: Accumulated depreciation and amortization	<u>28,199,659</u>	<u>26,116,403</u>
Fixed Assets, net	<u>16,350,388</u>	<u>16,256,991</u>
OTHER ASSETS:		
Restricted cash	<u>1,956,739</u>	<u>1,964,322</u>
Total Other Assets	<u>1,956,739</u>	<u>1,964,322</u>
 TOTAL ASSETS	 <u><u>\$ 20,817,091</u></u>	 <u><u>\$ 24,553,597</u></u>

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

LIABILITIES AND NET POSITION

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 4,521,495	\$ 3,928,372
Due to Nassau County	366,534	375,209
Due to New York State	672,132	711,565
Due to other local governments	60,208	54,121
Due to Yonkers	1,615,849	1,663,388
Current maturities of mortgage note payable	30,978	10,920
Current maturities of bonds payable	1,455,000	1,455,000
Accrued expenses and other current liabilities	3,711,055	3,646,327
Outstanding pari-mutuel tickets, net of allocation for estimated unclaimed tickets of \$609,889 and \$639,640 in 2013 and 2012, respectively	42,504	89,893
Betting customer accounts	492,415	664,036
	<u>12,968,170</u>	<u>12,598,831</u>
LONG-TERM LIABILITIES:		
Due to Yonkers, less current maturities	3,150,000	3,466,312
Mortgage note payable, less current maturities	1,450,272	-
Bonds payable, less current maturities	8,707,417	10,170,000
Postemployment retirement benefits payable	45,844,778	42,792,289
	<u>59,152,467</u>	<u>56,428,601</u>
Total Long-Term Liabilities	<u>59,152,467</u>	<u>56,428,601</u>
Total Liabilities	<u>72,120,637</u>	<u>69,027,432</u>
COMMITMENTS AND CONTINGENCIES		
NET POSITION:		
Capital acquisition fund balance	10,791,969	10,286,672
Unrestricted deficit	(62,095,515)	(54,760,507)
Total Net Position	<u>(51,303,546)</u>	<u>(44,473,835)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 20,817,091</u>	<u>\$ 24,553,597</u>

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Commissions - pari-mutuel betting	\$ 45,276,652	\$ 47,549,938
Surcharge and surcharge breakage:		
Nassau County	3,423,699	3,586,242
Other	794,092	869,093
Breakage retained commissions	831,019	878,283
Estimated unclaimed winnings and refunds allocable to		
New York State	609,889	639,640
Statutory 1% contribution (Section 532.3-a)	724,734	772,397
Other revenue, net	<u>1,507,210</u>	<u>1,579,131</u>
 Total Revenues	 <u>53,167,295</u>	 <u>55,874,724</u>
Expenses:		
Operating expenses	30,688,826	28,334,783
Depreciation expense - capital acquisition fund	<u>1,674,352</u>	<u>1,645,847</u>
 Total Expenses	 <u>32,363,178</u>	 <u>29,980,630</u>
 Income from operations	 <u>20,804,117</u>	 <u>25,894,094</u>
Other Income (Expense):		
Interest expense - capital acquisition fund	(85)	(2,813)
Other income, net	<u>1,515,833</u>	<u>820,968</u>
 Total Other Income, net	 <u>1,515,748</u>	 <u>818,155</u>
 Increase in net position before statutory revenue allocations	 <u>22,319,865</u>	 <u>26,712,249</u>
Statutory Revenue Allocations:		
Racing industry	21,016,109	21,330,131
New York State:		
Pari-mutuel tax, admissions tax, and breakage	1,588,234	1,683,995
Estimated unclaimed winnings and refunds	609,889	639,640
Regulatory fee	1,097,463	1,145,364
New York City	368,905	409,302
City of Yonkers	79,900	93,249
All other local governments	238,462	245,365
Capital acquisition revenue (Section 532.3-a)	<u>724,734</u>	<u>772,397</u>
 Total Revenue Allocation	 <u>25,723,696</u>	 <u>26,319,443</u>
(Decrease) increase in net position before distributions to Nassau County	(3,403,831)	392,806
Distributions to Nassau County - surcharge		
and surcharge breakage	(2,805,880)	(2,971,761)
Distributions to Nassau County - support agreement	<u>(620,000)</u>	<u>(620,000)</u>
 Change in net position	 (6,829,711)	 (3,198,955)
 Net position - beginning of year	 (44,473,835)	 (40,973,448)
 Cumulative effect of changes in accounting method	 <u>-</u>	 <u>(301,432)</u>
 Net position - end of year	 <u>\$ (51,303,546)</u>	 <u>\$ (44,473,835)</u>

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF UNDISTRIBUTED NET REVENUE PAYABLE TO NASSAU COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Undistributed net revenue payable to Nassau County, Beginning of Year	\$ 375,209	\$ 429,419
Net revenue for the year allocable to Nassau County:		
Surcharge and surcharge breakage	<u>2,805,880</u>	<u>2,971,761</u>
Net revenue available for distribution to Nassau County	3,181,089	3,401,180
Less: Payments to Nassau County made during the year	<u>2,814,555</u>	<u>3,025,971</u>
Undistributed net revenue payable to Nassau County - End of Year (a)	<u>\$ 366,534</u>	<u>\$ 375,209</u>
Summary of payments to Nassau County made during the year:		
Benefit payment per support agreement (b)	\$ -	\$ -
Payment of profits for the period from December 1 of the prior year to November 30 of the current year	-	-
Calendar-year surcharge	<u>(2,814,555)</u>	<u>(3,025,971)</u>
	<u>\$ (2,814,555)</u>	<u>\$ (3,025,971)</u>

(a) Consisting of November and December surcharges

(b) In 2013 and 2012, the Corporation paid Nassau County \$620,000 based on the support agreement in place; such amount, however is not reflected as a reduction of amounts due to Nassau County above as there was no net quarterly revenue (as defined).

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from bettors	\$ 219,068,429	\$ 228,606,505
Cash returned to bettors	<u>(167,569,612)</u>	<u>(174,126,711)</u>
Cash received from bettors, net	<u>51,498,817</u>	<u>54,479,794</u>
Other income received and expenses paid:		
Interest paid	(425,072)	(479,817)
Concession income	11,839	12,097
Miscellaneous income	1,371,685	627,759
Admissions income	92,440	96,554
Lottery income	<u>49,362</u>	<u>46,108</u>
Total other income received and expenses paid	<u>1,100,254</u>	<u>302,701</u>
Cash paid to suppliers and employees	<u>(25,760,482)</u>	<u>(25,932,023)</u>
Statutory payments:		
Racing industry	(21,600,624)	(23,132,163)
New York State	(3,335,019)	(3,587,380)
New York City	(359,883)	(418,532)
Other local governments	<u>(321,297)</u>	<u>(341,224)</u>
Total payments	<u>(25,616,823)</u>	<u>(27,479,299)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,221,766</u>	<u>1,371,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of fixed assets	-	565,000
Purchases of fixed assets	<u>(695,403)</u>	<u>(292,052)</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(695,403)</u>	<u>272,948</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions made to capital acquisition fund	724,734	772,397
Repayment of long-term debt	(1,473,503)	(1,518,059)
Distributions to Nassau County	<u>(3,434,555)</u>	<u>(3,691,850)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(4,183,324)</u>	<u>(4,437,512)</u>
NET DECREASE IN CASH	(3,656,961)	(2,793,391)
CASH, BEGINNING OF YEAR	<u>7,265,718</u>	<u>10,059,109</u>
CASH, END OF YEAR	<u>\$ 3,608,757</u>	<u>\$ 7,265,718</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fixed assets acquired through long-term debt	<u>\$ 1,481,250</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF DECREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
CHANGE IN NET POSITION	<u>\$ (6,829,711)</u>	<u>\$ (3,198,955)</u>
STATUTORY (PAYMENTS) RECEIPTS:		
Distribution of surcharge and dividend to Nassau County	(2,805,880)	(2,971,761)
Distribution for support agreement to Nassau County	(620,000)	(620,000)
Contributions made to capital acquisition fund	<u>724,734</u>	<u>772,397</u>
STATUTORY (PAYMENTS) RECEIPTS, NET	<u>(2,701,146)</u>	<u>(2,819,364)</u>
CHANGE IN NET POSITION EXCLUSIVE OF STATUTORY (PAYMENTS) RECEIPTS	(4,128,565)	(379,591)
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION EXCLUSIVE OF STATUTORY (PAYMENTS) RECEIPTS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	2,083,256	2,086,059
Loss on disposition of fixed assets	-	179,107
Postemployment retirement benefits	4,444,280	2,014,133
Change in Assets (Increase) Decrease:		
Accounts receivable	9,493	(217,557)
Other current assets	163,449	13,855
Change in Liabilities Increase (Decrease):		
Accounts payable, accrued expenses, and other	260,654	(1,157,583)
Outstanding tickets payable	(47,389)	20,490
Betting customer accounts	(171,621)	129,374
Postemployment retirement benefits payable	<u>(1,391,791)</u>	<u>(1,317,114)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,221,766</u>	<u>\$ 1,371,173</u>

The accompanying notes are an integral part of these financial statements.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 1 - Business Description

Nassau Regional Off-Track Betting Corporation (the "Corporation") was formed on August 19, 1974, pursuant to Section 172 of Article VIIA of Chapter 346 of the Laws of 1973, and as amended by Chapter 573 of the Laws of the State of New York. Enabling legislation by the Nassau County (the "Shareholder") Board of Supervisors electing to participate in Off-Track Betting was enacted on June 24, 1974 by Local Law 10 of 1974. The Corporation's governing body is the Board of Directors, which consists of three seats, whose members are appointed by the Nassau Legislature. The financial reporting entity consists of all activities and functions over which the Board of Directors exercises policy. At the close of 2013, there were twenty-one operational facilities. Three branches closed during the year ended December 31, 2012.

The Corporation provides off-track betting services for thoroughbred and harness racing. The geographic area covered by the Corporation's locations is limited to Nassau County, New York.

Note 2 - Going Concern Uncertainties

At December 31, 2013, the Corporation's current liabilities exceeded its current assets by \$10,458,206, and the Corporation had a net position deficiency of \$51,303,546 as indicated in the accompanying financial statements. During the current year, the Corporation has experienced a continuing decline in handle, resulting in retained commissions' reductions and regional harness tracks hold harmless obligations (statutory distribution requirements), other operational challenges at its Fast Track operations, and continued increased trending of mandated operating costs, specifically pension and health insurance benefits. These factors, coupled with uncertain conditions in the general economy and the inability to gain complete and comprehensive relief of certain statutory payments to the racing industry, create an uncertainty as to the Corporation's ability to continue as a going concern.

Management has instituted a number of initiatives to control expenses of all non-mandated expenses, maximize branch profitability, and increase handle through an enhanced Internet gaming and wagering platform. These operating incentives, have been sufficient to offset other increases in expenses and required distributions. In July 2013, the Upstate New York Gaming Economic Development Act was signed into law. This legislation included a five (5%) percent market origin fee on out-of-state advanced deposit wagering ("ADW") by NYS residents. The legislation projects annual ADW handle to range between \$200 and \$400 million. Based on this projection, the Corporation is poised to conservatively realize \$2 million in relief annually. Management has continued to seek legislative relief from the New York State statutory distribution requirements. There is no assurance that the New York State legislature will adopt further changes to the New York State laws to provide additional relief to the Corporation. Additionally, the racing industry and the Corporation have and continue to face a variety of challenges. The financial legislative and regulatory environment in addition to increased gaming competition and declining consumer interest, continue to impact the thoroughbred and harness racing industries.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 2 - Going Concern Uncertainties (cont'd.)

Management is competitively seeking site selection for its video lottery terminal operation ("VLT's") by a Request for Statements of Interest ("RFSI"). Preparation and planning for the VLT operation has been on-going and included meetings with both the NYS Gaming Commission and field visits to existing VLT operations throughout the State. Although the average net win (Wagering Revenue net of Patron Payout) varies among the VLT operations, seemingly based on regional economics and demographics, all have shown favorable operating results. Additionally, based on discussions with Management and considering their level of experience and expertise in VLT operations, all are unanimous in their favorable profitability projection for the Corporation.

Management continues to focus on and enhance overall operations, and to develop new opportunities and initiatives which support the industry. The Corporation's ability to continue as a going concern is dependent on the state of the economy, obtaining relief from statutory revenue distribution requirements, as well as the Corporation's ability to continue to reduce and effectively manage expenses. The financial statements do not include any adjustments that might result from the outcome of the financial initiatives and uncertainties created by these circumstances.

Note 3 - Summary of Significant Accounting Policies

The Corporation's financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Government Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The County of Nassau, New York (the "County"), is the sole shareholder of the Corporation. The County, through an act of its legislature, has the ability to impose its will and is entitled to the Corporation's resources. Accordingly, the Corporation has been determined to be a component unit of the County.

Basis of Presentation

The accounts of the Corporation are organized as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The measurement focus is on determination of net income, change in net position and financial position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 3 - Summary of Significant Accounting Policies (cont'd.)

Basis of Accounting/ Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures.

Enterprise funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

Accounts Receivable

The Corporation carries its accounts receivable at cost less an allowance for doubtful accounts. The Corporation estimates the allowance for doubtful accounts based upon a review of outstanding receivables and historical collection information by customer. Normally, accounts receivable are due within 30 days after the date of the invoice. Receivables more than 90 days old are considered past due. Accounts receivable are written off when they are determined to be uncollectible. The Corporation does not accrue interest on past due receivables. The allowance for doubtful accounts was \$-0- for the years ended December 31, 2013 and 2012.

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	20 to 39 years
Furniture and equipment	5 to 15 years
Autos and trucks	5 years

Leasehold improvements are amortized over the shorter of the estimated useful life of the related asset or the remaining term of the related lease, exclusive of renewal options.

Bond Issuance Costs

Bond issuance costs consist of costs incurred to obtain financing for the bonds payable. Bond issuance costs are expensed as incurred.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 3 - Summary of Significant Accounting Policies (cont'd.)

Player Reward Program

In prior years, the Corporation developed and implemented a player rewards program. The estimated incremental cost of providing reward points is accrued by the Corporation as a liability that is expected to be used by bettors in the upcoming period.

Reclassifications

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. These reclassifications have no effect on the change in net assets previously reported.

Postemployment Retirement Benefits

Postemployment retirement benefits are recorded under the GASB Codification (formerly GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*). The GASB codification establishes standards for the measurement, recognition, and display of Other Postemployment Benefits ("OPEB") expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. The GASB Codification improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer; (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows.

New Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also provides guidance on the limiting of the use of the term deferred in financial statement presentations. This Statement is effective for periods beginning after December 15, 2012. The Corporation has determined, based on the implementation of this Statement that it must retroactively expense the net book value of bond issuance costs. The effect of this is \$301,432 at January 1, 2012.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 3 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement's primary objective is to improve accounting and reporting for pensions and the relevant information about financial support for pensions that is provided by other entities. The Statement will provide decision-useful information, supporting assessments of accountability, and create additional transparency. This Statement is effective for periods beginning after June 15, 2014. The Corporation has not yet determined if this GASB will have a material effect on the financial statements.

Note 4 - Cash and Restricted Cash

The Corporation's investment policies are governed by the State of New York statutes. The Corporation's investment policy complies with such statutes. Among other requirements, the Corporation's monies must be deposited in insured commercial banks or trust companies located within New York State. The Comptroller is authorized to use demand accounts, money market accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

The Corporation maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Corporation's balances may exceed these limits. Collateral is required for all bank deposits not covered by federal deposit insurance. This collateral is required to be delivered to the Corporation or a custodial bank. Obligations that may be pledged as collateral consist of obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The Corporation includes restricted cash in the calculation of the net change in cash on the statements of cash flows.

Cash in the amount of \$492,415 and \$664,036 is restricted for customer betting accounts at December 31, 2013 and 2012, respectively. Amounts so restricted are included in current assets in the accompanying statements of net position.

Cash in the amount of \$1,956,739 and \$1,964,322 is restricted for capital acquisition and debt reserve at December 31, 2013 and 2012. This amount is included in other (noncurrent) assets in the accompanying statements of net position.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 4 - Cash and Restricted Cash (cont'd.)

A summary of cash by financial institution at December 31, 2013, is as follows:

<u>Bank</u>	<u>Book Balance</u>	<u>Bank Balance</u>
US Bank	\$ 1,956,739	\$ 1,956,739
Capital One Bank	129,708	131,808
TD Bank	319,407	317,587
Community National Bank	781,071	2,025,741
Branch vaults and petty cash	421,832	421,832
	<u>\$ 3,608,757</u>	<u>\$ 4,853,707</u>

Note 5 - Changes in Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2013, is as follows:

	<u>Balance</u> <u>January 1, 2013</u>	<u>Additions</u>	<u>Disposition</u>	<u>Balance</u> <u>December 31, 2013</u>
Land	\$ 432,050	\$ -	\$ -	\$ 432,050
Buildings	406,905	2,016,551	-	2,423,456
Furniture and equipment	4,455,471	-	-	4,455,471
Autos and trucks	323,774	-	-	323,774
Construction in progress	197,291	135,655	197,291	135,655
Capital acquisition fund	36,557,903	221,738	-	36,779,641
Total	<u>\$ 42,373,394</u>	<u>\$ 2,373,944</u>	<u>\$ 197,291</u>	<u>\$ 44,550,047</u>

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 5 - Changes in Fixed Assets (cont'd.)

A summary of the changes in fixed assets for the year ended December 31, 2012, is as follows:

	<u>Balance</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Disposition</u>	<u>Balance</u> <u>December 31, 2012</u>
Land	\$ 432,050	\$ -	\$ -	\$ 432,050
Buildings	406,905	-	-	406,905
Furniture and equipment	4,426,285	29,186	-	4,455,471
Autos and trucks	292,593	31,181	-	323,774
Construction in progress	20,456	176,835	-	197,291
Capital acquisition fund	37,247,160	54,850	744,107	36,557,903
Total	<u>\$ 42,825,449</u>	<u>\$ 292,052</u>	<u>\$ 744,107</u>	<u>\$ 42,373,394</u>

Depreciation and amortization expense for all depreciable assets for the years ended December 31, 2013 and 2012, totaled \$2,083,256, and \$2,086,059, respectively.

Note 6 - Bank Line of Credit

During December 2013, the Corporation entered into a line of credit with a financial institution which matures on December 15, 2015. Under the credit facility, the Corporation may borrow up to \$1,900,000 at any time. The credit agreement is secured by the cash accounts and the mortgaged property held with this financial institution. The credit agreement bears interest at the prime rate plus one half of one percent (totaling 3.75% at December 31, 2013) which resulting rate shall not be less than 3.75% per annum. At December 31, 2013, there was no outstanding balance on this line of credit.

Note 7 - Long-Term Debt

General Obligations Bonds

In June 2005, the Corporation issued 2005 Revenue Bonds. The proceeds were used to redeem prior notes, finance the acquisition and rehabilitation of the Race Palace, pay issuance costs, provide funds that were deposited into an acquisition fund for future capital purchases, and provide funds for deposit to a debt service reserve fund. The Series 2005 Revenue Bonds are general obligations of the Corporation and are secured by a pledge directly by the County pursuant to a support agreement that is described in the following paragraph. Rates on this obligation range from 3.4% to 4.0%.

Under the support agreement with the County, the Corporation is obligated to deposit required debt service payments due into a capital reserve fund. This transfer of funds must occur no later than 15 days prior to the due date of such payment. In addition, as consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, the Corporation is required to pay the County \$620,000 on each February 15 until the Series 2005 Revenue Bonds are paid in full. Currently the payment required is \$620,000.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 7 - Long-Term Debt (cont'd.)

Mortgages and bonds payable at December 31, 2013 and 2012, consisted of the following:

	<u>2013</u>	<u>2012</u>
Mortgage note - payable in 120 monthly installments of \$8,075 including interest at 4.25% per annum with a balloon payment of \$1,077,080. A final payment is due on January 1, 2024. The mortgage is secured by the underlying real property with a net book value of \$2,014,352 at December 31, 2013 and the cash accounts held by the financial institution.	\$ 1,481,250	\$ -
Mortgage note - payable in 120 monthly installments of \$5,489 including interest at 6.2% per annum. A final payment is due on February 1, 2013. The mortgage is secured by the underlying real property.	-	10,920
Bonds payable - due in 15 annual installments of \$1,455,000 plus semi-annual interest payments ranging from 3.4% to 4.0% per annum. A final payment is due on July 1, 2020. The bonds are secured by the underlying real property with a net book value of \$9,794,090 and \$10,749,973 at December 31, 2013 and 2012, respectively.	<u>10,162,417</u> 11,643,667	<u>11,625,000</u> 11,635,920
Less: Current maturities	<u>1,485,978</u>	<u>1,465,920</u>
Long-Term Debt	<u>\$ 10,157,689</u>	<u>\$ 10,170,000</u>

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 7 - Long-Term Debt (cont'd.)

Future minimum payments on the mortgage and bonds payable including interest are as follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,485,978	\$ 457,829
2015	1,490,100	404,946
2016	1,491,471	349,012
2017	1,493,246	290,857
2018	1,489,927	230,976
2019-2024	4,192,945	435,063
	<u>\$ 11,643,667</u>	<u>\$ 2,168,683</u>

Note 8 - Other Postemployment Benefits

Plan Description

The Corporation is a member of the County of Nassau, New York group health care benefits program. The Corporation provides certain group health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by the New York State Department of Civil Service (the "NYSHIP" plan). The Corporation's union contract requires the Corporation to provide all eligible enrollees with either the NYSHIP plan or other equivalent health insurance. Substantially all the Corporation's eligible employees are enrolled in the NYSHIP plan. NYSHIP is a defined benefit agent multiple-employer healthcare plan. Under the provisions of the NYSHIP plan, premiums are adjusted on a prospective basis for any losses experienced by the NYSHIP plan. The Corporation, in connection with the County of Nassau, New York, has the option to terminate its participation in the NYSHIP plan at any time without liability for its respective share of any previously incurred loss. The total number of plan participants currently receiving benefits is 153.

Funding Policy

In 2007, the Corporation at that time elected to record the entire amount of the Unfunded Actuarial Accrued Liability (the "UAAL"), and not to fund the UAAL. An actuarially determined valuation of these benefits was performed by an outside consultant to estimate the impact of changes in GASB accounting rules applicable to the retiree medical benefits for retired employees and their eligible dependents. The UAAL relating to postemployment benefits is approximately \$45,845,000 and \$42,792,000 at December 31, 2013 and 2012, respectively. The adjustment of the UAAL liability of \$3,052,489 and \$697,019 for the years ended December 31, 2013 and 2012, respectively, is included in operating expenses on the Statements of Revenues, Expenses and Changes in Net Position.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 8 - Other Postemployment Benefits (cont'd.)

Funding Policy (cont'd.)

The Corporation is not required by law or contractual agreement to provide funding for postemployment retirement benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal years ended December 31, 2013 and 2012, the Corporation made payments to the Plan of approximately \$1,503,000 and \$1,430,000, respectively.

The Annual OPEB Cost and Net OPEB Obligation

The Corporation's annual OPEB cost is calculated based on the annual required contribution ("ARC") of the employer, an amount that was actuarially determined by using the Projected Unit Credit Method (one of the actuarial cost methods that meet the requirements of the GASB Codification). The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The Corporation uses a level dollar amount and an amortization period of one year on an open basis. Under this method, actuarial gains/losses, as they occur, reduce/increase future Normal Costs.

The following table shows the elements of the Corporation's annual OPEB cost for the year, the amount actually paid, and changes in the Corporation's net OPEB obligation to the plan for the years ended December 31, 2013 and 2012.

	<u>2013</u> (In Thousands)	<u>2012</u> (In Thousands)
Amortization of UAAL with Interest	\$ 45,675	\$ 42,989
Normal Cost - Beginning of Year	1,641	1,207
Interest on Normal Cost	32	26
Annual Required Contribution	47,348	44,222
Interest on Net OPEB Obligations	1,605	1,789
Adjustment to ARC	(44,397)	(43,884)
Total Annual OPEB Cost	4,556	2,127
Actual contributions	(1,503)	(1,430)
Increase in Net OPEB Obligation	3,053	697
Net OPEB Obligation - Beginning of Year	42,792	42,095
Net OPEB Obligation - End of Year	<u>\$ 45,845</u>	<u>\$ 42,792</u>

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 8 - Other Postemployment Benefits (cont'd.)

The Annual OPEB Cost and Net OPEB Obligation (cont'd.)

The Corporation's annual OPEB cost and percentage of annual OPEB (benefit) cost contributed to the plan for the fiscal years ended December 31, 2013, 2012 and 2011, were as follows (in thousands):

Fiscal Year Ended	Annual OPEB (Benefit) Cost	Actual Annual OPEB Cost Paid	Percentage of Annual OPEB (Benefit) Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 4,556	\$ 1,503	33%	\$ 45,845
December 31, 2012	\$ 2,127	\$ 1,430	67%	\$ 42,792
December 31, 2011	\$ (5,480)	\$ 1,359	(25%)	\$ 42,095

Actuarial Methods and Assumptions

OPEB-specific actuarial assumptions used in the December 31, 2013, OPEB actuarial valuations are as follows:

Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit Method
Discount Rate	3.75% per annum, compounded annually
Contributions	Retiree contributions are assumed to increase at the same rates as incurred claims

Health insurance benefits are provided by the New York State Health Insurance Plan ("NYSHIP"). This also includes a reimbursement of Medicare Part B premiums. Sick leave credits offset contributions and are frozen at retirement. Benefits vest at five years of service and are subject to continuous participation in the NYSHIP.

It should be noted that actuarial valuations have inherent limitations, reflect a long-term perspective, and involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and of the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal and contractual funding limitations on the pattern of costs sharing between the employer and plan members in the future. Actuarial methods and assumptions used also include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 8 - Other Postemployment Benefits (cont'd.)

Actuarial Methods and Assumptions (cont'd.)

The premium rate is used for all non-Medicare eligible retirees and dependents with basic medical coverage.

<u>Monthly rate for fiscal year 2013</u>		
Empire-Pre 65:		
Single		\$ 767.98
Family		1,686.56
Empire-Post 65:		
Single		399.33
Family-1		1,317.93
Family-2		949.28
HIP		
Single		775.02
Family		1,898.81
Medicare	Per person	104.90
Dental	Single	50.00
	Per family	120.00
Vision	Single	8.33
	Per family	25.00

Health Care Cost Trend Rate ("HCCTR")

At December 31, 2013, the health care trend assumption is based on the Society of Actuaries-Getzen Model version 12.2 utilizing the baseline assumptions included in the model, except real GDP of 1.8% for medical and pharmacy benefits. Additional adjustments apply based on percentage of costs associated with administrative expenses, aging factors and potential excise taxes due to healthcare reform. A separate trend assumption of 5.0% per year was used for Medicare Part B reimbursements and Dental Benefits. No trend was applied to the vision payment.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 8 - Other Postemployment Benefits (cont'd.)

Health Care Cost Trend Rate ("HCCTR") (cont'd.)

<u>Fiscal Year</u>	<u>Prior to Medicare Eligibility</u>	<u>After Medicare Eligibility</u>
2014*	N/A	N/A
2015	5%	5%
2016	5.0	5.0
2017	6.0	6.0
2018	6.0	6.0
2019	6.2	6.1
2020	6.2	6.0
2025	7.1	5.9
2030	6.7	5.8
2035	6.5	6.1
2040	5.9	6.3
2045	5.7	5.9
2095	4.4	4.5

* Trend not applicable as actual 2014 premiums were valued.

Mortality: Mortality rates are those recommended by the actuary.

RP 2000 Male and Female Tables were used for mortality assumptions.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 8 - Other Postemployment Benefits (cont'd.)

Required Supplemental Information

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2013, 2012 and 2011 for the fiscal years ended December 31, 2013 and 2012. The schedule provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2013	\$ -	\$ 45,845	\$ 45,845	0%	10,197	450%
1/1/2012	-	42,792	42,792	0%	10,447	410%
1/1/2011	-	42,095	42,095	0%	10,795	390%

*Based on the Project Unit Credit Actuarial Cost Method

Note 9 - Outstanding Tickets Payable

In 2013, the Corporation remitted \$595,591 to New York State for 2012 winning and refundable uncashed tickets. At February 28, 2014, the outstanding winning and refundable unclaimed tickets for 2013 amounted to \$609,889. This amount had not been claimed and will, therefore, escheat to New York State. Eighty-nine percent of this amount was paid by March 15, 2014, with the remaining balance paid by April 10, 2014. In 2012, the Corporation remitted \$730,847 to New York State for 2011 winning and refundable uncashed tickets. At February 28, 2013, the outstanding winning and refundable unclaimed tickets for 2012 was \$639,640.

	<u>2013</u>	<u>2012</u>
Total outstanding tickets payable	\$ 652,393	\$ 729,533
Less: Amounts classified as unclaimed winnings and refunds allocable to New York State	<u>(609,889)</u>	<u>(639,640)</u>
Net outstanding tickets payable	<u>\$ 42,504</u>	<u>\$ 89,893</u>

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 10 - Commitments

The Corporation leases office space at its corporate headquarters at 220 Fulton Avenue, Hempstead, New York, and also leases the facilities for 5 of its 20 branch operations. The leases have terms that expire through July 2021. Rental expense for real property was \$1,261,817 and \$1,279,191 for the years ended December 31, 2013 and 2012, respectively. Approximate minimum rental payments under the terms of all operating leases in effect at December 31, 2013, exclusive of renewal options and escalation clauses for real estate taxes and other costs, are summarized as follows:

Years Ending December 31:

2014	\$ 691,903
2015	573,779
2016	501,238
2017	517,056
2018	294,294
Thereafter	<u>450,000</u>
	<u><u>\$ 3,028,270</u></u>

In addition to rental payments, certain leases provide for payments of real estate taxes, common area maintenance, insurance, and utilities.

Lease terms on the above minimum rental commitments range from a period of two to ten years. Certain leases contain provisions for renewal options.

On December 20, 2007, the Corporation executed an agreement for an automated wagering system and services, including a player tracking and rewards system. On January 6, 2008, the Corporation executed an additional agreement to extend the automated wagering system to an Internet advanced deposit wagering platform. These agreements have been renewed and expire on December 31, 2014. The contracts contain minimum annual payments, comprised of .225% of Internet handle, .375% of all other handle, and various daily equipment rental charges. Beginning January 1, 2014, the contracts request an additional fee of .275% of the net handle from the Corporation's Internet platform.

The Corporation has contractual agreements with New York Racing Association ("NYRA"), Roberts Communications Network, Inc., and OTB Television Network for various simulcast services. The following are specific terms and conditions for the aforementioned services. The NYRA contract calls for the following: a fee of 1.4% on all simulcast handle at NYRA tracks, 1.35% on all telephone wagering NYRA handle in excess of \$1,125,000 per month, 1.25% of 32% of all out-of-state thoroughbred telephone betting handle and a flat fee of \$1,000 per day for in-home Cablevision on days where NYRA does not conduct racing.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 10 - Commitments (cont'd.)

Roberts Communications Network provides simulcast services for various tracks for a monthly fee. OTB Television Network provided for up to five channels of simulcast signals by utilizing Roberts decoders and SUNY satellite uplinks. In April 2010, the Corporation entered into a contract with Roberts Communication to obtain simulcasting service and decoders for approximately \$12,900 per month, which expires in February 2015.

The Corporation has contractual agreements with Scientific Games, Amtote and United Tote for interface services that enable the receipt and transmission of wagering data to the host track event for the purpose of pooling said data, resulting in real time track odds and payout prices. The terms and conditions vary - .125% of handle at tracks where Scientific Games is the automated wagering services provider and .150% of handle at tracks where Amtote and United Tote are the providers.

Note 11 - Retirement System

Plan Description

The Corporation participates in the New York State and Local Employees' Retirement System (the "System"), which is a cost-sharing multiple-employer retirement system. The System provides a wide range of plans and postretirement benefits which are related to years of service and three-year average salary calculations, vesting of retirement benefits, and death and disability benefits. The obligation of employers (including the Corporation) and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (the "NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. The Comptroller can adopt and amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

The System is non-contributory except for the employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. The State passed legislation in 2000 that suspends the 3% contribution for employees who have 10 years or more of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the New York State Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by the employers to the pension accumulation fund. The Corporation is required to contribute an actuarially determined amount.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 11 - Retirement System (cont'd.)

Funding Policy (cont'd.)

The required contribution for the System's fiscal years ended March 31, 2014, 2013 and 2012 was \$2,341,767, \$2,141,195, and \$1,399,192, respectively. These amounts represented approximately 24.4%, 21.2%, and 14.8%, of eligible payroll for the Corporation's fiscal years ended, respectively. The Corporation's contribution to the System was equal to 100% of the contributions required for each year.

Note 12 - Deferred Compensation Plan

Employees of the Corporation may elect to participate in the New York State Deferred Compensation Plan (the "plan") created in accordance with Internal Revenue Code Section 457. The plan is available to all eligible employees and permits them to defer a portion of their salary until future years, usually after retirement. The plan contributions are placed into a legally separate trust.

Accordingly, plan assets and the corresponding liability to the employees are not presented in the Corporation's financial statements.

Note 13 - Handle

Handle represents the total amount of the bet received from the bettor. The Corporation retains its commission and related fees and in turn distributes the remaining amount. Net handle for the years ended December 31, 2013 and 2012, was \$219,492,548 and \$229,698,269, respectively.

Note 14 - Gross Revenue

Gross revenues earned on handle at various in-state and out-of-state tracks range from 13.5% to 21.4% of the total amount of applicable regular wagers handled, 19% to 28% of the total amount of applicable multiple wagers handled, and 19% to 35% of applicable exotic wagers handled. A multiple wager is defined as a "single bet or wager on two horses, evidenced by a single ticket and representing an interest in a single betting pool." An exotic wager is defined as a "single bet or wager on three or more horses, evidenced by a single ticket and representing an interest in a single betting pool."

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 14 - Gross Revenue (cont'd.)

Breakage

Currently in New York State, breakage is defined as the odd cents retained by the Corporation over any multiple of five for payoffs from \$1.05 to \$5.00, over any multiple of ten for payoffs from \$5.00 to \$25.00, over any multiple of twenty-five for payoffs from \$25.00 to \$250.00, or over any multiple of fifty for payoffs over \$250.00.

Breakage is distributable as follows:

- 1) To New York State - 20% of breakage derived from bets placed in the Corporation's teletheater on in-state thoroughbred or harness races (effective with the opening of the teletheater in February 2004).
- 2) To Agriculture and New York State Horse Breeding and Development Fund - 25% of breakage derived from all other bets on thoroughbred races and 10% of breakage derived from all other bets on harness races (effective in July 1994).
- 3) The New York State Thoroughbred Breeding and Development Fund - 25% of breakage derived from all other bets on thoroughbred or steeplechase races and 10% of breakage derived from all other bets on harness races (effective in July 1994).
- 4) The balance of total breakage is considered revenue by the Corporation.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 14 - Gross Revenue (cont'd.)

Surcharge and Surcharge Breakage

Section 532 of the Racing, Pari-Mutuel Wagering and Breeding Law of the State of New York imposes a surcharge of 5% on pari-mutuel winnings attributable to persons having placed bets at off-track betting facilities, with the exceptions of the Corporation's teletheater and Internet platforms. This gross surcharge is derived from and allocated to the following:

	<u>2013</u>	<u>2012</u>
Nassau County (share of in-state and out-of state)	\$ 3,423,699	\$ 3,586,242
Catskill OTB for Sullivan County (Monticello and Tioga)	62,765	62,464
New York City OTB for City of New York (Aqueduct)	436,613	472,627
City of Yonkers (Yonkers Raceway)	92,619	107,987
Saratoga County (Saratoga Thoroughbred and Harness)	197,032	206,441
Ontario County (Finger Lakes)	(2,243)	13,020
Oneida County (Vernon Downs)	1,143	1,793
Buffalo Trotting Association (Buffalo)	4,431	3,033
Western OTB (Batavia Downs)	1,732	1,728
	<hr/>	<hr/>
Total	\$ 4,217,791	\$ 4,455,335
	<hr/>	<hr/>

Note 15 - Revenue Allocated to the Racing Industry

A commission is payable to participating in-state tracks at the following rates on applicable wagers handled for 2013 and 2012.

<u>Event Location</u>	<u>Regular and Multiple Wagers</u>	<u>Exotic Wagers</u>
NYRA	6.50%	6.50%
Yonkers	4.50%	7.00%
Monticello	4.50%	7.00%
Finger Lakes	2.60%/3.60%	2.60%

In addition, the Corporation pays a prorated 0.5% of handle from thoroughbred tracks to the New York State Thoroughbred Breeding and Development Fund, and 1.0% of handle from harness tracks to the Agriculture and New York State Horse Breeding and Development Fund.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 16 - Other Revenue

Other revenue, net consisted of the following for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Out-of-state simulcast surcharge	\$ 1,643,353	\$ 1,741,814
Uncancellable winning tickets	5,437	5,055
Other income (expense)	263	3
Minus pool	(134,691)	(94,791)
Approved payouts	<u>(7,152)</u>	<u>(72,950)</u>
Other revenue, net	<u>\$ 1,507,210</u>	<u>\$ 1,579,131</u>

Note 17 - Other Income

Other income, net, consisted of the following for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Rental income	\$ 178,085	\$ 129,027
Admissions	92,440	96,554
Concession income	11,839	12,097
ATM income	37,686	69,019
Lottery income	49,362	46,108
Vending machine income	33,639	68,721
Publications (expense) income, net	(136,954)	(33,552)
Cash call income	4,062	11,204
NYRA rebate	1,140,000	-
Other income	164,266	427,601
Bank fees	<u>(58,592)</u>	<u>(5,811)</u>
Total	<u>\$ 1,515,833</u>	<u>\$ 820,968</u>

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 18 - Allocation of Net Revenue, as defined, Distributable to New York State and Nassau County

A pari-mutuel tax is payable to New York State at the following rates based upon the following scenarios for 2013 and 2012:

<u>Event Location</u>	<u>Regular Wagers</u>	<u>Multiple Wagers</u>	<u>Exotic Wagers</u>
Aqueduct, Belmont, and Saratoga (NYRA)	0.3%	0.3%	1.3%
Aqueduct, Belmont, and Saratoga (NYRA) -Teletheater	0.8%	1.3%	2.8%
Yonkers	0.7%	0.7%	2.7%
Yonkers -Teletheater	0.5%	1.0%	2.5%
Monticello	0.7%	0.7%	2.7%
Monticello -Teletheater	0.5%	1.0%	2.5%
Finger Lakes	1.0%	1.0%	3.0%
Finger Lakes -Teletheater	0.8%	1.3%	2.8%

Out-of-State Thoroughbred Tracks:

When NYRA is conducting racing events:

Initial designation (*)	1.0%	1.0%	1.0%
Bridge designation (*)	0.5%	0.5%	0.5%

When NYRA is not conducting racing events:

Initial designation (*)	1.5%	1.5%	1.5%
Bridge designation (*)	0.5%	0.25%	0.5%

When NYRA and Finger Lakes are not conducting racing events:

Initial designation (*)	0.5%	0.5%	0.5%
Bridge designation (*)	0.5%	0.5%	0.5%

Out-of-State Harness Tracks:

Initial designation (*)	1.0%	1.0%	1.0%
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(*) Designations are determined by agreement of all off-track betting corporations. Designation of out-of-state as "initial" or "bridge" determines the percentage of pari-mutuel tax payable to New York State.

After allocation of pari-mutuel tax, unclaimed pari-mutuel tickets, breakage to New York State and surcharge, surcharge breakage to other local governments, and the Corporation's operational costs, the net remaining revenue is distributable to Nassau County.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 19 - Capital Acquisition Fund

Section 509(a) of the Racing, Pari-Mutuel Wagering and Breeding Law of the State of New York requires the Corporation to collect an additional 1% surcharge on certain winnings for the purpose of using the proceeds for "the acquisition, construction or equipping of offices, facilities or premises of the Corporation." In addition, legislation entitles the Corporation to retain up to 1% of certain wagering pools. The proceeds of this additional surcharge are recognized consistent with handle recognition.

Note 20 - Due to Yonkers

During 2009, the New York State Racing & Wagering Board ruled against all New York State Off-Track Betting Corporations, including the Corporation, relating to the "Maintenance of Effort" payments (as defined in Section 107.2a of the New York State Racing & Wagering Law) due to two separate regional harness tracks including Yonkers Raceway ("Yonkers"). The Corporation commenced an Article 78 proceeding to challenge the ruling. By Order dated March 31, 2011, the Supreme Court dismissed the Corporation's challenge to the maintenance of effort determinations and directed the Corporation to pay the liability "forthwith." In March 2012, the Corporation and Yonkers entered into a confidential settlement agreement and agreed on an amount to be paid in full satisfaction of the obligations due. The Corporation has accrued \$7,600,000 that represents the maximum potential liability which is payable in equal monthly installments in the amount of \$70,000. The aggregate amount accrued for the settlement liability and other accrued fees amounted to approximately \$4,766,000 and \$5,130,000 at December 31, 2013 and 2012, respectively.

Note 21 - Contingencies

The Corporation is involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of management and legal counsel, the outcome of such proceedings and litigation will not have a material adverse effect on the Corporation's financial statements.

Note 22 - Subsequent Events

The Corporation has evaluated all events or transactions that occurred after December 31, 2013 through the date of these financial statements, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events except for the event described below.

In March 2014, the Corporation terminated its lease for its office space at 220 Fulton Avenue, Hempstead, New York. The Corporation moved into its new building as its corporate headquarters in Mineola, New York in March 2014. The building was acquired in December 2013.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors
Nassau Regional Off-Track Betting Corporation

We have audited the financial statements of Nassau Regional Off-Track Betting Corporation (the "Corporation") (a public benefit corporation) at December 31, 2013 and 2012 and for the years then ended and our report thereon dated April 30, 2014, which expressed an unmodified opinion with an emphasis of matter based on factors that raise substantial doubt about the Corporation's ability to continue as a going concern, on those financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule I - Section 516 Revenues and Expenses for the Years Ended December 31, 2013 and 2012, Schedule II - Statement of Net Revenues and Expenses by Branch of the Year Ended December 31, 2013, Schedule III - Capital Acquisition Fund - Statements of Net Position at December 31, 2013 and 2012, Schedule IV - Capital Acquisition Fund - Statements of Revenues, Expenditures and Changes in Net Position for the Years Ended December 31, 2013 and 2012, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
April 30, 2014

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
SUPPLEMENTARY INFORMATION
SCHEDULE I - SECTION 516 REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Pari-mutuel revenue:		
Statutory take-out	\$ 45,275,110	\$ 47,445,307
Breakage	831,019	878,283
Minus pools	(134,691)	(94,791)
Derived from Section 532.3.b.(iv) & 532.7	1,643,353	1,741,814
Total pari-mutuel revenue	<u>47,614,791</u>	<u>49,970,613</u>
Statutory and simulcast payments:		
New York State (pari-mutuel tax and breakage)	1,584,638	1,680,607
New York State Racing & Wagering Board regulatory fee	1,097,463	1,145,364
New York State Thoroughbred Development and Breeding Fund	1,029,589	1,092,725
Ag. and NYS Breeding and Dev. Fund Breeders' Fund - Harness	522,934	532,323
In-state thoroughbred tracks	10,963,567	11,711,641
Out-of-state thoroughbred tracks	4,066,871	4,128,909
In-state harness tracks	3,679,093	3,178,290
Out-of-state harness tracks	463,570	412,725
Special events	290,485	273,521
Total statutory and simulcast payments	<u>23,698,210</u>	<u>24,156,105</u>
Net pari-mutuel revenue	<u>23,916,581</u>	<u>25,814,508</u>
Other revenue (expense):		
Admission income and tax	92,093	94,699
Lottery income	49,362	46,108
Concession income	11,839	12,097
Other income	1,399,298	699,709
Net Revenue from Operations	<u>25,469,173</u>	<u>26,667,121</u>
Operating expenses:		
Branch expenses	27,232,297	25,754,935
General, administrative and selling expenses	3,456,529	2,579,848
Total operating expenses	<u>30,688,826</u>	<u>28,334,783</u>
Section 516 net excess of expenses over revenues from operations	(5,219,653)	(1,667,662)
Less:		
Section 509-a(ii) contributions to capital acquisition fund	-	-
Section 509 contributions to reserve fund	-	-
Section 527.6 obligations	-	-
SECTION 516 NET LOSS FOR DISTRIBUTION	<u>\$ (5,219,653)</u>	<u>\$ (1,667,662)</u>

See independent auditors' report on supplementary information.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
SUPPLEMENTARY INFORMATION
SCHEDULE II - STATEMENT OF NET REVENUES AND EXPENSES BY BRANCH
FOR THE YEAR ENDED DECEMBER 31, 2013

Branch	Net Handle	Net Branch Revenue	Total Branch Expense	Branch Profit (Loss)
Nassau County				
Farmingdale	\$ 16,184,372	\$ 1,931,971	\$ (2,288,074)	\$ (356,103)
Franklin Square	25,234,205	2,962,957	(3,303,231)	(340,274)
Freeport	12,688,645	1,498,870	(2,182,466)	(683,596)
Green Acres	21,926,409	2,608,054	(3,643,640)	(1,035,586)
Levittown	15,687,324	1,876,306	(2,126,432)	(250,126)
Oceanside	7,030,946	823,645	(1,354,172)	(530,527)
Race Palace	43,859,278	5,336,317	(6,445,536)	(1,109,219)
Voice Road	19,276,036	2,299,434	(3,043,785)	(744,351)
Fast Track Locations:				
Barefoot Peddler	328,891	31,211	(17,884)	13,327
B.K. Sweeney's	1,436,032	143,003	(43,345)	99,658
Bridie O's	88,527	8,945	(8,746)	199
Charlie Meaney's	332,420	35,386	(12,370)	23,016
Churchill's	571,880	51,810	(17,457)	34,353
Edison's Ale House	251,958	28,530	(16,933)	11,597
J.Paul's	692,537	66,867	(23,118)	43,749
Menna's	100,358	9,112	(8,896)	216
Molly Downs	100,470	10,347	(8,958)	1,389
Mulcahys	90,675	8,576	(8,431)	145
Murphy's	87,971	8,612	(8,441)	171
Pool House	445,501	47,467	(18,122)	29,345
Potter's Pub	165,116	20,540	(9,643)	10,897
Runyon's	712,678	76,809	(20,133)	56,676
Trinity	1,473,383	142,891	(36,286)	106,605
Uptown Grille	672,139	62,798	(25,777)	37,021
Telephone Betting	19,895,250	2,096,608	(1,632,429)	464,179
Internet Wagering	30,162,402	3,282,107	(927,992)	2,354,115
	<u>\$ 219,495,403</u>	<u>\$ 25,469,173</u>	<u>\$ (27,232,297)</u>	<u>\$ (1,763,124)</u>

See independent auditors' report on supplementary information.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
SUPPLEMENTARY INFORMATION
SCHEDULE III - CAPITAL ACQUISITION FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash	\$ 4,467,031	\$ 4,287,993
Due from the Operating Fund	<u>348,415</u>	<u>-</u>
Total Current Assets	<u>4,815,446</u>	<u>4,287,993</u>
FIXED ASSETS:		
Land	683,136	683,136
Building and improvement	33,072,868	32,930,031
Furniture and fixtures	1,746,997	1,746,997
Machinery and equipment	<u>1,276,640</u>	<u>1,197,739</u>
	36,779,641	36,557,903
Less: Accumulated depreciation	<u>24,093,466</u>	<u>22,383,652</u>
Fixed Assets, net	<u>12,686,175</u>	<u>14,174,251</u>
TOTAL ASSETS	<u>\$ 17,501,621</u>	<u>\$ 18,462,244</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:		
Mortgage payable (Farmingdale)	\$ -	\$ 10,920
LONG-TERM LIABILITIES:		
Bond payable	19,077,152	19,077,152
Bond principal amortization	<u>(12,367,500)</u>	<u>(10,912,500)</u>
Total Long-Term Liabilities	<u>6,709,652</u>	<u>8,164,652</u>
Total Liabilities	<u>6,709,652</u>	<u>8,175,572</u>
NET POSITION	<u>10,791,969</u>	<u>10,286,672</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,501,621</u>	<u>\$ 18,462,244</u>

See independent auditors' report on supplementary information.

NASSAU REGIONAL OFF-TRACK BETTING CORPORATION
(A PUBLIC BENEFIT CORPORATION)
SUPPLEMENTARY INFORMATION
SCHEDULE IV - CAPITAL ACQUISITION FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Contribution (532) (Statutory 1%)	\$ 724,734	\$ 772,397
Total Revenues	<u>724,734</u>	<u>772,397</u>
Expenditures:		
Bond principal amortization	(1,455,000)	(1,455,000)
Depreciation expense	1,674,352	1,645,847
Loss on sale of land	-	179,107
Interest expense	<u>85</u>	<u>2,813</u>
Total Expenditures	<u>219,437</u>	<u>372,767</u>
Revenues, net of expenditures	505,297	399,630
Net Position, Beginning of Year	10,286,672	10,188,474
Cumulative effect of changes in accounting method	<u>-</u>	<u>(301,432)</u>
Net Position, End of Year	<u>\$ 10,791,969</u>	<u>\$ 10,286,672</u>

See independent auditors' report on supplementary information.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors
Nassau Regional Off-Track Betting Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nassau Regional Off-Track Betting Corporation (the "Corporation") (a public benefit corporation), which comprise the statement of net position as of December 31, 2013, and the related statements of revenues, expenses and changes in net position, undistributed net revenue payable to Nassau County, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
April 30, 2014

APPENDIX D

FORM OF BOND COUNSEL OPINION

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Nassau Regional Off Track Betting
Corporation
139 Liberty Avenue
Mineola, NY 11501

December __, 2014

Re: \$5,000,000 Nassau Regional Off-Track Betting Corporation
Revenue Anticipation Notes - Series 2014B

Ladies and Gentlemen:

We have acted as Bond Counsel with respect to the \$5,000,000 Revenue Anticipation Notes - Series 2014B (the "Notes") of the Nassau Regional Off-Track Betting Corporation (the "Obligor"). The Notes are dated December __, 2014, numbered 01, bear interest at the rate of [INTEREST RATE] % per annum, are payable at maturity, and mature on December __, 2015.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed by the President of the Obligor (the "Arbitrage Certificate") which includes, among other things, representations and covenants relating to compliance with the Code; and
- (4) a certificate executed by the President of the Obligor which includes, among other things, a statement that compliance with the covenants set forth in the Arbitrage Certificate is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the Board of Directors of the Obligor and other proofs authorizing and relating to the issuance of the Notes. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or

truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Notes constitute valid and legally binding general obligations of the Obligor; provided, however, that the enforceability of rights or remedies with respect to the Notes: (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted by said State or the Federal government, and (ii) may be subject to the exercise of judicial discretion or equitable remedies in appropriate cases.
- (b) Assuming continued compliance by the Obligor with its covenants relating to certain requirements contained in the Code, interest on the Notes (i) is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code, and is exempt from personal income taxes imposed by the State of New York and its political subdivisions (including The City of New York); and (ii) is not treated as a specific preference item under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, however, it is included in the "adjusted current earnings" of a corporate owner in determining alternative minimum taxable income and in calculating the foreign branch profits tax under certain circumstances and to the tax on "excess net passive income" imposed on S corporations by the Code.

We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. We express no opinion regarding other federal or state tax consequences arising with respect to the Notes.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update or supplement this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents evidencing or otherwise relating to the

Notes. Furthermore, we have assumed the accuracy of the representations made in, and the continued compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Notes.

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Notes for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy or completeness of the information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Notes, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

We are members of the New York bar. We do not express any opinion concerning any law other than the laws of the State of New York and the federal law of the United States.

We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than Phillips Lytle LLP on the exclusion from gross income for federal income tax purposes of interest on the Notes or on the exemption from state and local income tax of interest on the Notes.

This opinion is furnished by us as your counsel and is intended solely for your benefit and, without our express written consent, may not be relied upon, referred to or otherwise used by any party.

Nassau Regional Off-Track Betting Corporation
Page 4

December __, 2014

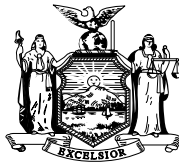
We have not verified, and express no opinion on the accuracy of, any “CUSIP” identification number which may be imprinted on any Note.

Very truly yours,

APPENDIX E

STATE COMPTROLLER'S REPORT DATED MAY 20, 2010

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THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

STEVEN J. HANCOX
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

May 20, 2010

Mr. Joseph Cairo, President and CEO
Members of the Board of Directors
Nassau Off-Track Betting Corporation
220 Fulton Avenue
Hempstead, NY 11550

Report Number S9-9-85

Dear Mr. Cairo and Members of the Board of Directors:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished through our audits, which identify opportunities for improving corporation operations and Board of Directors' governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

In accordance with these goals, we conducted an audit of five regional Off-Track Betting Corporations throughout New York State.¹ We included the Nassau Off-Track Betting Corporation in this audit. The objectives of our audit were to assess the financial condition of the Corporations and to determine if Off-Track Betting Corporation (OTB) officials have developed and/or implemented plans to achieve operational improvements and cost savings at their respective Corporations. The audit period was from January 1, 2004 to June 30, 2009.

Following is a report of our audit of the Nassau OTB. This audit was conducted pursuant to the State Comptroller's authority as set forth in Article 5 of the Racing, Pari-Mutuel Wagering and Breeding Law.

This report of examination letter contains our audit results specific to the Nassau Regional Off-Track Betting Corporation. We discussed the findings and recommendations with Corporation officials and considered their comments, which appear in Appendix A, in preparing this report. Corporation officials generally agreed with our findings and recommendations. Appendix B

¹ There are six regional Off-Track Betting Corporations in the State. This audit does not include the New York City OTB.

includes our comments to issues raised in the Corporation's response letter. At the completion of our audit of the five Corporations, we prepared a global report that summarizes the significant issues identified at the five Off-Track Betting Corporations audited.

Summary of Findings

Over the past five years, Nassau OTB's financial condition has deteriorated due to a downturn in the economy as well as continual decreases in net handle (wagering) and a general decline in interest in horse racing, as well as increased competition from other entities in the gaming industry. Nassau OTB has experienced a 6 percent (\$17.4 million) decline in net handle over the past five years, and through May 2009, its net handle is down \$12.1 million compared to the same time last year. As a result, operating revenues have dropped to \$31.7 million in 2008 compared to \$34.9 million in 2004, a 9 percent decline. These declines have significantly affected the revenue distributions to local governments, which have decreased 60 percent over the past five years. In addition, Nassau OTB needs improvement in controlling its cost of operations as well as in developing realistic budget forecasts. Nassau OTB currently does not budget for revenues and began budgeting expenditures in 2006. Our analysis of budget-to-actual performance indicated that actual expenditures were greater than budgeted.

Despite efforts taken by Nassau OTB officials to decrease operating expenditures and increase net handle and revenues, if the recent trends continue the OTB may incur operating deficits in future years.

Background and Methodology

The Nassau OTB was formed as a public benefit corporation on August 19, 1974. The OTB's geographic area is comprised of Nassau County, which participates in the off-track betting operations. The governing body of the OTB is the Board of Directors (Board). The Board has three seats, two of which were filled at the end of our field work.

The OTB offers off-track pari-mutuel² wagering on horse racing with the objective of promoting the horse racing industry, providing revenues to State and local governments, and diminishing the role of illegal bookmakers. As of June 30, 2009, the OTB operated 11 branches and 8 Fast Track locations³ including a tele-theater. The OTB also has a telephone account wagering operation and Internet wagering capabilities. The Nassau OTB encompasses all of Nassau County.

While an OTB collects significant amounts of money each year, it must distribute these funds to various sources designated in statute and contracts. An OTB may not retain its net revenues to help subsidize future operations.⁴ Net handle (wagers) represents the amount wagered by the Nassau OTB's patrons throughout its branches, Fast Track locations, tele-theater, telephone and Internet venues. The winning patrons receive back a major percentage of the net handle on each

² Pari-mutuel refers to a betting pool in which winners divide the total amount wagered, after management expenses are deducted.

³ Fast Track is a machine in an establishment where patrons can place bets through the machine.

⁴ Except for contributions to a capital acquisition fund, as explained later in this report

race. The OTB then must distribute some of the remaining net handle to the State's horse racing industry (which comprises various racetracks and horse breeding funds) and New York State. These payments, called "statutory distributions",⁵ are based on complex formulas contained in the State's Racing, Pari-Mutuel Wagering and Breeding Law (Racing Law). In addition, the OTB makes payments to certain racetracks pursuant to negotiated simulcast contracts, and incurs various other operating expenses.

Racing Law governs how an OTB distributes surcharge revenues and net revenues derived from the operations. Each regional off-track betting corporation or off-track betting operator conducting off-track betting must impose a surcharge of 5 percent on the portion of pari-mutuel wagering pools distributable to persons having placed bets at OTB facilities. The OTB distributes these surcharge revenues monthly to the participating local governments and to local governments where the tracks are located. In addition, an OTB distributes its net revenues from operations (i.e., operating revenues less operating expenses) after contributions to the capital acquisition fund⁶ are deducted, to the participating municipality on a quarterly basis. For the year ended December 31, 2008, the Nassau OTB distributed surcharge revenues and net revenues of approximately \$5.1 million dollars to local governments.

To complete our objective, we interviewed staff and examined the OTB's budget and/or operating plans, budget status reports, financial statements, New York State Racing and Wagering Board Annual and Simulcast reports and meeting minutes as well as any relevant policies and procedures and supporting documentation for the period January 1, 2004 through June 30, 2009.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Audit Results

Financial Condition Analysis

Net Handle – Nassau OTB has experienced a 6 percent decline in net handle – approximately \$17.4 million – over the five-year period 2004 through 2008. Further, the OTB's net handle through May 2009 was down \$12.1 million compared to the same period the prior year. The following table shows the change in net handle during the last five years:

⁵ The Corporation's payments to various race tracks under its simulcast contracts are regularly included with its statutory distributions to the racing industry, even though these contract payments are not "statutory" in nature (i.e., not required by law).

⁶ The intent of the capital acquisition fund is to permit OTB corporations to reserve revenue for the payment of debt service and acquisition of capital assets without negatively affecting the respective corporation's cash flow required for operations.

Nassau OTB Net Handle 2004-2008					
	2004	2005	2006	2007	2008
Net Handle	\$299,355,534	\$311,114,349	\$307,674,951	\$293,523,497	\$281,957,687
Dollar Value Change From Prior Year	N/A	\$11,758,815	(\$3,439,398)	(\$14,151,454)	(\$11,565,810)
Percent Change From Prior Year	N/A	3.93%	(1.11)%	(4.60)%	(3.94)%

The Nassau OTB pays out a significant portion of the net handle to winning patrons and to local governments receiving the surcharge revenues. In 2008, the OTB paid approximately 77 percent, or \$216 million, of the net handle collected to winning patrons. It also paid some of the surcharge revenues collected to participating local governments (almost \$4.0 million) and local governments with tracks (almost \$1.0 million). The OTB kept the remaining surcharge revenues collected by funding its capital acquisition fund (about \$976,000) and retaining the rest in net revenues (about \$2.0 million) for further distribution.

Several factors have contributed to the decline in overall net handle at the OTB. These include a downturn in the economy, a general decline in interest in horse racing, as evidenced by declines in attendance and net handle at most racetracks in the State, as well as competition from other entities in the gaming industry such as casinos and government-sponsored lotteries. OTB officials have also attributed the decline in net handle to the increase in out-of-state and offshore advance deposit wagering sites and the aging population of the branch clientele.

Statutory Distribution – The OTB also must make statutory distributions before paying its operating expenses. These distributions represent a significant financial outlay for the OTB. The largest distributions are those made to the horse racing industry.⁷ During the five years ended December 31, 2008, these distributions totaled \$128.4 million and accounted for more than 85 percent of the OTB's total \$150.8 million in statutory distributions. The distributions to the horse racing industry are made to the following entities:

- In-state racetracks based on statutory rates dependent on the type of wager and other contractual agreements
- Out-of-state racetracks based on specific contractual agreements
- Certain designated horse breeding funds that were created to support and promote in-State activities related to horse breeding and racing.

The following table shows the statutory distributions paid during the five years ended December 31, 2008:

⁷ These payments are commissions to the tracks and payments for breeding and development funds.

Statutory Distributions 2004-2008						
	2004	2005	2006	2007	2008	Total
Racing Industry⁸	\$25,377,480	\$26,347,083	\$26,088,398	\$24,850,895	\$25,700,837	\$128,364,693
New York State⁹	\$4,435,726	\$4,694,895	\$4,448,310	\$4,220,309	\$4,599,543	\$22,398,783
TOTAL	\$29,813,206	\$31,041,978	\$30,536,708	\$29,071,204	\$30,300,380	\$150,763,476

Operating Revenues – Nassau OTB operating revenues consist of the remaining net handle after winning bettors are paid, and monthly surcharge revenues and statutory distributions are allocated, and other miscellaneous incomes. These incomes include admission income, concession income, income derived from section 532 charges (a portion of the surcharge collected), interest income, other miscellaneous income and uncashed tickets.¹⁰ Reflecting the declining net handle trend, the Nassau OTB has experienced a 9 percent decline in operating revenues – approximately \$3.2 million – over the five-year period 2004 through 2008. In 2008, operating revenues were down 10 percent, or \$3.6 million, from the prior year.

Operating Expenditures – Overall, the OTB's operating expenditures have increased by approximately \$3.7 million, or 13 percent, over the five-year period 2004 through 2008. The OTB was able to reduce operating expenditures in 2007 by approximately 2.6 percent from the prior year; however, in 2008 expenditures increased 3 percent from 2007. A significant portion of the OTB's operating expenditures is employment-related (employee salaries and fringe benefits). While salaries and fringe benefits accounted for \$19.4 million (62 percent) of the OTB's operating expenditures in 2008, salaries have increased slightly (2 percent) while benefits have been reduced (5 percent) which has resulted in employment related expenditures remaining relatively constant. The OTB's increase in operating expenditures and the decline in operating revenue has resulted in a significant decline in net revenues (i.e., operating revenues less operating expenditures) from operations. The table below illustrates these financial trends:

Nassau OTB Financial Trends 2004-2008						
	2004	2005	2006	2007	2008	% Change 2004-2008
Operating Revenues	\$34,853,007	\$37,039,379	\$36,890,436	\$35,248,464	\$31,677,772	(9)%
Operating Expenses	\$27,851,514	\$30,856,675	\$31,486,563	\$30,672,336	\$31,531,673	13%
Net Revenues from Operations	\$7,001,493	\$6,182,704	\$5,403,873	\$4,576,128	\$146,099	(98)%

⁸ These payments are commissions to the tracks and payments for breeding and development funds.

⁹ Includes payments for pari-mutuel taxes and breakage, regulatory fees to the Racing and Wagering Board, and uncashed tickets.

¹⁰ The OTB receives no income from uncashed tickets as the entire amount is remitted to New York State; however, it is reported in other income and then shown as a payment to New York State.

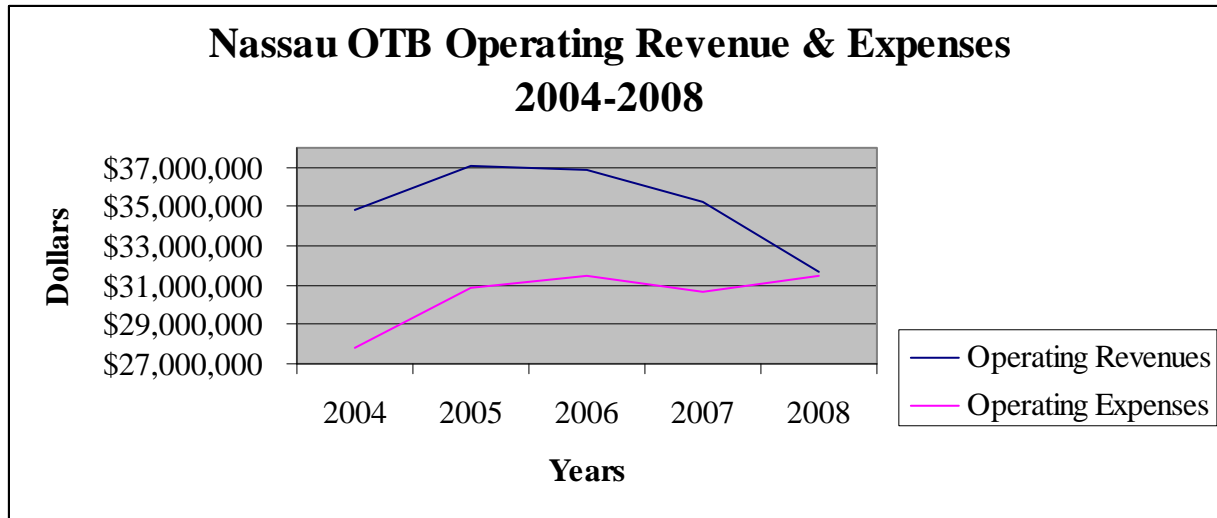
Distribution to Local Governments – After paying its operating expenses, the Nassau OTB distributes its net revenues to Nassau County quarterly, after deducting contributions to the capital acquisition fund. Nassau County receives these net revenue distributions in addition to the monthly surcharge revenue distributions.

In summary, the Nassau OTB has distributed surcharge revenues and net revenues to local governments totaling approximately \$50.9 million over the last five years. For the period audited, the OTB made the following distributions:

Nassau OTB Total Distribution to Local Governments 2004-2008						
	2004	2005	2006	2007	2008	Total
Net Revenues for Distribution	\$7,001,493	\$6,182,704	\$5,403,873	\$4,576,128	\$146,099	\$23,310,297
Surcharge Revenues for Participating Local Government	\$4,747,670	\$4,692,191	\$4,465,830	\$4,202,579	\$3,963,739	\$22,072,009
Surcharge Revenues to Local Governments with Tracks	\$1,198,186	\$1,083,166	\$1,104,455	\$1,126,278	\$1,024,544	\$5,536,629
TOTAL	\$12,947,349	\$11,958,061	\$10,974,158	\$9,904,985	\$5,134,382	\$50,918,935

Total distributions to local governments have decreased 60 percent or \$7.8 million since 2004. Significantly, the net revenues portion available for distribution have declined 12, 13 and 15 percent in 2005, 2006 and 2007, respectively, and by 97 percent, or \$4.4 million in 2008. Since 2004, net revenues available for distribution are down 98 percent or \$6.9 million. Surcharge revenues declined more than 16 percent since 2004.

In summary, while the OTB's operating expenditures have been increasing, its operating revenues have been declining. Thus, as shown above, its net revenues have declined significantly over the last four years. If net handle continues to decline, the local governments will see continued reductions in net revenue distributions, especially if expenditures increase or additional operating expenditure reductions become more difficult. If these trends continue, the OTB will eventually realize a net loss at year-end.



“Hold Harmless” Legislation

New York State’s “Hold Harmless” legislation, enacted in 2003, authorized the Off-Track Betting Corporations to accept wagers on nighttime thoroughbred racing. In return, the Corporations were required to pay the in-state regional harness tracks a percentage based upon the 2002 net handle. The payment represented the bets lost to in-state harness tracks once OTB bettors could wager on out-of-state thoroughbred racing. Nighttime racing is defined as having a post time after 7:30 PM. In addition, as part of this legislation, each OTB is required to make additional “Maintenance of Effort” payments to the harness tracks within its respective region.

In 2003, people believed that the net handle from these nighttime races would generate as much as \$400 million for the Corporations, and would outweigh the Hold Harmless clause based on a percentage of the 2002 net handle (one of the highest in OTB history). However, the net handle never materialized, and, in fact, it has declined significantly since 2003.

As a result, the OTB participated in a lawsuit brought by the regional OTBs against the New York State Racing and Wagering Board, which sought judicial review of the Board’s calculation methodology relative to the Hold Harmless and Maintenance of Effort payments. In December 2008, the court ruled against the Corporations, requiring them to make the payments. According to Nassau OTB Corporation officials, they will be required to pay \$1.8 million or more in payments, which, at the time of our audit, had not yet been made. However, Nassau OTB has recorded an accrued liability for these payments.

Budgeting and Expense Control

The Nassau OTB utilizes a variety of methods to monitor and control expenditures. For example, the Comptroller prepares a budget report, showing budget-to-actual variances, which is reviewed by both the Comptroller and President periodically. The Board of Directors also receives updates by the Comptroller at each Board meeting. In addition, the Comptroller and Vice President of Operations review and approve payments weekly to ensure that only budgeted items are being purchased. The OTB’s computerized financial accounting program allows expenditure

line items to go over budget without warning the user that the item exceeds the budgeted amount, placing greater importance on the Comptroller's monthly budget-to-actual review. Department heads are responsible for their particular expenditure budget.

Our analysis indicated that the OTB needs improvement in controlling its costs of operation and in developing realistic budget forecasts. Nassau OTB currently does not budget for revenues and began budgeting expenditures in 2006. Due to the difficulty of precisely predicting patron-betting tendencies, a careful analysis of historical trends provides the most accurate source of information for future net handle forecasts. Our analysis of OTB's budget-versus-actual performance for revenues and expenses was limited as we were unable to compare revenue forecasts, as the OTB does not budget for revenues and began budgeting for expenditures in 2006. Therefore, our analysis for the period January 1, 2006 through June 30, 2009 indicated that actual expenses were higher than budgeted with variances ranging from approximately 1.5 to 9 percent.

Operational Improvements

Revenue Enhancement and Cost Savings Steps Implemented by Management – Nassau OTB management has taken steps to reduce operating costs. The Nassau OTB also has done a full analysis of salary and benefit related costs as these represent over 60 percent of total expenditures in 2008. However, 285 of 315 OTB employees are union employees operating under a collective bargaining agreement, in which the Corporation has eliminated several manager and cashier shifts, however, the collective bargaining agreement limits the efforts that the OTB can make.

In addition, Nassau OTB has required management to turn in their corporate-assigned vehicles, which have since been sold with the exception of three vehicles, that have been maintained as pool cars. The OTB has also reviewed contracts in order to seek out lower cost providers; this was recently done for simulcasting services, which resulted in significant cost savings. In addition, Nassau OTB reviews branch operations towards the end of the lease term to determine if it is more profitable to establish a fast track location in the area.

In May 2008, Nassau OTB launched its internet platform and has enabled an automated clearinghouse (ACH) depositing system on its website, where customers can conveniently make deposits into their wagering account. The Corporation shares telephone operations with Suffolk OTB and most of the expenses are allocated by handle. Finally, the Corporation is trying to lure patrons to use the Internet to place bets.

To help increase wagering the Corporation recently launched a Player Rewards program, known as the Players Club. The rewards structure is such that those who place wagers on-line or through self-service mechanisms are rewarded more than those placed through cashiers or operators. In addition, the program pays out more for higher revenue types or exotic bets. As mentioned in the cost cutting section, the Corporation has introduced Internet wagering. The Corporation hopes that this will increase handle for those who are reluctant to place bets at a branch or a fast track.

Further Improvements Needed – By more rapidly introducing its newer betting mechanisms, the Nassau OTB may be able to improve its operating results. Currently, the OTB accepts wagers at branch offices, over the telephone, at fast track locations, over the Internet and at one tele-theater. As shown in the table below, some of these newer mechanisms have lower costs to operate than the more traditional methods. For example, benefits of the fast track mechanism include OTB not having to staff the fast track location and not paying rent for the building; instead, OTB pays just a commission based on net handle to the owner of the establishment.

Source of Wagers in 2008				
	Percent of Wagers Placed	Net Handle (\$ Million)	Operational Costs (\$ Million)	Operational Costs (Percent of Net Handle)
Branch Sites	58%	\$163.8	\$14.2	9%
Tele-theater	23%	\$64.1	\$4.5	7%
Telephone	14%	\$39.8	\$1.9	5%
Internet	3%	\$8.7	\$.26	3%
Fast Track Locations	2%	\$5.4	\$.20	4%
TOTAL	100%	\$281.8	\$21.1	

In addition, the OTB may have additional opportunities to modify branch sites and achieve cost savings. We analyzed OTB records for 2008 and identified wide variations in operating expenses as a percentage of net handle between branches. The branches had operating expenses that ranged from 3 percent to 15 percent of net handle. Although no unprofitable branches were noted in 2008 some branches have expenditures that are creeping up to revenues. OTB management has expressed difficulty in closing branches because breaking a current lease is costly and the collective bargaining agreement calls for no lay-offs, however the OTB will assess the handle of the branch to determine if closing is the best option. If not, then the Corporation may try to do a self-serve or fast track. Although OTB management has taken action to close or replace one under performing branch in 2008 and another in 2009, additional opportunities may exist.

Recommendations

1. OTB management should continue its efforts to increase revenue through innovative marketing ideas (e.g., Players Club) and the use of technology (e.g., Fast Track locations, Internet) to attract new customers and retain existing customers.
2. OTB management should work on developing revenue and expenditure forecasts for budgeting purposes that reflect the current market conditions.
3. OTB management should continue to focus on increasing its revenues from the more cost-effective telephone betting, Internet betting and Fast Track operations.

4. OTB management should continue to analyze branch operations and consider addressing future underperforming branches with options such as Fast Track locations or closing them altogether and should continue to explore other opportunities to reduce operating expenses.
5. OTB management should continue to perform a comprehensive assessment of all Corporation operating areas to identify further cost saving opportunities.
6. OTB management should further collaborate with the remaining New York State Off-Track Betting Corporations to identify cost saving and revenue enhancement opportunities, and identify cost efficiencies where appropriate by collectively working together.

Good management practices dictate that the Board of Directors has the responsibility to initiate corrective action. As such, the Board of Directors should prepare a plan of action that addresses the recommendations in this report and forward the plan to our office. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the OTB's administrative offices. If you have any further questions, please contact the Statewide and Regional Projects Unit at (607) 721-8306.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government and
School Accountability

APPENDIX A

OTB OFFICIALS' RESPONSE

The Nassau OTB officials' response to this audit can be found on the following pages.



Dino G. Amoroso
President

December 4, 2009

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government and School Accountability
110 State Street
Albany, NY 12236

Re: Report Number S9-9-85

Dear Mr. Hancox:

The NYS Office of the Comptroller ("Comptroller") recently audited Nassau Regional Off-Track Betting ("NROTB") Corporation pursuant to its authority under Article 5 of the Racing, Pari-Mutuel Wagering and Breeding ("Racing and Wagering") law. This audit is in addition to the annual financial audit performed by certified public account firm hired by NROTB, a copy of whose findings are distributed to, *inter alia*, the Nassau County Legislature, the Nassau County Executive, the NYS Racing and Wagering Board ("Racing and Wagering Board") and the Comptroller. NROTB cooperated fully in this on-site audit and subsequent meetings with the audit staff to clarify its findings and recommendations. The stated objectives of the audit were to assess the financial condition of NROTB and to determine if NROTB officials have developed and/or implemented plans to achieve operational improvements and cost savings at the corporation. The audit period was from January 1, 2004 to June 30, 2009.

NROTB recently received the final draft of the Comptroller's Audit Report ("Report"), and is submitting this letter in response to the same. The NROTB Board of Directors and senior management appreciate this opportunity to address a few of the more important aspects of the Report and to provide further comment and background on its salient points. The document that we are responding to, however, is not the final report, and NROTB cautions that its response may be directed to language that is changed or eliminated in the final version or, which NROTB has not seen or been given an opportunity to comment. Therefore, a failure to respond to a point made by the Comptroller should not automatically be taken to mean that the Corporation agrees with the conclusion reached or the statement made.

The Audit Response Team ("Team") for NROTB is composed of senior staff and includes the corporation's president, comptroller, vice president of operations and general

counsel. The Team is aware that previous to this audit the Comptroller audited the New York City OTB, and concurrently with this audit it also audited the remaining four regional OTBs. The Team believes that the Comptroller audit staff has made a significant effort to understand the statutory and political framework of the regional off-track corporations and has, in many ways, acknowledged the exceptional business model of NROTB. However, as is often the case in these matters, some of the conclusions reached by the Comptroller differ from those reached by NROTB. Therefore, the Comptroller's recommendations and findings will be addressed *in seriatim*.

On page 2 of the Final Draft the Comptroller's Office wrote:

"Over the past five years, Nassau OTB's financial condition has deteriorated due to a downturn in the economy as well as continual decreases in net handle (wagering) and a general decline in interest in horseracing, as well as increased competition from other entities in the gaming industry."

NROTB's response is:

In addition to the noted items, a major factor in the deterioration of the Corporation's financial conditions has been due to the economic burden that the current legislative distribution scheme continues to impose. Of particular note is the requirement that statutory distributions be made on gross revenues, before expenses are paid, rather than net revenues. NROTB, both individually and in concert with the other five regional OTBs, has sought statutory change but has received no relief.

On page 2 of the Final Draft the Comptroller's Office wrote:

"In addition, Nassau OTB needs improvement in controlling its cost of operations as well as in developing realistic budget forecasts."

NROTB's response is:

Since 2006, when current management began, NROTB's budget has increased at less than 1% annually when adjusted for contractually required salary increases. Additionally, as discussed in more length elsewhere, NROTB's budget forecasts are developed annually and updated monthly by the comptroller so as to provide senior management with the direction needed to proactively plan for expenditures.

On page 2 of the Final Draft the Comptroller's Office wrote:

"Our analysis of budget-to-actual performance indicated that actual expenditures were greater than budgeted."

NROTB's response is:

While this has, in fact occurred occasionally for specific projects, the fact remains that overall, actual expenditures were in line with budget forecasts.

See Note 1 Page 20

On page 2 of the Final Draft the Comptroller's Office wrote:

"Despite efforts taken by Nassau OTB officials to decrease operating expenditures and increase net handle and revenues, if the recent trends continue the OTB may incur operating deficits in future years."

NROTB's response is:

As of the date of this submission, NROTB projects that it will in fact operate at a deficit for the year 2009. It should be noted that, other than mandated contractual salary increases, since 2005 the management of NROTB has kept corporate budget increases to less than one percent annually. However, even though general and administrative expenditures for year 2009 will be less than they were for the year 2008, the decline in revenues and the increased mandated legislative payments will result in the corporation incurring a deficit for this fiscal year.

On page 2 of the Final Draft the Comptroller's Office wrote:

"The Nassau OTB was formed as a public benefit corporation in January 1975. The OTB's geographic area is comprised of Nassau County, which participates in the off-track betting operations. The governing body of the OTB is the Board of Directors (Board). The Board has two members, who are appointed by the Nassau County Legislature."

NROTB's response is:

NROTB was formed August 19, 1974. The Board has three seats, of which two are currently filled. This information is also found in our audited financial statements. In addition to its Board of Directors, NROTB is subject to the administrative regulation of the Racing and Wagering Board, which interprets the governing statutes and formulates the rules and regulations for operation of the regional OTBs and off-track wagering.

See
Note 3
Page 20

On page 2 of the Final Draft the Comptroller's Office wrote:

"An OTB may not retain its net revenues to help subsidize future operations (except for contributions to a capital acquisition fund, as explained later in this report)."

NROTB's response is:

It should be further noted—or perhaps clarified—that when the Racing & Wagering Law was created the Legislature did not envision that the OTBs would experience an operating deficit and made no provision for the same in the statutory scheme governing them. Section 516 of the Racing & Wagering Law which governs the disposition of net revenues only speaks to the distribution of "net revenue, after payment of all of the costs of the corporation's functions." Nowhere does the statutory scheme set forth what a corporation should do if its required distributions exceed its net revenues. It is NROTB's position that, in keeping with normal business practice, that accumulated deficits should offset future earnings. However, the Racing and Wagering Board has not accepted such a view or permitted such offset as it is not specifically permitted by the Racing and Wagering law.

On pages 2 & 3 of the Final Draft the Comptroller's Office wrote:

"Net handle (wagers) represents the amount wagered by the Nassau OTB's patrons throughout its branches, EZ Bet locations, tele-theater, telephone and Internet venues."

NROTB's response is:

NROTB's bar/restaurant locations are operated under the name, "Fast Track," and the name has been trademarked.

See
Note 3
Page 20

On page 7 of the Final Draft the Comptroller's Office wrote:

"New York State's "Hold Harmless" legislation, enacted in 2003, authorized the Off-Track Betting Corporations to accept wagers on nighttime thoroughbred racing. In return, the Corporations were required to pay the in-state regional harness tracks a percentage based upon the 2002 net handle."

NROTB's response is:

The payment to in-state regional harness tracks of a percentage based upon the 2002 net handle is commonly referred to as the "Maintenance of Effort" legislation, not "Hold Harmless." The statute requiring such payments is Section 1017 2-(a) of the Racing and Wagering Law.

See
Note 4
Page 20

On page 7 of the Final Draft the Comptroller's Office wrote:

"In addition, as part of this legislation, each OTB is required to make additional "Maintenance of Effort" payments to the harness tracks within its respective region."

NROTB's response is:

Again, this nomenclature has been inadvertently reversed, see above. NROTB is required to make "Hold Harmless" payments to the regional harness tracks. These payments are mandated pursuant to Section 1017 2-(b) of the Racing and Wagering Law. The payments represent 2% of the aggregate New York State nighttime thoroughbred handle exceeding \$100 million in a calendar year.

See
Note 4
Page 20

Additional Discussion of § 1017-2 and the Effect on NROTB Finances.

The maintenance of effort and hold harmless payments are part of a statutory scheme designed ostensibly to recompense the harness tracks (which traditionally operated at night) for any loss of income they would experience by the showing of nighttime thoroughbred races, which previously had not been permitted.

Under the statutory scheme all regional OTBs are required to pay their in-state regional harness tracks no less than what that track received in 2002, which was calculated based on 2002 handle levels. Since the passage of this legislation several intervening factors have placed an unfair financial burden on NROTB. First, when the Maintenance of Effort legislation was enacted NROTB had two regional harness tracks. It now has three. Tioga Downs opened in 2006, and the Racing and Wagering Board ordered that NROTB

consider this track—more than 200 miles from Nassau County border—a “regional track.” This resulted in an additional financial burden to NROTB not contemplated at the time of the initial legislation. Second, Yonkers Raceway voluntarily ceased racing for sixteen months during 2005-2006 while it underwent construction and renovations so as to re-open as a video lottery “racino.” This resulted in a loss of wagering revenue to NROTB but, pursuant to Racing and Wagering Board rules, NROTB was obligated to continue to pay Yonkers Raceway no less than what it received in 2002. Third, Racing and Wagering Law § 1016 requires specific commission payments to the regional harness tracks and such payments are to be calculated based on the respective track’s percent of aggregate handle. §1017-2(a) mandates that this amount can never be less than the amount paid in 2002. Therefore, with temporary closing of Yonkers Raceway, NROTB was required to make the distribution of this commission to the two tracks still open and continue to pay Yonkers its maintenance of effort payments. This resulted in NROTB experiencing both a loss of income and an increased, and to NROTB unwarranted, expense amounting to several million dollars.

On page 7 of the Final Draft the Comptroller’s Office wrote:

“In 2003, people believed that the net handle from these nighttime races would generate as much as \$400 million for the Corporations, and would outweigh the Hold Harmless clause based on a percentage of the 2002 net handle (one of the highest in OTB history). However, the net handle never materialized, and, in fact, it has declined significantly since 2003.”

NROTB’s response is:

As noted, payments to Monticello Racetrack and Yonkers Raceway, our then-regional harness tracks, peaked in 2002. The post-2004 decline in overall net handle for both harness and thoroughbred racing has made it increasingly difficult for NROTB to continue to pay the amounts set when harness racing was at its peak in 2002.

On page 8 of the Final Draft the Comptroller’s Office wrote:

“The OTB’s computerized financial accounting program allows expenditure line items to go over budget without warning the user that the item exceeds the budgeted amount, placing greater importance on the Comptroller’s monthly budget-to-actual review.”

NROTB’s response is:

NROTB’s computerized financial accounting program has a budget module that will in fact warn users if they exceed their budgeted amount. However, this system has not been fully implemented and therefore NROTB senior management relies on the Comptroller’s monthly budget-to-actual review. This review is also provided to the Board of Directors at their periodic meetings.

On page 8 of the Final Draft the Comptroller's Office wrote:

"Our analysis of OTB's budget-versus-actual performance for revenues and expenses was limited as we were unable to compare revenue forecasts, as the OTB does not budget for revenues and began budgeting for expenditures in 2006."

NROTB's response is:

The Board of Directors hired the current management team in 2006 to address the pre-2006 financial issues noted by the Comptroller. As part of the comprehensive review performed by the new management team, the corporate comptroller reviewed and revised the corporation's accounting practices, such as ceasing the capitalization of labor costs. Among the financial policies put into practice by the current management team is the annual expenditure estimate developed by the comptroller based on his review of the prior year's incurred expenses and any anticipated increases or extraordinary expenses for the out year identified by the department heads. This expenditure estimate also takes into consideration costs relative to the president's five-year business plan.

As the corporation is unable substantially to increase its income stream or prices—a \$2 bet in 1974 is still a \$2 bet in 2009—the corporation can only respond to changes in its income stream, not proactively change them. Any ancillary income streams that have been developed, such as marketing, rental income, concession income, ATM commissions, are so small as to be *de minimus*. Additionally, unlike most municipal governments which base its revenue forecasts on fixed income items, such as real property taxes, NROTB's revenue stream comes from discretionary spending by its patrons. Its revenue forecasts are dependent on multiple external factors and would require the expertise of an economist. On a cost-benefit analysis such revenue forecast is not warranted. However, the comptroller does provides the Board of Directors and senior management annually with a revenue forecast for the coming year based, in large part, on prior years performance. This forecast is updated monthly at all board meetings and contrasted with expenditures.

On page 9 of the Final Draft the Comptroller's Office wrote:

"In addition, the OTB may have additional opportunities to modify branch sites and achieve cost savings. We analyzed OTB records for 2008 and identified wide variation sin operating expenses as a percentage of net handle between branches."

NROTB's response is:

NROTB currently operates 12 branch locations, down from 14 three years ago. Wide variations in operating expenses at the different branches are due in large part to two factors: first, those branches owned by NROTB are exempt from payment of real property taxes, which can add considerable cost to commercial leases on Long Island. Second, roughly three quarters of the remaining leased branches are operating under long term (15 years +) leases which do not reflect the current market rate NROTB must pay for new leaseholds. For example, at one long-term branch NROTB was required to pay almost 200% more per square foot to renew the lease or close the branch and lose \$25M in annual handle. Clearly, however, such cost increases impact branch profitability and

are one factor used by management to determine which branches must be closed or relocated.

On page 9 of the Final Draft the Comptroller's Office wrote:

"By more rapidly introducing its newer betting mechanisms, Nassau OTB may be able to improve its operating results."

NROTB's response is:

The implementation and introduction of new venues and avenues to wager are dependent on the existence of appropriate technology and/or systems, the approval by the Racing and Wagering Board, and opposition from the tracks and the local community. For example, in 2007 NROTB signed a lease for a commercial location in North Lawrence, Long Island. Community opposition to the location chosen resulted in the local town changing its zoning laws to block the opening of the branch. Unable to utilize the branch and unable to get the landlord to permit it to withdraw from the lease under the force majeure clause, NROTB had to undertake significant legal costs to defend itself in court from damage claims. While ultimately successful, the legal battle took two years and cost NROTB a significant amount in legal fees. Community opposition is only one obstacle to our success. For example, the location of new branches must be approved by our regional tracks. The failure by anyone of them to approve a pending application can result in a delay of many months.

On page 10 of the Final Draft the Comptroller's Office wrote:

"Recommendations."

NROTB's response is:

The Comptroller makes six recommendations. NROTB agrees with Numbers 1, 3 and 4 and will continue these best practices.

As to Number 2, NROTB disagrees with this as stated previously in the body of this letter.

See
Note 5
Page 20

As to Number 5, NROTB states that it has and continues to assess all areas in the corporation for continued cost savings without adversely impacting customer service or employee safety.

See
Note 6
Page 20

As to Number 6, NROTB has entered into joint promotional and marketing events with the other regional OTBs, and has a number of administrative functions which are performed in collaboration with other regional OTBs. For example, the printing of profiles and programs, the telephone betting room operation, and the negotiation of certain simulcast contracts, are routinely undertaken together with other OTBs.

See
Note 7
Page 20

Again, thank you for this opportunity to respond to your recommendations and finding. The requested plan of action will be forthcoming from our Board of Directors. Of you

have any further questions please feel free to contact our comptroller, Dennis Springer at 516.572.2800 ext. 142.

Yours truly,

A handwritten signature in cursive script, appearing to read "Dino Amoroso".

Dino G. Amoroso

APPENDIX B

OSC COMMENTS ON OTB OFFICIALS' RESPONSE

NOTE 1

The Corporation did not begin using formal budgets until 2006, and then only for operating and general/administrative expenses – not for revenues. Actual expenditures were 8 percent more than budgeted in 2006, 9 percent more in 2007, and 7 percent more in 2008.

NOTE 2

The original date referenced in the report was the date that NROTb opened its first branch. We have changed the report to reflect an August 19, 1974 formation date, and the current vacancy in the third Board seat.

NOTE 3

The final report will use the term “Fast Track” where appropriate.

NOTE 4

For the purpose of our report, the discussion of hold harmless and maintenance of effort is combined, and refers to Section 1017 2-(a) and 1017 2-(b) in the New York State Racing and Wagering Law.

NOTE 5

The report wording was changed from “realistic revenue and expenditures forecasts” to “forecasts that reflect current market conditions.”

NOTE 6

The report wording was changed from “should perform a comprehensive assessment...” to “should continue to perform,” to acknowledge existing assessment efforts.

NOTE 7

The report wording was changed from “should collaborate with...” to “should further collaborate with” to acknowledge existing joint efforts.

APPENDIX F

GAMING STUDY PREPARED BY UNION GAMING GROUP DATED 12/4/2014

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Nassau Regional Off-Track Betting Corporation

Gaming Market Study

Draft Report

December 4, 2014

PRIVATE AND CONFIDENTIAL



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Introduction

Union Gaming Analytics has been engaged by Nassau Regional Off-Track Betting Corporation (“NROTB”) to perform an independent and comprehensive gaming market study of a proposed 1,000 machine video lottery terminal (“VLT”) facility in central Nassau County, New York. Under New York state law, the proposed VLT facility will be prohibited from offering live table games.

As of the date of this DRAFT gaming market study, an actual casino site has not been secured for the proposed Nassau OTB VLT facility nor has the final project budget been determined and the related programming mix of gaming & non-gaming amenities (food, beverage, entertainment, etc.). For the purpose of our gaming market study, we assumed the site of the proposed VLT facility would be in central Nassau County and the size, scope and cost of the project would be in-line with other recent casino development projects with a similar number of gaming positions. The eventual selection of a site in this geographic area, the final project scope & cost and the final programming mix may have an impact on our gross gaming revenue and EBITDA projections included in this study, however at the present time we do not expect them to be material.

Methodology

In order to determine the gross gaming revenue (“GGR”) that a VLT facility in central Nassau County would generate, we first reviewed historical GGR trends of the existing New York gaming facilities and assessed the current competitive environment. We then compiled a competitive set of existing facilities in other gaming markets outside of NY State with comparable demographics to assess their current GGR relative to the surrounding population and competing facilities. We spent a significant amount of time analyzing, categorizing, and interpreting the data, understanding the market dynamics, general player behavior as well as underlying market trends and changes. We researched population, per capita income and population density data for various metropolitan areas and further analyzed significant amounts of macro-economic data on a local and state level. We examined the population and income demographics within a 15-minute, 30-minute, 45-minute, 60-minute and 90-minute drive time radius for a VLT facility in central Nassau County, the existing gaming facilities in New York and our competitive set. We also compiled and analyzed the population and per capita income by zip codes in Nassau, Suffolk and Queens Counties and measured the difference in distances between competing facilities. Our process also included visits to the proposed VLT site in Suffolk County, Resorts World Casino New York City and Empire City Casino and we drove between the properties to get a better understanding of the drive times and types of roads traveled and the quality of the assets and amenities offered (gaming and non-gaming). Finally, we analyzed significant amounts of data on a local and national level, ultimately contributing to our conclusions.

About Union Gaming Group

Union Gaming Group is a portfolio of companies focused exclusively on the global gaming industry. The companies specialize in equity and credit research, sales and trading, investment banking, and gaming-related market and economic analyses. Through its Union Gaming Analytics subsidiary, the company conducts gaming market studies, feasibility and various market analyses for corporate and government entities. The company also provides legislative and regulatory support for gaming related activities globally. Union Gaming Advisors focuses on mergers and acquisitions, private placements, equity and debt offerings, and strategic advisory. Union Gaming Research covers the largest universe of gaming equities among its competitive set, uniquely based in Las Vegas, Macau and Hong Kong.



December 5, 2014

Union's study is solely for the use and information of NROTB, and is only to be used in considering the matters to which this study relates. Such study may not be relied upon by any other person, including, but not limited to, any security holder, employee or creditor of NROTB, and may not be used or relied upon for any other purpose without obtaining Union's written consent, with such consent not to be unreasonably withheld by Union.



Executive Summary

Our analysis estimates that the proposed Nassau County VLT facility will generate total gross gaming revenues of \$216.8 million, \$237.9 million, and \$259.0 million in the low, base and high case, respectively (Figure 1). Our GGR estimates results in EBITDA for the property of \$34.2 million, \$38.6 million and \$43.3 million for the low, base and high case, respectively (Figure 2). When calculating the gross gaming revenues for each scenario, we applied Union Gaming's proprietary capture rates to the three segments (immediate local market, local market and tertiary market) based on the number of adult gaming customers. When calculating Union Gaming's proprietary capture rates of each segment, we look at many different variables. The variables that we analyzed included, but are not limited to, the function of competitive dynamics, competitive set, distance to the closest casino, asset quality, and other forms of legalized gaming. The 60 minute drive time area has numerous competing gaming options. Also note that some of each gaming budget could be spent out of state (Las Vegas/Atlantic City/etc.). In this region within the 60 minute range are three casinos/racinos. Within 0 to 30 minutes of Nassau OTB, there is one racino (Resorts World New York) and within 30 to 60 minutes, there are two casinos/racinos (the proposed Suffolk County OTB and Empire City Casino).

Figure 1: Nassau County VLT GGR

GGR - 2014	Low	Midpoint	High
Induced Immediate Local Demand (15-min Drive Radius)	\$167.2	\$174.2	\$181.1
Induced Local Demand (15 to 30-min Drive Radius)	\$42.9	\$53.6	\$64.3
Induced Tertiary Demand (30 to 60-min Drive Radius)	\$6.8	\$10.2	\$13.6
Total Nassau County GGR	\$216.8	\$237.9	\$259.0

Source: Union Gaming Analytics



December 5, 2014

Figure 2: Nassau County VLT P&L Analysis

(\$ in millions)	Nassau OTB ⁽¹⁾					
	Low		Midpoint		High	
Revenue						
Gross Gaming Revenue	\$216.8		\$237.9		\$259.0	
Less: Subsidized Free Play ⁽²⁾	21.2		23.2		25.3	
Net Gaming Revenue	\$195.7	100.0%	\$214.7	100.0%	\$233.7	100.0%
Gaming Taxes						
Education Contribution	\$88.0	45.0%	\$96.6	45.0%	\$105.2	45.0%
Horsemen	9.8	5.0%	10.7	5.0%	11.7	5.0%
Gaming Floor & Admin	19.6	10.0%	21.5	10.0%	23.4	10.0%
Total Gaming Taxes	\$117.4	60.0%	\$128.8	60.0%	\$140.2	60.0%
Agent Commission	\$78.3	40.0%	\$85.9	40.0%	\$93.5	40.0%
F&B Revenue ⁽³⁾	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other Revenue (Retail, ATM Fees, etc) ⁽³⁾	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Revenue	\$78.3	40.0%	\$85.9	40.0%	\$93.5	40.0%
Expenses						
Payroll	\$16.7	8.5%	\$17.2	8.0%	\$17.5	7.5%
F&B	0.0	0.0%	0.0	0.0%	0.0	0.0%
Marketing	19.6	10.0%	21.5	10.0%	23.4	10.0%
Other Operating	7.8	4.0%	8.6	4.0%	9.3	4.0%
Total Expenses	\$44.1	22.5%	\$47.2	22.0%	\$50.2	21.5%
EBITDA	\$34.2		\$38.6		\$43.3	
EBITDA Margin	17.5%		18.0%		18.5%	

Note: Assumes Nassau OTB is self-operated.

(1) Percentages based on Net Gaming Revenue.

(2) Maximum subsidized free play allowed is 15%. We assumed 9.8% of subsidized free play, the average of subsidized free play for Resorts World New York & Empire City Casino at Yonkers.

(3) Given that a casino site has not been secured, we have not modeled any non-gaming revenues and expenses due to the unknown nature of the non-gaming programming. However, worst case scenario, we would expect the non-gaming components to be EBITDA neutral.

Source: Union Gaming Analytics



Historical Overview of New York VLT Gaming Revenues

The New York VLT gaming market consists of nine facilities located throughout the state. For the last twelve month (“LTM”) period ending 9/30/14, the nine facilities generated GGR of \$2.1bn. Currently there are 18,026 slots producing \$287 win/unit/day on net gaming revenue (Figure 3 and Figure 4).

Figure 3: New York VLT Market

Property	Location	LTM 9/30/14 Gross Gaming Revenues (\$ mm)	LTM 9/30/14 Net Gaming Revenues (\$ mm)	Total Slots	Slot Win / Day ⁽¹⁾
Resorts World Casino - Aqueduct	Jamaica, NY	\$879	\$797	5,003	\$436
Empire City Casino at Yonkers	Yonkers, NY	\$587	\$533	5,297	\$276
Saratoga Casino & Raceway	Saratoga Springs, NY	\$173	\$158	1,782	\$243
Finger Lakes Gaming & Racetrack	Farmington, NY	\$141	\$127	1,549	\$225
Hamburg Gaming	Hamburg, NY	\$72	\$66	940	\$193
Monticello Casino & Raceway	Monticello, NY	\$67	\$59	1,110	\$147
Tioga Downs Casino	Nichols, NY	\$62	\$56	802	\$191
Batavia Downs Gaming	Batavia, NY	\$54	\$49	776	\$174
Vernon Downs	Vernon, NY	\$46	\$42	767	\$149
Total		\$2,082	\$1,888	18,026	\$287

(1) Slot win per unit per day based on net gaming revenues.

Source: New York Gaming Commission, Union Gaming Analytics



December 5, 2014

Figure 4: New York VLT LTM 9/30/14 GGR

	Resorts World Casino - Aqueduct			Empire City Casino at Yonkers			Saratoga Casino & Raceway		
	Free Play			Free Play			Free Play		
	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win
Oct-13	\$66.0	\$6.0	\$71.9	\$44.6	\$4.0	\$48.5	\$13.4	\$0.3	\$13.7
Nov-13	\$63.2	\$5.3	\$68.5	\$41.6	\$3.8	\$45.3	\$12.2	\$1.1	\$13.3
Dec-13	\$64.5	\$5.5	\$70.0	\$41.2	\$3.2	\$44.4	\$11.0	\$0.9	\$11.9
Jan-14	\$60.7	\$5.4	\$66.1	\$39.7	\$3.7	\$43.3	\$11.3	\$1.1	\$12.5
Feb-14	\$60.6	\$5.7	\$66.4	\$40.2	\$4.0	\$44.3	\$11.8	\$1.1	\$12.9
Mar-14	\$73.5	\$8.1	\$81.6	\$50.5	\$5.8	\$56.3	\$14.3	\$1.5	\$15.8
Apr-14	\$69.1	\$7.6	\$76.7	\$46.4	\$5.7	\$52.2	\$13.6	\$1.3	\$14.9
May-14	\$71.3	\$7.9	\$79.2	\$49.7	\$5.5	\$55.1	\$14.8	\$1.4	\$16.2
Jun-14	\$64.3	\$6.8	\$71.2	\$43.5	\$4.3	\$47.8	\$12.9	\$1.4	\$14.3
Jul-14	\$67.8	\$7.4	\$75.1	\$45.3	\$4.0	\$49.2	\$14.1	\$1.5	\$15.6
Aug-14	\$70.9	\$8.2	\$79.1	\$47.7	\$5.3	\$53.0	\$16.2	\$1.7	\$17.9
Sep-14	\$65.0	\$8.0	\$73.0	\$42.9	\$5.1	\$48.0	\$12.6	\$1.6	\$14.2
Total	\$796.9	\$81.9	\$878.7	\$533.3	\$54.2	\$587.5	\$158.1	\$15.0	\$173.1

	Finger Lakes Gaming & Racetrack			Monticello Casino & Raceway			Hamburg Gaming		
	Free Play			Free Play			Free Play		
	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win
Oct-13	\$10.6	\$1.2	\$11.7	\$6.1	(\$0.6)	\$5.5	\$5.3	\$0.5	\$5.8
Nov-13	\$11.0	\$1.3	\$12.3	\$4.7	\$0.7	\$5.4	\$5.4	\$0.7	\$6.0
Dec-13	\$9.6	\$0.9	\$10.5	\$3.9	\$0.8	\$4.6	\$5.3	\$0.3	\$5.6
Jan-14	\$9.8	\$1.0	\$10.7	\$3.8	\$0.7	\$4.6	\$5.0	\$0.4	\$5.4
Feb-14	\$10.5	\$1.2	\$11.7	\$4.0	\$0.6	\$4.6	\$5.3	\$0.4	\$5.7
Mar-14	\$11.7	\$0.8	\$12.5	\$5.3	\$0.9	\$6.2	\$6.3	\$0.7	\$7.0
Apr-14	\$11.2	\$1.0	\$12.2	\$5.0	\$0.3	\$5.3	\$6.0	\$0.4	\$6.4
May-14	\$11.3	\$1.2	\$12.5	\$5.4	\$0.9	\$6.3	\$6.1	\$0.5	\$6.6
Jun-14	\$10.4	\$1.3	\$11.7	\$4.8	\$0.8	\$5.6	\$5.5	\$0.5	\$6.0
Jul-14	\$10.8	\$1.3	\$12.1	\$5.7	\$0.7	\$6.4	\$5.7	\$0.5	\$6.3
Aug-14	\$10.8	\$1.2	\$12.1	\$5.8	\$1.0	\$6.8	\$5.1	\$0.5	\$5.6
Sep-14	\$9.8	\$1.0	\$10.8	\$5.0	\$0.8	\$5.7	\$5.0	\$0.4	\$5.4
Total	\$127.3	\$13.6	\$140.9	\$59.5	\$7.6	\$67.1	\$66.1	\$5.8	\$71.8

	Tioga Downs Casino			Vernon Downs			Batavia Downs Gaming		
	Free Play			Free Play			Free Play		
	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win	Net Win	Allowance	Gross Win
Oct-13	\$4.8	\$0.5	\$5.3	\$3.7	\$0.4	\$4.1	\$4.6	\$0.5	\$5.1
Nov-13	\$4.4	\$0.5	\$4.9	\$3.2	\$0.4	\$3.6	\$3.8	\$0.4	\$4.2
Dec-13	\$4.3	\$0.4	\$4.7	\$2.8	\$0.3	\$3.1	\$3.4	\$0.4	\$3.8
Jan-14	\$4.1	\$0.4	\$4.5	\$3.0	\$0.3	\$3.2	\$3.3	\$0.4	\$3.7
Feb-14	\$4.4	\$0.4	\$4.8	\$3.1	\$0.3	\$3.4	\$3.9	\$0.5	\$4.4
Mar-14	\$5.3	\$0.5	\$5.7	\$3.8	\$0.4	\$4.1	\$4.4	\$0.4	\$4.8
Apr-14	\$4.9	\$0.5	\$5.4	\$3.8	\$0.3	\$4.1	\$4.7	\$0.0	\$4.7
May-14	\$5.1	\$0.6	\$5.7	\$3.8	\$0.4	\$4.2	\$4.5	\$0.5	\$5.0
Jun-14	\$4.5	\$0.6	\$5.1	\$3.4	\$0.4	\$3.8	\$3.9	\$0.4	\$4.3
Jul-14	\$4.8	\$0.7	\$5.4	\$3.7	\$0.4	\$4.1	\$4.2	\$0.4	\$4.6
Aug-14	\$5.1	\$0.5	\$5.6	\$4.0	\$0.5	\$4.5	\$4.5	\$0.5	\$5.0
Sep-14	\$4.3	\$0.5	\$4.9	\$3.4	\$0.5	\$3.8	\$4.1	\$0.5	\$4.6
Total	\$56.0	\$6.1	\$62.1	\$41.6	\$4.5	\$46.1	\$49.3	\$5.0	\$54.3

Source: New York Gaming Commission, Union Gaming Analytics



Nassau County Competitive Gaming Market

The Nassau County competitive gaming market consists of four facilities – the proposed Nassau County VLT facility, the proposed Suffolk County VLT facility, Resorts World Casino New York City in Queens County and Empire City Casino in Westchester County (Figure 5).

Figure 5: Nassau County Competitive Gaming Market

Site specific information has been REDACTED

Source: New York Gaming Commission, Union Gaming Analytics

Figure 6: Nassau County Gaming Market

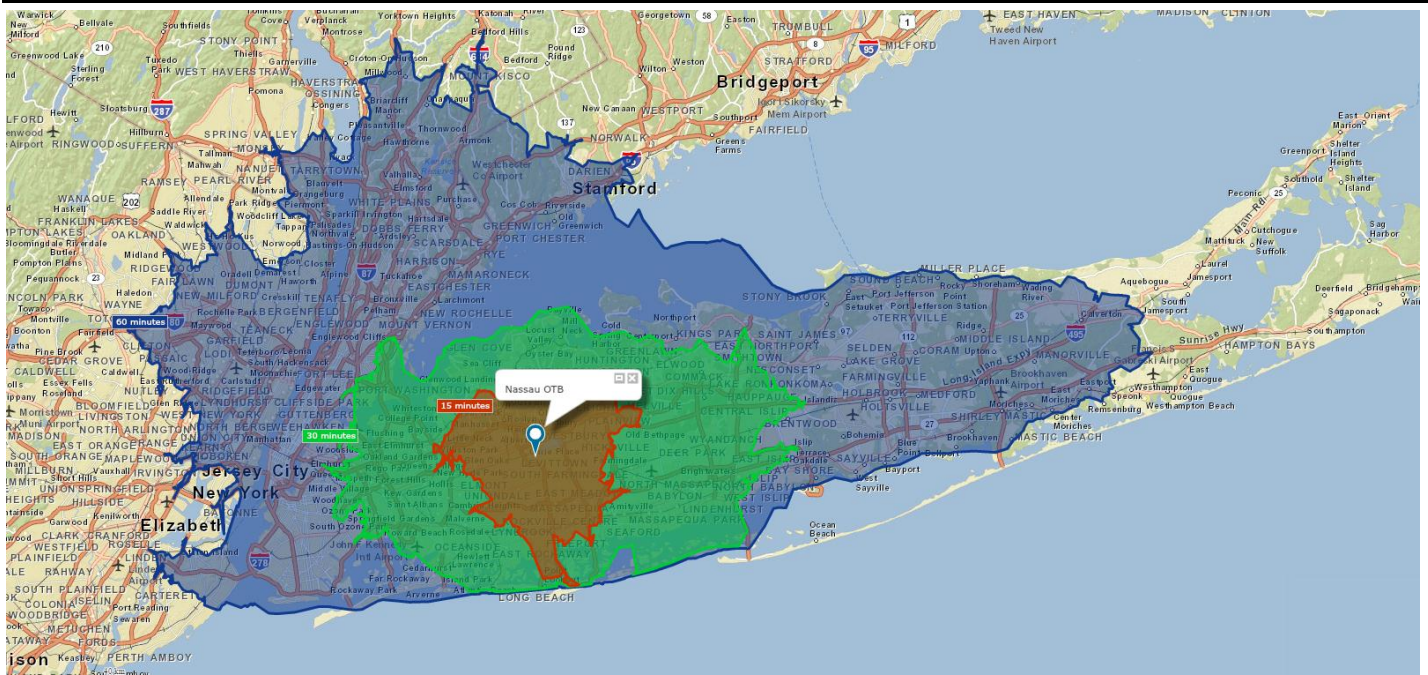
Site specific information has been REDACTED

Source: ESRI



December 5, 2014

Figure 7: Nassau OTB Property Market Map - (15-minute drive time radius in red, 30-minute in green and 60-minute in blue)

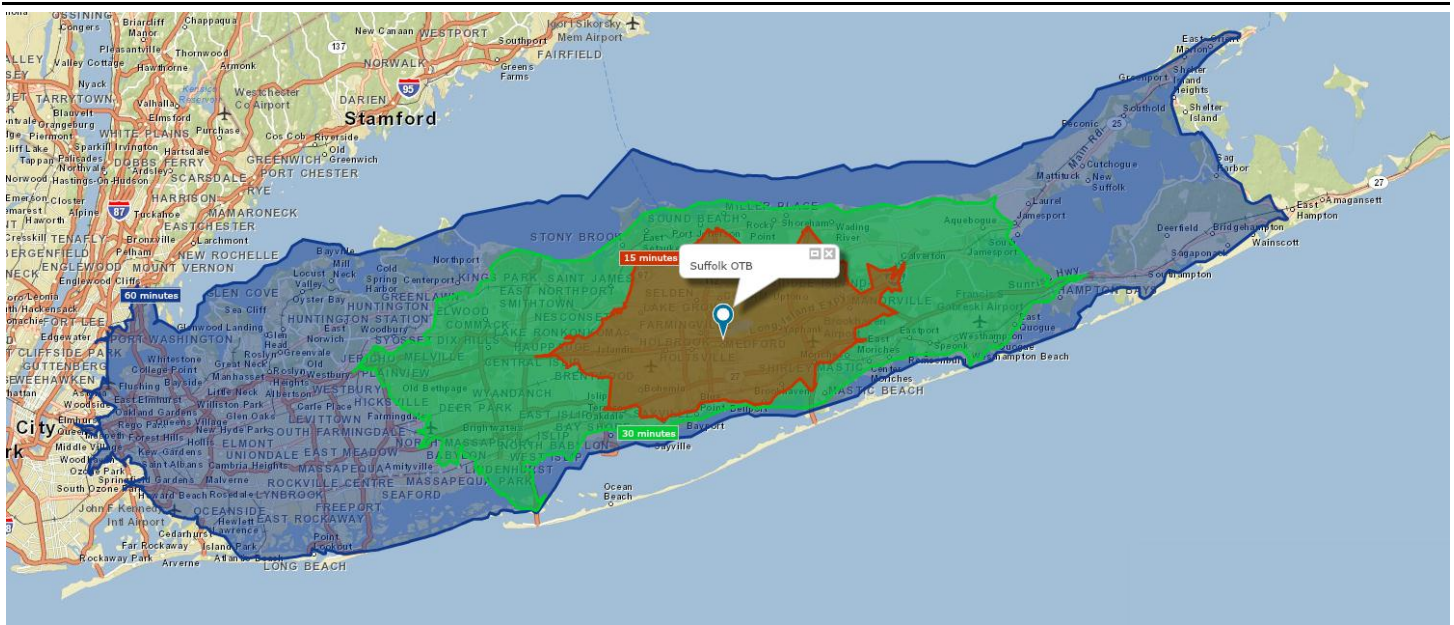


Source: ESRI



December 5, 2014

Figure 8: Suffolk OTB Property Market Map - (15-minute drive time radius in red, 30-minute in green and 60-minute in blue)

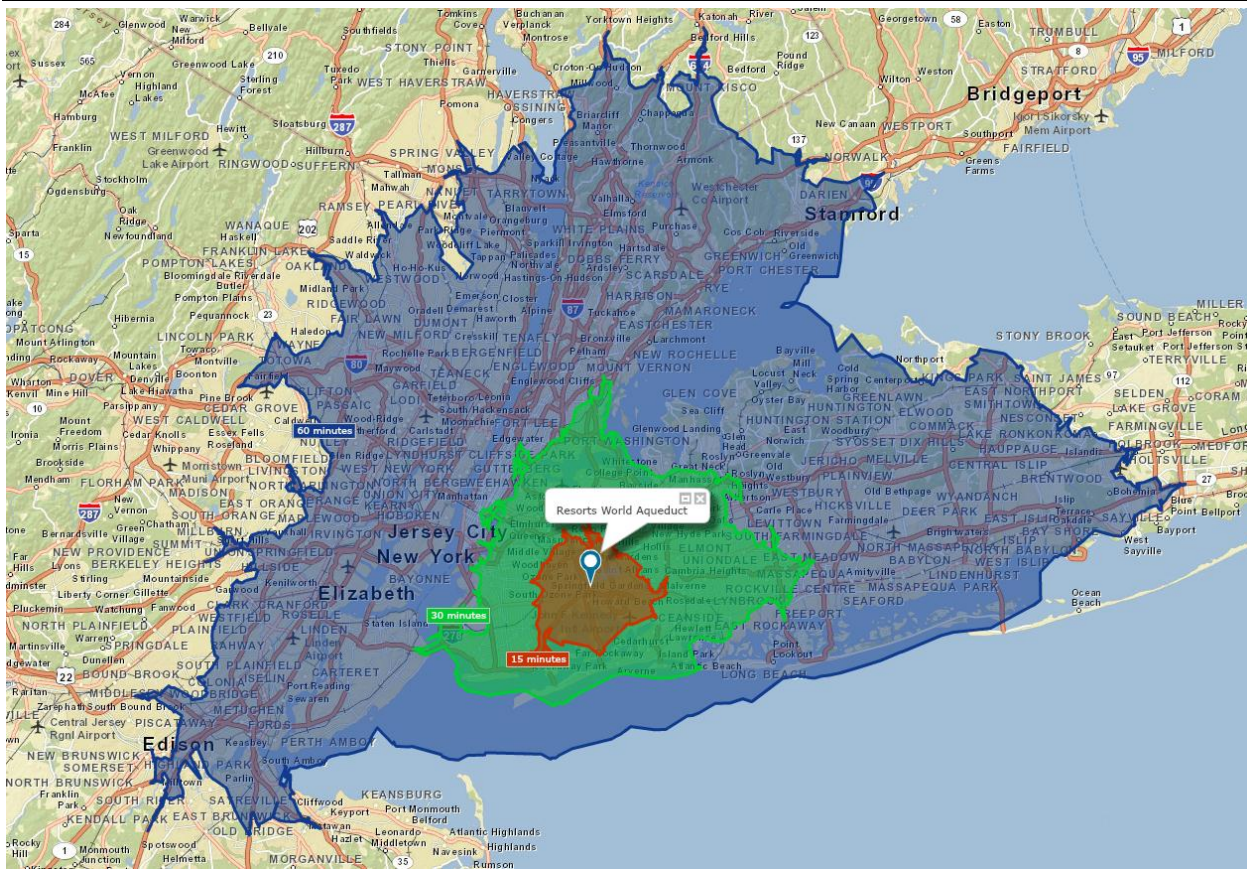


Source: ESRI



December 5, 2014

Figure 9: Resorts World New York City Property Market Map - (15-minute drive time radius in red, 30-minute in green and 60-minute in blue)

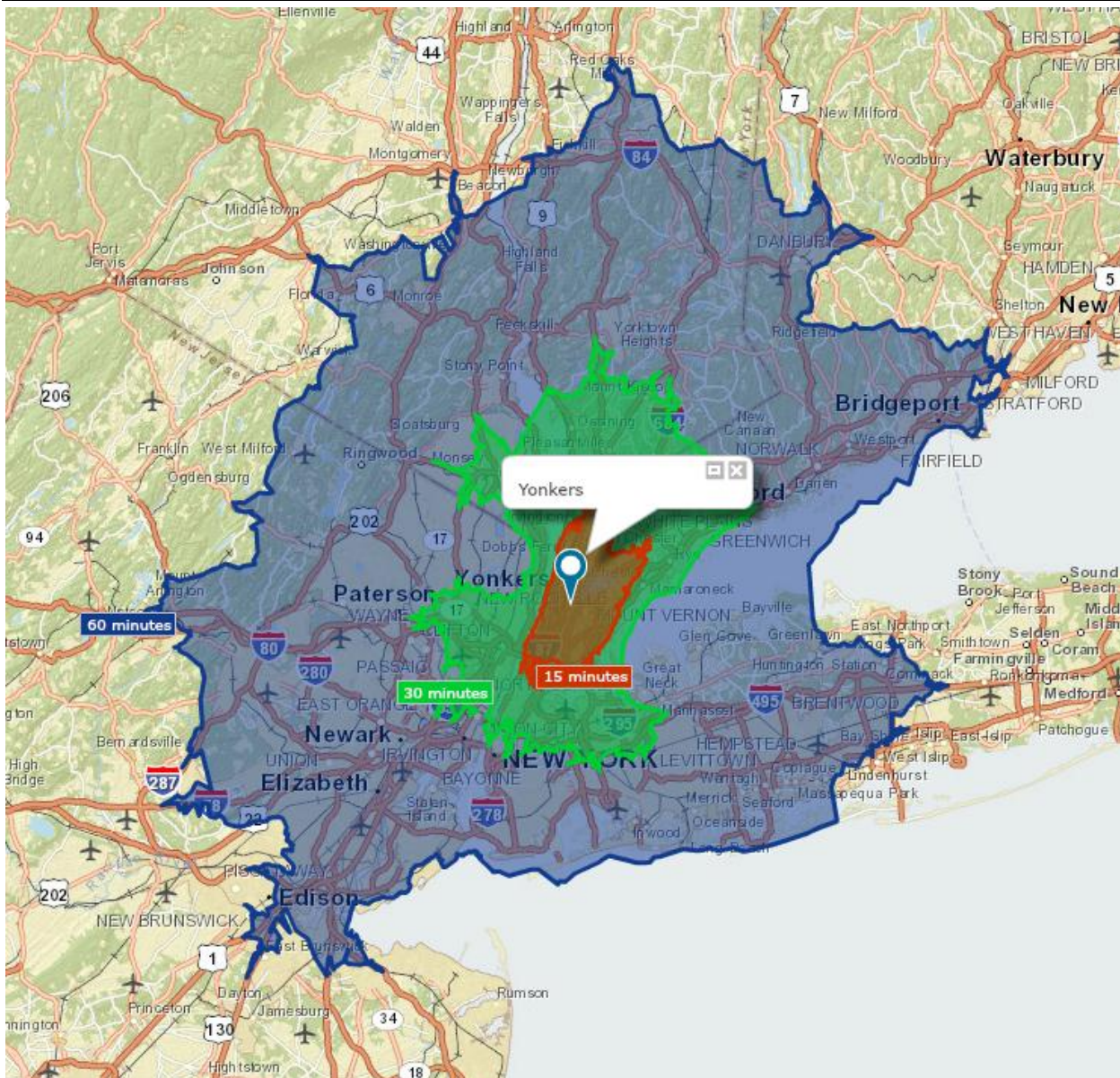


Source: ESRI



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Figure 10: Empire City at Yonkers Property Market Map - (15-minute drive time radius in red, 30-minute in green and 60-minute in blue)



Source: ESRI



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Drive Time Analysis

We looked at the 15-minute, 25-minute and 30-minute drive time radius for all of the properties located in the Nassau OTB competitive set. There is not a great deal of overlap when looking at the 15-minute drive time radius, but the 25-minute and 30-minute drive time radius reveal that there is a significant amount of overlap between the properties in the Nassau OTB competitive set (Figure 11 - Figure 14).

Figure 11: Nassau OTB Comp Set (15-minute drive time radius)

Site specific information has been REDACTED

Source: ESRI



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Figure 12: Nassau OTB Comp Set (25-minute drive time radius)

Site specific information has been REDACTED

Source: ESRI



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Figure 13: Nassau OTB Comp Set (30-minute drive time radius)

Site specific information has been REDACTED

Source: ESRI



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Figure 14: Nassau OTB Comp Set (15-minute drive time radius in red, 25-minute in green, and 30-minute in blue)

Site specific information has been REDACTED

Source: ESRI



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Figure 15: Nassau, Suffolk & Queens Counties

Site specific information has been REDACTED

Source: ESRI



December 5, 2014

Figure 16: Nassau & Queens Counties Road Maps

Site specific information has been REDACTED

Source: ESRI



December 5, 2014

Figure 17: Nassau & Suffolk Counties Road Map

Site specific information has been REDACTED

Source: ESRI



Nassau County Zip Code Analysis

We also compiled and analyzed the population and per capita income by zip codes for Nassau County and measured the difference in distances between competing facilities to better understand the distribution of the population and per capita income within Nassau County (Figure 18).



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Figure 18: Nassau County Zip Code Analysis

Zip Code	Zip Code Name	Population (2104)	Population 20+	Adult Gaming Population	Per Capita Income (2104)	Avg Household Income	Median Household Income
11550	Hempstead	57,504	41,829	13,388	\$20,450	\$72,044	\$59,899
11552	West Hempstead	23,905	17,499	5,601	\$35,232	\$114,588	\$100,748
11549	Hofstra Univ	2,952	2,186	700	\$34,249	\$146,032	\$104,111
11530	Garden City	27,188	19,451	6,226	\$65,672	\$198,367	\$133,879
11553	Uniondale	25,903	18,998	6,081	\$21,643	\$89,106	\$79,423
11010	Franklin Square	23,964	18,555	5,939	\$35,889	\$105,480	\$94,491
11501	Mineola	19,736	15,694	5,023	\$38,331	\$97,799	\$84,823
11575	Roosevelt	16,277	11,669	3,735	\$20,045	\$80,541	\$70,165
11514	Carle Place	4,779	3,701	1,185	\$36,147	\$96,880	\$89,279
11565	Malverne	8,881	6,986	2,236	\$50,425	\$140,321	\$124,804
11570	Rockville Centre	27,072	20,174	6,457	\$53,973	\$144,638	\$106,652
11040	New Hyde Park	41,071	31,641	10,127	\$40,194	\$123,819	\$103,158
11596	Williston Park	10,311	7,701	2,465	\$50,074	\$143,157	\$111,163
11554	East Meadow	39,122	30,520	9,769	\$35,268	\$107,026	\$97,014
11510	Baldwin	34,027	25,285	8,093	\$37,627	\$115,989	\$106,004
11003	Elmont	42,144	31,488	10,078	\$29,104	\$98,044	\$89,417
11001	Floral Park	27,475	20,842	6,671	\$40,596	\$119,391	\$102,814
11563	Lynbrook	22,634	17,497	5,600	\$40,485	\$105,578	\$95,701
11590	Westbury	46,029	34,763	11,127	\$31,102	\$107,330	\$89,696
11520	Freeport	43,865	32,786	10,494	\$27,773	\$90,022	\$73,927
11507	Albertson	7,637	5,839	1,869	\$46,672	\$139,753	\$107,149
11042	New Hyde Park	650	552	177	\$54,663	\$213,520	\$136,978
11580	Valley Stream	40,364	30,388	9,726	\$32,890	\$103,713	\$91,015
11566	Merrick	35,862	26,607	8,516	\$49,827	\$149,884	\$129,680
11572	Oceanside	30,545	23,355	7,475	\$39,777	\$113,798	\$100,973
11518	East Rockaway	10,955	8,384	2,683	\$45,080	\$116,574	\$101,171
11568	Old Westbury	4,670	3,268	1,046	\$71,566	\$314,483	\$186,649
11577	Roslyn Heights	12,330	9,038	2,893	\$60,489	\$177,548	\$127,860
11710	Bellmore	34,430	25,862	8,278	\$43,531	\$127,991	\$109,532
11581	Valley Stream	21,165	15,857	5,075	\$37,822	\$112,752	\$102,864
11756	Levittown	43,187	32,664	10,455	\$35,989	\$110,797	\$98,971
11557	Hewlett	7,834	5,818	1,862	\$58,624	\$166,873	\$116,896
11576	Roslyn	12,182	9,183	2,939	\$92,276	\$257,461	\$142,753
11793	Wantagh	32,377	23,858	7,636	\$44,818	\$134,812	\$116,692
11020	Great Neck	5,861	4,449	1,424	\$61,934	\$197,959	\$127,403
11801	Hicksville	39,738	30,822	9,865	\$35,197	\$109,425	\$95,798
11598	Woodmere	13,478	9,485	3,036	\$60,947	\$198,308	\$134,665
11030	Manhasset	18,033	13,129	4,202	\$101,200	\$297,709	\$176,837
11548	Greenvale	1,555	1,152	369	\$57,750	\$178,178	\$104,999
11558	Island Park	8,467	6,720	2,151	\$34,459	\$98,829	\$81,720
11753	Jericho	12,291	9,132	2,923	\$72,297	\$210,992	\$160,123
11783	Seaford	21,605	16,241	5,198	\$40,238	\$118,536	\$105,371
11021	Great Neck	18,445	14,577	4,666	\$65,431	\$149,869	\$99,447
11714	Bethpage	23,322	17,945	5,744	\$40,144	\$115,249	\$93,524
11516	Cedarhurst	7,583	5,304	1,698	\$40,616	\$121,828	\$88,341
11559	Lawrence	8,284	5,692	1,822	\$53,128	\$172,468	\$118,587
11569	Point Lookout	1,415	1,135	363	\$74,713	\$181,902	\$131,363
11547	Glenwood Landing	769	569	182	\$72,295	\$197,145	\$122,282
11561	Long Beach	37,737	30,987	9,918	\$47,548	\$107,642	\$89,282
11545	Glen Head	13,806	9,957	3,187	\$66,555	\$217,734	\$137,174
11023	Great Neck	8,796	6,367	2,038	\$53,016	\$155,619	\$99,816
11758	Massapequa	54,943	41,466	13,272	\$42,281	\$125,080	\$107,867
11096	Inwood	8,491	6,102	1,953	\$22,676	\$74,417	\$61,092
11050	Port Washington	30,512	22,952	7,346	\$60,129	\$165,871	\$106,618
11024	Great Neck	8,169	5,781	1,850	\$48,509	\$168,884	\$99,070
11762	Massapequa Park	21,995	16,396	5,248	\$42,004	\$125,328	\$109,432
11803	Plainview	28,404	21,389	6,846	\$51,422	\$149,675	\$126,955
11579	Sea Cliff	5,117	3,841	1,229	\$52,339	\$133,702	\$105,419
11804	Old Bethpage	5,101	3,770	1,207	\$49,335	\$145,301	\$114,387
11509	Atlantic Beach	2,658	2,160	691	\$78,370	\$183,368	\$107,944
11735	Farmingdale	32,612	24,901	7,970	\$36,819	\$106,750	\$93,729
11791	Syosset	25,888	18,867	6,039	\$66,316	\$203,761	\$139,833
11732	East Norwich	3,203	2,445	783	\$67,214	\$180,251	\$117,066
11542	Glen Cove	28,038	21,940	7,022	\$36,777	\$101,600	\$72,180
11797	Woodbury	8,646	6,636	2,124	\$73,323	\$214,439	\$159,513
11560	Locust Valley	6,616	4,913	1,573	\$69,145	\$196,275	\$98,828
11765	Mill Neck	963	740	237	\$121,552	\$327,883	\$132,954
11771	Oyster Bay	9,817	7,497	2,400	\$68,881	\$185,479	\$97,127
11709	Bayville	7,162	5,560	1,780	\$44,732	\$120,542	\$90,257

Source: ESRI, Union Gaming Analytics



Suffolk County Zip Code Analysis

We also compiled and analyzed the population and per capita income by zip codes for Suffolk County and measured the difference in distances between competing facilities to better understand the distribution of the population and per capita income within Suffolk County (Figure 19).



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Figure 19: Suffolk County Zip Code Analysis

Zip Code	Zip Code Name	Population (2104)	Population 20+	Adult Gaming Population	Per Capita Income (2104)	Avg Household Income	Median Household Income
11701	Amityville	27,635	20,892	6,687	\$30,092	\$88,257	\$72,765
11726	Copague	19,908	15,028	4,810	\$26,117	\$84,589	\$74,066
11747	Melville	19,469	14,801	4,737	\$55,711	\$154,176	\$115,624
11757	Lindenhurst	45,921	34,784	11,133	\$33,537	\$98,369	\$89,809
11798	Wyandanch	16,074	11,176	3,577	\$20,688	\$78,385	\$67,649
11724	Cold Spring Harbor	3,310	2,333	747	\$73,416	\$223,935	\$142,367
11704	West Babylon	39,576	30,006	9,604	\$31,117	\$92,725	\$86,399
11746	Huntington Station	67,175	49,599	15,875	\$41,677	\$132,120	\$102,730
11743	Huntington	43,398	33,007	10,565	\$58,815	\$162,792	\$117,589
11702	Babylon	14,968	11,528	3,690	\$47,731	\$125,213	\$102,704
11703	North Babylon	16,680	12,757	4,083	\$35,253	\$100,480	\$92,835
11729	Deer Park	28,041	21,122	6,761	\$30,936	\$91,183	\$82,787
11791	West Islip	26,215	19,244	6,159	\$39,763	\$123,842	\$106,026
11740	Greenlawn	9,664	7,160	2,292	\$43,440	\$122,347	\$96,919
11721	Centerport	6,482	4,750	1,520	\$53,493	\$146,180	\$108,522
11718	Brightwaters	3,035	2,251	720	\$56,020	\$153,633	\$131,119
11731	East Northport	30,627	22,503	7,203	\$41,435	\$121,789	\$108,354
11706	Bay Shore	63,587	46,726	14,956	\$27,908	\$91,606	\$79,308
11725	Commack	29,533	21,818	6,983	\$42,687	\$128,004	\$111,326
11768	Northport	21,586	16,138	5,165	\$59,387	\$163,012	\$121,867
11717	Brentwood	61,191	43,664	13,976	\$18,757	\$82,187	\$75,883
11751	Islip	14,890	11,110	3,556	\$39,330	\$110,003	\$93,149
11788	Hauppauge	16,689	12,547	4,016	\$40,927	\$116,116	\$104,003
11722	Central Islip	35,070	25,176	8,058	\$22,042	\$80,695	\$72,504
11752	Islip Terrace	9,655	7,139	2,285	\$32,858	\$103,969	\$96,593
11749	East Islip	14,780	10,891	3,486	\$42,030	\$126,123	\$101,521
11754	Kings Park	19,743	14,827	4,746	\$41,749	\$117,256	\$102,662
11787	Smithtown	35,885	26,431	8,460	\$46,848	\$137,164	\$116,398
11749	Islandia	3,985	3,131	1,002	\$35,456	\$111,196	\$105,560
11739	Great River	1,282	958	307	\$61,953	\$183,003	\$148,693
11770	Ocean Beach	412	335	107	\$60,357	\$130,898	\$93,381
11769	Oakdale	9,495	7,332	2,347	\$42,207	\$109,913	\$93,804
11767	Nesconset	14,023	10,306	3,299	\$39,784	\$118,625	\$111,442
11780	Saint James	15,529	11,535	3,692	\$48,462	\$141,673	\$111,442
11796	West Sayville	3,985	2,986	956	\$36,451	\$104,295	\$104,895
11716	Bohemia	11,361	8,756	2,803	\$37,254	\$103,645	\$98,320
11779	Ronkonkoma	38,158	28,764	9,207	\$33,708	\$98,151	\$90,906
11782	Sayville	15,900	11,944	3,823	\$43,505	\$120,727	\$106,867
11765	Lake Grove	12,945	9,629	3,082	\$37,682	\$111,178	\$98,784
11790	Stony Brook	21,433	14,830	4,747	\$34,354	\$147,970	\$125,434
11741	Holbrook	27,861	21,040	6,734	\$36,333	\$103,769	\$99,286
11705	Bayport	8,168	5,958	1,907	\$41,171	\$115,391	\$95,727
11720	Centereach	29,785	22,047	7,057	\$34,112	\$107,276	\$100,029
11715	Blue Point	4,724	3,555	1,138	\$38,572	\$106,831	\$99,642
11733	East Setauket	19,512	14,664	4,694	\$52,960	\$163,059	\$124,610
11742	Holtsville	13,107	9,658	3,091	\$37,316	\$107,684	\$96,828
11738	Farmingville	16,489	12,138	3,885	\$31,847	\$104,077	\$98,160
11784	Selden	25,435	18,734	5,996	\$28,680	\$87,675	\$82,622
11772	Patchogue	45,436	34,854	11,156	\$28,671	\$77,814	\$69,469
11776	Port Jefferson Station	24,418	18,210	5,829	\$32,864	\$95,965	\$81,566
11777	Port Jefferson	9,171	7,154	2,290	\$56,541	\$142,821	\$116,040
11763	Medford	29,593	22,024	7,049	\$30,254	\$92,998	\$89,521
11727	Coram	30,134	23,245	7,440	\$35,764	\$93,160	\$83,353
11766	Mount Sinai	12,681	9,297	2,976	\$47,311	\$140,301	\$116,599
11713	Bellport	11,304	8,167	2,614	\$31,347	\$95,833	\$82,270
11764	Miller Place	13,525	9,691	3,102	\$42,864	\$130,878	\$118,583
11953	Middle Island	13,009	10,149	3,248	\$31,637	\$80,519	\$71,403
11719	Brookhaven	3,098	2,450	784	\$39,427	\$118,006	\$100,699
11789	Sound Beach	7,762	5,663	1,813	\$34,979	\$97,450	\$90,678
11980	Yaphank	4,352	3,461	1,108	\$31,377	\$94,771	\$94,443
11778	Rocky Point	12,892	9,248	2,960	\$32,742	\$94,766	\$92,259
11967	Shirley	26,525	18,934	6,060	\$26,645	\$88,332	\$87,345
11973	Upton	9	7	2	\$13,810	\$105,094	\$350,000
11961	Ridge	11,184	8,968	2,870	\$32,772	\$76,142	\$56,903
11951	Mastic Beach	14,102	9,945	3,183	\$34,923	\$76,403	\$75,786
11950	Mastic	16,235	11,399	3,648	\$23,876	\$81,167	\$73,915
11786	Shoreham	7,909	5,849	1,872	\$42,866	\$123,419	\$116,983
11955	Moriches	3,019	2,497	799	\$39,769	\$86,144	\$72,610
11934	Center Moriches	7,797	5,821	1,863	\$37,992	\$109,688	\$93,938
11792	Wading River	8,771	6,403	2,049	\$40,808	\$117,387	\$116,884
11949	Manorville	14,819	10,640	3,406	\$39,046	\$110,915	\$97,389
11940	East Moriches	5,083	3,798	1,216	\$41,995	\$117,066	\$91,303
11941	Eastport	2,466	1,837	588	\$34,187	\$93,948	\$65,624
11933	Calverton	6,048	4,802	1,537	\$40,335	\$96,046	\$71,102
11972	Speonk	841	625	200	\$46,983	\$125,718	\$105,965
11977	Westhampton	2,728	2,108	675	\$47,964	\$134,527	\$108,420
11960	Remsenburg	825	646	207	\$49,106	\$123,138	\$94,836
11978	Westhampton Beach	3,332	2,589	829	\$47,854	\$125,860	\$88,804
11901	Riverhead	29,218	23,114	7,398	\$27,470	\$74,044	\$59,772
11959	Quogue	746	617	197	\$52,771	\$120,584	\$77,651
11942	East Quogue	4,830	3,637	1,164	\$43,728	\$112,745	\$94,859
11970	South Jamesport	13	5	2	\$27,585	\$71,409	\$54,999
11948	Laurel	1,178	898	287	\$47,126	\$123,519	\$112,631
11946	Hampton Bays	14,220	10,956	3,507	\$33,634	\$89,258	\$72,178
11952	Mattituck	4,570	3,584	1,147	\$39,501	\$98,790	\$86,371
11956	New Suffolk	100	86	28	\$42,234	\$89,694	\$69,999
11935	Cutchogue	3,749	3,019	966	\$42,345	\$102,489	\$88,299
11958	Peconic	729	588	188	\$52,805	\$127,041	\$86,643
11968	Southampton	11,784	9,235	2,956	\$58,785	\$153,562	\$84,999
11969	Southampton	5	5	0	\$35,797	\$89,494	\$0
11971	Southold	5,654	4,497	1,439	\$45,605	\$108,531	\$81,712
11976	Water Mill	1,525	1,228	393	\$99,544	\$235,635	\$118,303
11932	Bridgehampton	1,248	1,013	324	\$61,431	\$144,108	\$86,627
11965	Shelter Island Heights	697	598	191	\$51,609	\$103,964	\$87,068
11944	Greenport	4,337	3,578	1,145	\$34,757	\$83,151	\$57,683
11963	Sag Harbor	6,923	5,490	1,757	\$59,514	\$137,268	\$86,660
11964	Shelter Island	1,716	1,403	449	\$42,934	\$92,672	\$73,761
11962	Sagaponack	491	402	129	\$58,571	\$131,750	\$105,624
11939	East Marion	948	798	255	\$46,997	\$105,827	\$80,323
11975	Wainscott	367	277	89	\$50,705	\$122,172	\$84,999
11957	Orient	735	622	199	\$50,050	\$105,106	\$83,870
11937	East Hampton	15,603	12,167	3,894	\$46,207	\$122,004	\$77,913
11930	Amagansett	1,186	983	315	\$53,848	\$116,966	\$78,782
11954	Montauk	3,355	2,731	874	\$42,425	\$98,562	\$74,574
06390	Fishers Island	238	199	64	\$66,227	\$130,264	\$132,499

Source: ESRI, Union Gaming Analytics



Queens County Zip Code Analysis

We also compiled and analyzed the population and per capita income by zip codes for Queens County and measured the difference in distances between competing facilities to better understand the distribution of the population and per capita income within Queens County (Figure 20).



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Figure 20: Queens County Zip Code Analysis

Zip Code	Zip Code Name	Population (2104)	Population 20+	Adult Gaming Population	Per Capita Income (2104)	Avg Household Income	Median Household Income
11004	Glen Oaks	14,977	12,278	3,930	\$34,133	\$91,732	\$79,281
11426	Bellerose	18,257	14,179	4,538	\$31,720	\$93,495	\$83,382
11411	Cambria Heights	19,800	15,385	4,924	\$30,883	\$97,410	\$84,804
11429	Queens Village	25,934	19,493	6,239	\$25,220	\$86,760	\$78,922
11428	Queens Village	19,698	14,916	4,774	\$25,164	\$87,341	\$77,588
11005	Floral Park	1,863	1,850	592	\$78,794	\$104,702	\$69,927
11422	Rosedale	31,437	23,146	7,408	\$29,060	\$94,516	\$88,734
11362	Little Neck	19,021	15,292	4,895	\$39,130	\$99,058	\$85,286
11427	Queens Village	23,554	18,372	5,880	\$29,565	\$87,671	\$72,446
11413	Springfield Gardens	41,089	30,699	9,826	\$27,982	\$88,896	\$81,297
11412	Saint Albans	35,607	26,580	8,508	\$25,006	\$81,945	\$72,586
11364	Oakland Gardens	36,019	28,478	9,115	\$32,649	\$85,456	\$74,401
11363	Little Neck	6,573	5,165	1,653	\$50,474	\$134,317	\$96,922
11423	Hollis	30,624	23,449	7,505	\$24,988	\$78,562	\$59,587
11434	Jamaica	60,425	44,829	14,348	\$24,476	\$70,656	\$60,369
11361	Bayside	29,485	23,452	7,506	\$33,722	\$90,714	\$76,305
11433	Jamaica	33,655	24,056	7,700	\$18,365	\$58,421	\$45,499
11432	Jamaica	61,648	46,314	14,824	\$21,972	\$70,450	\$51,464
11430	Jamaica	202	144	46	\$15,980	\$60,243	\$64,772
11366	Fresh Meadows	15,990	12,258	3,923	\$31,306	\$96,443	\$78,672
11365	Fresh Meadows	43,413	33,672	10,777	\$27,441	\$75,146	\$59,639
11436	Jamaica	18,363	13,260	4,244	\$22,021	\$73,586	\$63,780
11360	Bayside	19,636	16,434	5,260	\$47,270	\$102,140	\$80,583
11358	Flushing	38,822	30,960	9,909	\$30,412	\$85,911	\$71,290
11435	Jamaica	54,835	41,178	13,180	\$22,269	\$67,371	\$58,094
11420	South Ozone Park	46,191	34,102	10,915	\$23,104	\$79,870	\$64,272
11691	Far Rockaway	61,829	42,471	13,594	\$18,453	\$56,138	\$39,996
11419	South Richmond Hill	48,483	35,720	11,433	\$19,212	\$71,348	\$59,270
11367	Flushing	41,458	30,874	9,882	\$26,598	\$72,540	\$55,370
11415	Kew Gardens	20,508	16,426	5,257	\$32,651	\$73,784	\$61,279
11418	Richmond Hill	36,569	26,902	8,611	\$22,024	\$73,084	\$62,546
11355	Flushing	87,009	70,444	22,547	\$20,586	\$61,248	\$48,034
11357	Whitestone	40,536	32,502	10,403	\$36,623	\$94,933	\$78,303
11354	Flushing	57,842	47,867	15,321	\$24,135	\$65,716	\$51,311
11375	Forest Hills	69,947	58,029	18,573	\$45,812	\$97,104	\$75,790
11417	Ozone Park	29,748	22,050	7,058	\$23,781	\$74,844	\$63,277
11692	Arverne	18,925	13,012	4,165	\$18,818	\$55,340	\$39,999
11416	Ozone Park	25,500	18,277	5,850	\$20,206	\$69,613	\$57,667
11414	Howard Beach	27,032	21,779	6,971	\$34,747	\$85,215	\$68,782
11421	Woodhaven	40,368	29,840	9,551	\$21,608	\$71,411	\$57,055
11374	Rego Park	46,332	38,170	12,217	\$33,845	\$76,388	\$57,565
11368	Corona	115,752	84,084	26,913	\$15,503	\$58,973	\$49,743
11356	College Point	24,038	18,198	5,825	\$27,553	\$83,190	\$67,134
11693	Far Rockaway	12,497	9,317	2,982	\$28,223	\$70,508	\$57,232
11373	Elmhurst	103,843	80,832	25,872	\$19,020	\$61,167	\$49,093
11379	Middle Village	36,757	29,374	9,402	\$31,815	\$79,831	\$65,438
11369	East Elmhurst	38,697	28,634	9,165	\$20,159	\$68,922	\$58,314
11372	Jackson Heights	70,474	55,637	17,808	\$22,557	\$63,044	\$50,918
11385	Ridgewood	100,905	75,692	24,227	\$23,217	\$65,860	\$54,247
11370	East Elmhurst	30,014	23,019	7,368	\$24,944	\$76,115	\$60,886
11378	Maspeth	35,117	27,037	8,654	\$26,037	\$71,359	\$63,268
11694	Rockaway Park	20,940	16,416	5,254	\$38,440	\$94,337	\$73,483
11377	Woodside	87,986	69,345	22,195	\$22,590	\$64,408	\$53,845
11103	Astoria	38,347	31,888	10,206	\$30,401	\$70,445	\$56,923
11105	Astoria	35,772	29,956	9,588	\$32,581	\$74,432	\$60,923
11104	Sunnyside	30,369	24,897	7,969	\$29,073	\$68,058	\$57,423
11102	Astoria	37,502	30,288	9,694	\$26,744	\$64,313	\$51,345
11106	Astoria	40,087	33,029	10,572	\$28,544	\$64,544	\$51,074
11101	Long Island City	30,058	24,001	7,682	\$33,293	\$78,269	\$53,375
11109	Long Island City	1,137	1,035	331	\$87,887	\$164,871	\$129,057
11697	Breezy Point	4,209	3,352	1,073	\$46,749	\$110,167	\$92,044

Source: ESRI, Union Gaming Analytics



In Market Due Diligence

As part of our analysis, we visited properties in the Nassau County competitive set (proposed Nassau OTB site, proposed Suffolk OTB Site, Resorts World New York City and Empire City Casino). During our due diligence, we not only wanted to assess the asset quality of each property, but we wanted to get a better understanding of the drive times and types of roads traveled between the properties. The information that we learned regarding the asset quality, drive times and types of roads, enabled us to better understand the gaming options and choices that the people who reside in these areas have when it comes to deciding where to gamble.



Nassau County Demographics

As part of our study, we spent a significant amount of time analyzing, categorizing, and interpreting the Nassau County demographics to better understand the how the population is segmented.

Figure 21: Nassau County Demographics Overview

Summary	Census 2010	2014	2019				
Population	1,339,532	1,349,059	1,366,984				
Households	448,528	451,636	457,651				
Families	340,523	340,882	343,950				
Average Household Size	2.94	2.94	2.94				
Owner Occupied Housing Units	358,300	356,955	360,092				
Renter Occupied Housing Units	90,228	94,681	97,559				
Median Age	41.1	41.9	42.4				
Trends: 2014 - 2019 Annual Rate	Area	State	National				
Population	0.26%	0.41%	0.73%				
Households	0.26%	0.45%	0.75%				
Families	0.18%	0.32%	0.66%				
Owner HHs	0.18%	0.19%	0.69%				
Median Household Income	2.20%	3.03%	2.74%				
Households by Income	2014		2019				
	Number	Percent	Number	Percent			
	<\$15,000	24,331	5.4%	20,066	4.4%		
	\$15,000 - \$24,999	22,674	5.0%	15,169	3.3%		
	\$25,000 - \$34,999	22,057	4.9%	15,936	3.5%		
	\$35,000 - \$49,999	34,175	7.6%	30,200	6.6%		
	\$50,000 - \$74,999	55,499	12.3%	48,056	10.5%		
	\$75,000 - \$99,999	65,258	14.4%	64,870	14.2%		
	\$100,000 - \$149,999	96,116	21.3%	103,160	22.5%		
	\$150,000 - \$199,999	61,582	13.6%	70,611	15.4%		
\$200,000+	69,935	15.5%	89,574	19.6%			
Median Household Income	\$100,595		\$112,144				
Average Household Income	\$132,464		\$156,046				
Per Capita Income	\$44,546		\$52,489				
Population by Age	Census 2010		2014		2019		
	Number	Percent	Number	Percent	Number	Percent	
	0 - 4	73,888	5.5%	70,322	5.2%	71,994	5.3%
	5 - 9	83,405	6.2%	81,223	6.0%	80,932	5.9%
	10 - 14	93,607	7.0%	91,305	6.8%	91,497	6.7%
	15 - 19	94,070	7.0%	90,413	6.7%	87,347	6.4%
	20 - 24	79,376	5.9%	79,543	5.9%	71,073	5.2%
	25 - 34	142,556	10.6%	154,083	11.4%	155,025	11.3%
	35 - 44	177,632	13.3%	162,703	12.1%	170,098	12.4%
	45 - 54	217,985	16.3%	206,067	15.3%	188,926	13.8%
	55 - 64	172,332	12.9%	188,351	14.0%	197,847	14.5%
	65 - 74	98,307	7.3%	117,876	8.7%	139,702	10.2%
	75 - 84	72,317	5.4%	69,556	5.2%	74,515	5.5%
	85+	34,057	2.5%	37,617	2.8%	38,028	2.8%
Race and Ethnicity	Census 2010		2014		2019		
	Number	Percent	Number	Percent	Number	Percent	
	White Alone	977,577	73.0%	951,447	70.5%	921,417	67.4%
	Black Alone	149,049	11.1%	159,008	11.8%	170,177	12.4%
	American Indian Alone	3,185	0.2%	3,375	0.3%	3,646	0.3%
	Asian Alone	102,266	7.6%	115,109	8.5%	134,251	9.8%
	Pacific Islander Alone	336	0.0%	355	0.0%	356	0.0%
	Some Other Race Alone	75,211	5.6%	83,878	6.2%	96,757	7.1%
	Two or More Races	31,908	2.4%	35,887	2.7%	40,380	3.0%
	Hispanic Origin (Any Race)	195,355	14.6%	217,812	16.1%	249,360	18.2%

Source: ESRI, Union Gaming Analytics



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Figure 22: Nassau County Household Income Profile

Summary	2014	2019	2014 - 2019 Change	2014 - 2019 Annual Rate
Population	1,349,059	1,366,984	17,925	0.26%
Households	451,636	457,651	6,015	0.26%
Median Age	41.9	42.4	0.5	0.24%
Average Household Size	2.94	2.94	0.00	0.00%

Households by Income	2014		2019	
	Number	Percent	Number	Percent
Household	451,627	100%	457,642	100%
<\$15,000	24,331	5.4%	20,066	4.4%
\$15,000-\$24,999	22,674	5.0%	15,169	3.3%
\$25,000-\$34,999	22,057	4.9%	15,936	3.5%
\$35,000-\$49,999	34,175	7.6%	30,200	6.6%
\$50,000-\$74,999	55,499	12.3%	48,056	10.5%
\$75,000-\$99,999	65,258	14.4%	64,870	14.2%
\$100,000-\$149,999	96,116	21.3%	103,160	22.5%
\$150,000-\$199,999	61,582	13.6%	70,611	15.4%
\$200,000+	69,935	15.5%	89,574	19.6%
Median Household Income	\$100,595		\$112,144	
Average Household Income	\$132,464		\$156,046	
Per Capita Income	\$44,546		\$52,489	

2014 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	4,202	40,106	72,021	102,562	100,782	66,379	65,575
<\$15,000	531	1,857	2,198	3,105	4,397	3,919	8,324
\$15,000-\$24,999	688	1,916	2,750	3,787	4,208	4,206	5,119
\$25,000-\$34,999	247	1,966	2,611	2,970	3,239	4,268	6,756
\$35,000-\$49,999	467	3,359	3,979	4,195	4,721	5,816	11,638
\$50,000-\$74,999	1,016	5,354	6,669	7,396	9,369	11,591	14,104
\$75,000-\$99,999	561	8,206	12,376	11,099	14,541	12,018	6,457
\$100,000-\$149,999	469	9,839	14,554	28,684	23,490	11,719	7,361
\$150,000-\$199,999	158	4,884	14,566	17,393	15,924	5,913	2,744
\$200,000+	65	2,725	12,318	23,933	20,893	6,929	3,072
Median HH Income	\$52,697	\$90,136	\$114,061	\$127,056	\$115,904	\$80,457	\$51,082
Average HH Income	\$64,066	\$109,267	\$147,118	\$165,359	\$153,494	\$109,790	\$74,122
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	12.6%	4.6%	3.1%	3.0%	4.4%	5.9%	12.7%
\$15,000-\$24,999	16.4%	4.8%	3.8%	3.7%	4.2%	6.3%	7.8%
\$25,000-\$34,999	5.9%	4.9%	3.6%	2.9%	3.2%	6.4%	10.3%
\$35,000-\$49,999	11.1%	8.4%	5.5%	4.1%	4.7%	8.8%	17.7%
\$50,000-\$74,999	24.2%	13.3%	9.3%	7.2%	9.3%	17.5%	21.5%
\$75,000-\$99,999	13.4%	20.5%	17.2%	10.8%	14.4%	18.1%	9.8%
\$100,000-\$149,999	11.2%	24.5%	20.2%	28.0%	23.3%	17.7%	11.2%
\$150,000-\$199,999	3.8%	12.2%	20.2%	17.0%	15.8%	8.9%	4.2%
\$200,000+	1.5%	6.8%	17.1%	23.3%	20.7%	10.4%	4.7%



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2019 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	3,762	39,445	73,787	92,199	103,749	77,082	67,618
<\$15,000	462	1,332	1,761	2,016	3,276	3,643	7,576
\$15,000-\$24,999	296	1,545	1,935	2,181	2,665	2,974	3,573
\$25,000-\$34,999	176	1,442	1,853	1,682	2,230	3,455	5,098
\$35,000-\$49,999	437	2,919	3,372	2,653	3,933	5,351	11,535
\$50,000-\$74,999	1,170	4,570	5,517	5,140	6,859	11,326	13,474
\$75,000-\$99,999	536	7,684	11,962	9,207	13,823	14,061	7,597
\$100,000-\$149,999	462	10,129	15,762	25,958	25,375	15,879	9,595
\$150,000-\$199,999	158	6,045	16,056	17,216	18,464	8,747	3,925
\$200,000+	65	3,779	15,569	26,146	27,124	11,646	5,245
Median HH Income	\$57,787	\$100,667	\$128,527	\$142,270	\$133,255	\$94,811	\$58,741
Average HH Income	\$70,203	\$125,821	\$170,032	\$194,110	\$183,528	\$135,693	\$92,327
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	12.3%	3.4%	2.4%	2.2%	3.2%	4.7%	11.2%
\$15,000-\$24,999	7.9%	3.9%	2.6%	2.4%	2.6%	3.9%	5.3%
\$25,000-\$34,999	4.7%	3.7%	2.5%	1.8%	2.1%	4.5%	7.5%
\$35,000-\$49,999	11.6%	7.4%	4.6%	2.9%	3.8%	6.9%	17.1%
\$50,000-\$74,999	31.1%	11.6%	7.5%	5.6%	6.6%	14.7%	19.9%
\$75,000-\$99,999	14.2%	19.5%	16.2%	10.0%	13.3%	18.2%	11.2%
\$100,000-\$149,999	12.3%	25.7%	21.4%	28.2%	24.5%	20.6%	14.2%
\$150,000-\$199,999	4.2%	15.3%	21.8%	18.7%	17.8%	11.3%	5.8%
\$200,000+	1.7%	9.6%	21.1%	28.4%	26.1%	15.1%	7.8%

Source: ESRI, Union Gaming Analytics



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Figure 23: Nassau County Age by Sex by Race

2014 White Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	951,447	100.0%	462,118	100.0%	489,329	100.0%
0 - 4	43,902	4.6%	22,437	4.9%	21,465	4.4%
5 - 9	52,473	5.5%	26,854	5.8%	25,619	5.2%
10 - 14	60,857	6.4%	31,526	6.8%	29,331	6.0%
15 - 19	59,591	6.3%	30,880	6.7%	28,711	5.9%
20 - 24	50,542	5.3%	26,173	5.7%	24,369	5.0%
25 - 29	46,595	4.9%	23,677	5.1%	22,918	4.7%
30 - 34	48,470	5.1%	24,482	5.3%	23,988	4.9%
35 - 39	46,890	4.9%	23,162	5.0%	23,728	4.8%
40 - 44	58,231	6.1%	28,644	6.2%	29,587	6.0%
45 - 49	68,651	7.2%	33,379	7.2%	35,272	7.2%
50 - 54	80,502	8.5%	38,980	8.4%	41,522	8.5%
55 - 59	79,831	8.4%	38,906	8.4%	40,925	8.4%
60 - 64	67,192	7.1%	32,476	7.0%	34,716	7.1%
65 - 69	54,270	5.7%	25,907	5.6%	28,363	5.8%
70 - 74	39,170	4.1%	17,634	3.8%	21,536	4.4%
75 - 79	31,650	3.3%	13,564	2.9%	18,086	3.7%
80 - 84	28,439	3.0%	11,365	2.5%	17,074	3.5%
85+	34,191	3.6%	12,072	2.6%	22,119	4.5%
Median Age	45.6		43.8		47.1	

2014 Black Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	159,008	100.0%	73,128	100.0%	85,880	100.0%
0 - 4	8,916	5.6%	4,535	6.2%	4,381	5.1%
5 - 9	10,443	6.6%	5,332	7.3%	5,111	6.0%
10 - 14	11,923	7.5%	6,051	8.3%	5,872	6.8%
15 - 19	12,668	8.0%	6,488	8.9%	6,180	7.2%
20 - 24	11,898	7.5%	5,865	8.0%	6,033	7.0%
25 - 29	10,298	6.5%	4,772	6.5%	5,526	6.4%
30 - 34	9,934	6.2%	4,655	6.4%	5,279	6.1%
35 - 39	9,857	6.2%	4,425	6.1%	5,432	6.3%
40 - 44	11,560	7.3%	4,994	6.8%	6,566	7.6%
45 - 49	12,304	7.7%	5,483	7.5%	6,821	7.9%
50 - 54	12,024	7.6%	5,419	7.4%	6,605	7.7%
55 - 59	9,875	6.2%	4,316	5.9%	5,559	6.5%
60 - 64	8,158	5.1%	3,449	4.7%	4,709	5.5%
65 - 69	6,947	4.4%	2,887	3.9%	4,060	4.7%
70 - 74	4,917	3.1%	1,987	2.7%	2,930	3.4%
75 - 79	3,165	2.0%	1,163	1.6%	2,002	2.3%
80 - 84	2,053	1.3%	721	1.0%	1,332	1.6%
85+	2,068	1.3%	586	0.8%	1,482	1.7%
Median Age	36.7		33.8		39.2	



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2014 American Indian Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	3,375	100.0%	1,674	100.0%	1,701	100.0%
0 - 4	303	9.0%	151	9.0%	152	8.9%
5 - 9	288	8.5%	151	9.0%	137	8.1%
10 - 14	305	9.0%	163	9.7%	142	8.3%
15 - 19	327	9.7%	166	9.9%	161	9.5%
20 - 24	273	8.1%	142	8.5%	131	7.7%
25 - 29	232	6.9%	112	6.7%	120	7.1%
30 - 34	233	6.9%	129	7.7%	104	6.1%
35 - 39	243	7.2%	127	7.6%	116	6.8%
40 - 44	225	6.7%	97	5.8%	128	7.5%
45 - 49	268	7.9%	134	8.0%	134	7.9%
50 - 54	213	6.3%	108	6.5%	105	6.2%
55 - 59	148	4.4%	73	4.4%	75	4.4%
60 - 64	95	2.8%	40	2.4%	55	3.2%
65 - 69	75	2.2%	30	1.8%	45	2.6%
70 - 74	67	2.0%	28	1.7%	39	2.3%
75 - 79	35	1.0%	13	0.8%	22	1.3%
80 - 84	25	0.7%	6	0.4%	19	1.1%
85+	20	0.6%	4	0.2%	16	0.9%
Median Age	29.1		27.9		30.4	

2014 Asian Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	115,109	100.0%	55,878	100.0%	59,231	100.0%
0 - 4	6,316	5.5%	3,200	5.7%	3,116	5.3%
5 - 9	7,440	6.5%	3,808	6.8%	3,632	6.1%
10 - 14	8,391	7.3%	4,329	7.7%	4,062	6.9%
15 - 19	8,335	7.2%	4,387	7.9%	3,948	6.7%
20 - 24	6,927	6.0%	3,545	6.3%	3,382	5.7%
25 - 29	7,423	6.4%	3,524	6.3%	3,899	6.6%
30 - 34	8,513	7.4%	3,907	7.0%	4,606	7.8%
35 - 39	8,016	7.0%	3,661	6.6%	4,355	7.4%
40 - 44	8,673	7.5%	3,843	6.9%	4,830	8.2%
45 - 49	8,879	7.7%	4,161	7.4%	4,718	8.0%
50 - 54	9,387	8.2%	4,507	8.1%	4,880	8.2%
55 - 59	8,067	7.0%	4,061	7.3%	4,006	6.8%
60 - 64	6,657	5.8%	3,278	5.9%	3,379	5.7%
65 - 69	5,169	4.5%	2,490	4.5%	2,679	4.5%
70 - 74	3,390	2.9%	1,660	3.0%	1,730	2.9%
75 - 79	1,767	1.5%	836	1.5%	931	1.6%
80 - 84	919	0.8%	366	0.7%	553	0.9%
85+	840	0.7%	315	0.6%	525	0.9%
Median Age	37.6		36.7		38.4	



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2014 Pacific Islander Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	355	100.0%	173	100.0%	182	100.0%
0 - 4	25	7.0%	13	7.5%	12	6.6%
5 - 9	25	7.0%	15	8.7%	10	5.5%
10 - 14	31	8.7%	13	7.5%	18	9.9%
15 - 19	24	6.8%	14	8.1%	10	5.5%
20 - 24	25	7.0%	16	9.2%	9	4.9%
25 - 29	27	7.6%	16	9.2%	11	6.0%
30 - 34	36	10.1%	17	9.8%	19	10.4%
35 - 39	24	6.8%	13	7.5%	11	6.0%
40 - 44	34	9.6%	14	8.1%	20	11.0%
45 - 49	25	7.0%	9	5.2%	16	8.8%
50 - 54	17	4.8%	10	5.8%	7	3.8%
55 - 59	22	6.2%	9	5.2%	13	7.1%
60 - 64	14	3.9%	5	2.9%	9	4.9%
65 - 69	9	2.5%	3	1.7%	6	3.3%
70 - 74	3	0.8%	1	0.6%	2	1.1%
75 - 79	8	2.3%	2	1.2%	6	3.3%
80 - 84	4	1.1%	2	1.2%	2	1.1%
85+	2	0.6%	1	0.6%	1	0.5%
Median Age	32.8		29.8		35.9	

2014 Some Other Race Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	83,878	100.0%	43,448	100.0%	40,430	100.0%
0 - 4	6,752	8.0%	3,476	8.0%	3,276	8.1%
5 - 9	6,724	8.0%	3,459	8.0%	3,265	8.1%
10 - 14	6,293	7.5%	3,270	7.5%	3,023	7.5%
15 - 19	6,492	7.7%	3,385	7.8%	3,107	7.7%
20 - 24	7,362	8.8%	3,966	9.1%	3,396	8.4%
25 - 29	8,313	9.9%	4,517	10.4%	3,796	9.4%
30 - 34	9,086	10.8%	4,901	11.3%	4,185	10.4%
35 - 39	7,711	9.2%	4,063	9.4%	3,648	9.0%
40 - 44	6,740	8.0%	3,514	8.1%	3,226	8.0%
45 - 49	5,383	6.4%	2,669	6.1%	2,714	6.7%
50 - 54	4,273	5.1%	2,189	5.0%	2,084	5.2%
55 - 59	3,225	3.8%	1,595	3.7%	1,630	4.0%
60 - 64	2,182	2.6%	1,067	2.5%	1,115	2.8%
65 - 69	1,401	1.7%	631	1.5%	770	1.9%
70 - 74	860	1.0%	342	0.8%	518	1.3%
75 - 79	524	0.6%	201	0.5%	323	0.8%
80 - 84	290	0.3%	119	0.3%	171	0.4%
85+	267	0.3%	84	0.2%	183	0.5%
Median Age	30.0		29.6		30.4	



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2014 Multiple Races Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	35,887	100.0%	17,747	100.0%	18,140	100.0%
0 - 4	4,108	11.4%	2,120	11.9%	1,988	11.0%
5 - 9	3,830	10.7%	2,002	11.3%	1,828	10.1%
10 - 14	3,505	9.8%	1,751	9.9%	1,754	9.7%
15 - 19	2,976	8.3%	1,506	8.5%	1,470	8.1%
20 - 24	2,516	7.0%	1,321	7.4%	1,195	6.6%
25 - 29	2,422	6.7%	1,188	6.7%	1,234	6.8%
30 - 34	2,501	7.0%	1,204	6.8%	1,297	7.1%
35 - 39	2,335	6.5%	1,138	6.4%	1,197	6.6%
40 - 44	2,164	6.0%	1,071	6.0%	1,093	6.0%
45 - 49	2,143	6.0%	998	5.6%	1,145	6.3%
50 - 54	1,998	5.6%	976	5.5%	1,022	5.6%
55 - 59	1,658	4.6%	795	4.5%	863	4.8%
60 - 64	1,227	3.4%	556	3.1%	671	3.7%
65 - 69	974	2.7%	468	2.6%	506	2.8%
70 - 74	624	1.7%	295	1.7%	329	1.8%
75 - 79	403	1.1%	182	1.0%	221	1.2%
80 - 84	274	0.8%	106	0.6%	168	0.9%
85+	229	0.6%	70	0.4%	159	0.9%
Median Age	27.1		25.7		28.4	

2014 Hispanic Population by Age

	Total		Males		Females	
	Number	Percent	Number	Percent	Number	Percent
Total	217,812	100.0%	109,563	100.0%	108,249	100.0%
0 - 4	17,607	8.1%	9,162	8.4%	8,445	7.8%
5 - 9	17,627	8.1%	9,004	8.2%	8,623	8.0%
10 - 14	16,989	7.8%	8,797	8.0%	8,192	7.6%
15 - 19	16,690	7.7%	8,715	8.0%	7,975	7.4%
20 - 24	17,241	7.9%	9,180	8.4%	8,061	7.4%
25 - 29	18,613	8.5%	9,818	9.0%	8,795	8.1%
30 - 34	20,328	9.3%	10,628	9.7%	9,700	9.0%
35 - 39	17,908	8.2%	9,226	8.4%	8,682	8.0%
40 - 44	16,664	7.7%	8,266	7.5%	8,398	7.8%
45 - 49	14,548	6.7%	7,067	6.5%	7,481	6.9%
50 - 54	12,650	5.8%	6,037	5.5%	6,613	6.1%
55 - 59	10,061	4.6%	4,748	4.3%	5,313	4.9%
60 - 64	7,246	3.3%	3,294	3.0%	3,952	3.7%
65 - 69	5,350	2.5%	2,432	2.2%	2,918	2.7%
70 - 74	3,481	1.6%	1,457	1.3%	2,024	1.9%
75 - 79	2,193	1.0%	826	0.8%	1,367	1.3%
80 - 84	1,387	0.6%	523	0.5%	864	0.8%
85+	1,229	0.6%	383	0.3%	846	0.8%
Median Age	31.0		30.0		32.1	

Source: ESRI, Union Gaming Analytics



U.S. Gaming Market Statistics

We estimate the current U.S. gaming market at \$65.2bn. Our estimates include a \$37.3bn commercial casino gaming market and \$27.9bn tribal. In 2012, total U.S. population was estimated at approximately 313mm and the adult population at 224mm. On average, nearly 32% of the total U.S. adult population participates in casino gambling annually, which would indicate an annual gambling budget of \$911 in 2012. In 2012, the U.S. per capita income was \$26,409, resulting in roughly 3.5% of per capita income spent on gambling (Figure 24).

Figure 24: U.S. Gaming Market Statistics in 2012

Gaming Revenues:

Commercial Casinos	\$37,340,000,000
Tribal Casinos	\$27,900,000,000
Est. Total U.S. Gaming Revenues	\$65,240,000,000

Total U.S. Population	313,129,017
U.S. Adult Population	223,700,000
U.S. Adult Gaming Population	71,600,000

% of U.S. Adult Population participating in gaming	32.0%
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Annual Gaming Budget/Pop.	\$911
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U.S. per capita income	\$26,409
% of per capita income spent on gaming	3.5%

Source: Union Gaming Analytics, American Gaming Association



Nassau OTB VLT Facility – Detailed Property Analysis

Market Demographics

The Nassau OTB VLT Facility (“Nassau OTB”), is to be located in central Nassau County, NY and will serve as a gaming destination for Nassau, Suffolk and Queens Counties in New York. The facility will have 1,000 VLTs.

In 2014, the total population within a 60 minute drive time of Nassau OTB was estimated at 13.2 million and the adult population was 10.0 million. As illustrated in Figure 24, on average 32% of the total U.S. adult population participates in gambling annually. Applying this 32% adult gaming participation rate to the 60 minute drive time of Nassau OTB adult population results in approximately 3.2 million adults who game, which would indicate a theoretical gross gaming revenue market of \$3.9bn in 2014.

This theoretical GGR estimate is not what we are projecting for Nassau OTB, but rather the estimate if Nassau OTB was able to capture 100% of the theoretical gross gaming revenue with no competing casinos within a 60 minute drive of the facility (Figure 25).

Figure 25: Projected Theoretical GGR Market for Nassau OTB

	2014 Population	2014 Adult Population	2014 Adult Gaming Population	2014 Per capita income
Nassau County				
0-15-minute drive	776,824	584,948	187,225	\$42,527
15-30-minute drive	2,997,914	2,275,417	728,296	\$33,622
30-60-minute drive	9,448,072	7,161,639	2,292,237	\$33,858
Total	13,222,810	10,022,004	3,207,758	\$34,314

Immediate Local Gaming Market (15-min Drive Radius)

Total Population	776,824
Adults	584,948
Per Capita Income	\$42,527
% of Adults Who Gamble	32.0%
Number of Adults Who Gamble 2014	187,225
% of per capita income spent on gaming	3.5%

Immediate Local Gaming Market	\$278.7
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Local Gaming Market (15 to 30-min Drive Radius)

Total Population	2,997,914
Adults	2,275,417
Per Capita Income	\$33,622
% of Adults Who Gamble	32.0%
Number of Adults Who Gamble 2014	728,296
% of per capita income spent on gaming	3.5%

Local Gaming Market	\$857.0
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Tertiary Gaming Market (30-min to 60-min Drive Radius)

Total Population	9,448,072
Adults	7,161,639
Per Capita Income	\$33,858
% of Adults Who Gamble	32.0%
Number of Adults Who Gamble 2014	2,292,237
% of per capita income spent on gaming	3.5%

Tertiary Gaming Market	\$2,716.4
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Total Nassau Gaming Market

15-minute Drive Radius	\$278.7
15 to 30-minute Drive Radius	\$857.0
30 to 60-minute Drive Radius	\$2,716.4

Total Nassau County Theoretical Gaming Market	\$3,852.1
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Source: ESRI, Union Gaming Analytics



Gross Gaming Revenue Projections – Nassau OTB

When calculating Union Gaming's proprietary capture rates of each segment, we look at many different variables. The variables that we analyzed included, but are not limited to, the function of competitive dynamics, competitive set, distance to the closest casino, asset quality, and other forms of legalized gaming. The 60 minute drive time area has numerous competing gaming options. Also note some of each gaming budget could be spent out of state (Las Vegas/Atlantic City/etc.). In this region within the 60 minute range are three casinos/racinos. Within 0 to 30 minutes of Nassau OTB, there is one racino (Resorts World New York) and within 30 to 60 minutes, there are two casinos/racinos (the proposed Suffolk County OTB and Empire City Casino).

Applying Union Gaming's proprietary capture rates to the three segments (immediate local market, local market and tertiary market) based on the number of adult gaming customers results in projected GGR for the low, base and high case of \$216.8 million, \$237.9 million, and \$259.0 million, respectively (Figure 26).

Figure 26: Projected GGR for Nassau OTB

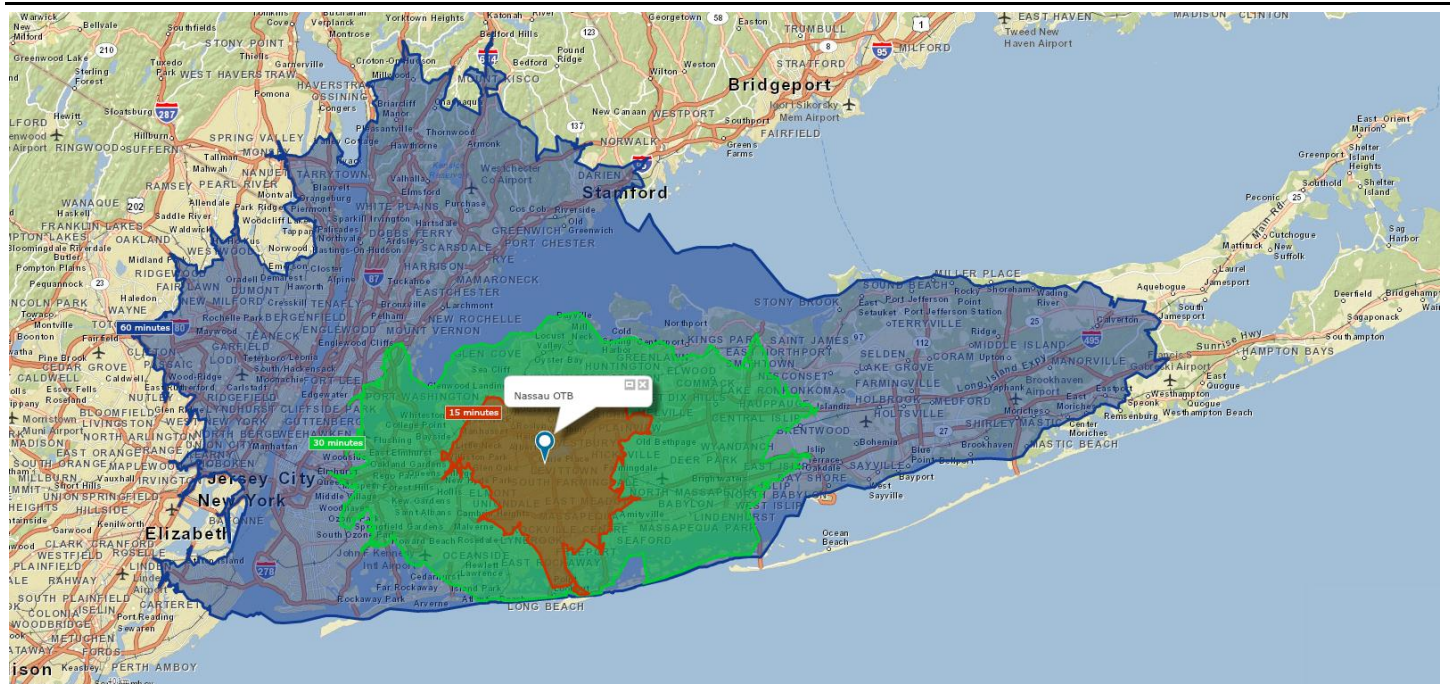
Induced Local Demand (USD mm)	Low	High		
Immediate Local Gaming Market (15-min Drive Radius)	\$278.7	\$278.7		
Capture Rate	60.0%	65.0%		
Immediate Local Gaming Market Revenues (15-min Drive Radius)	\$167.2	\$181.1		
Local Gaming Market (15 to 30-min Drive Radius)	\$857.0	\$857.0		
Capture Rate	5.0%	7.5%		
Local Gaming Market Revenues (15 to 30-min Drive Radius)	\$42.9	\$64.3		
Induced Local Demand Revenues	\$210.1	\$245.4		
Induced Tertiary Demand (USD mm)	Low	High		
Tertiary Gaming Market (30 to 60-min Drive Radius)	\$2,716.4	\$2,716.4		
Capture Rate	0.3%	0.5%		
Induced Tertiary Demand Revenues	\$6.8	\$13.6		
GGR - 2014	Low	High	Midpoint	% of Revenue
Induced Immediate Local Demand (15-min Drive Radius)	\$167.2	\$181.1	\$174.2	73.2%
Induced Local Demand (15 to 30-min Drive Radius)	\$42.9	\$64.3	\$53.6	22.5%
Induced Tertiary Demand (30 to 60-min Drive Radius)	\$6.8	\$13.6	\$10.2	4.3%
Total Nassau County GGR	\$216.8	\$259.0	\$237.9	100.0%

Source: ESRI, Union Gaming Analytics



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Figure 27: Nassau OTB Property Market Map - (15-minute drive time radius in red, 30-minute in green and 60-minute in blue)



Source: ESRI



New York VLT Population & Income Analysis

For the nine VLT facilities in New York, we analyzed the population and income statistics for the 0 to 15-minute, 0 to 30-minute, 0 to 45-minute, 0 to 60-minute and 0 to 90-minute drive times (Figure 28).

Figure 28: New York VLT Population & Income Analysis

	Aqueduct		Yonkers		Saratoga		Finger Lakes		Tioga Downs		Vernon Downs		Batavia Downs Gaming	
	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019
15-minute Drive														
Population	817,234	847,466	1,577,565	1,627,783	90,430	93,874	67,986	69,614	22,854	22,689	43,743	43,907	37,719	37,317
Median Household Income	\$50,706	\$56,054	\$41,387	\$46,962	\$75,617	\$83,627	\$63,182	\$73,600	\$43,791	\$50,337	\$54,098	\$59,851	\$48,794	\$53,943
Average Household Income	\$65,554	\$74,089	\$66,912	\$77,432	\$92,865	\$106,881	\$88,149	\$103,740	\$53,716	\$60,671	\$66,981	\$76,476	\$58,926	\$66,412
Per Capita Income	\$21,813	\$24,701	\$24,774	\$28,737	\$38,630	\$44,714	\$35,609	\$42,173	\$22,646	\$25,703	\$27,404	\$31,575	\$23,838	\$27,070
30-minute Drive														
Population	5,553,836	5,761,142	5,587,863	5,783,643	388,982	398,907	604,950	609,161	119,330	117,719	253,245	253,473	176,828	176,407
Median Household Income	\$52,075	\$59,329	\$54,124	\$63,988	\$63,810	\$75,326	\$51,547	\$57,805	\$49,078	\$54,109	\$49,243	\$53,855	\$54,444	\$60,288
Average Household Income	\$74,302	\$85,785	\$88,439	\$104,339	\$82,238	\$94,180	\$72,314	\$83,990	\$61,027	\$69,256	\$61,732	\$70,631	\$66,641	\$75,455
Per Capita Income	\$26,954	\$31,202	\$34,474	\$40,723	\$34,199	\$39,339	\$29,946	\$34,988	\$25,803	\$29,416	\$25,373	\$29,182	\$26,053	\$29,778
45-minute Drive														
Population	10,653,938	11,009,186	11,746,214	12,141,318	934,672	948,650	1,000,072	1,006,522	370,669	366,101	598,216	600,309	1,504,240	1,504,027
Median Household Income	\$55,033	\$64,789	\$57,478	\$68,354	\$56,991	\$65,394	\$53,057	\$59,387	\$48,347	\$53,707	\$50,237	\$54,848	\$47,822	\$53,523
Average Household Income	\$85,883	\$100,798	\$91,247	\$107,455	\$76,103	\$87,535	\$70,959	\$81,542	\$62,464	\$71,411	\$65,045	\$74,642	\$64,552	\$74,260
Per Capita Income	\$32,428	\$38,142	\$34,447	\$40,652	\$31,851	\$36,777	\$29,193	\$33,763	\$26,213	\$30,127	\$26,905	\$31,051	\$27,194	\$31,497
60-minute Drive														
Population	14,619,008	15,072,739	16,470,465	16,978,272	1,090,948	1,105,779	1,233,388	1,239,602	560,373	556,995	891,183	895,309	2,122,146	2,123,866
Median Household Income	\$58,134	\$68,988	\$60,769	\$72,874	\$57,206	\$65,514	\$52,900	\$58,852	\$48,876	\$54,327	\$51,250	\$56,223	\$50,790	\$56,336
Average Household Income	\$89,054	\$104,301	\$93,523	\$109,854	\$75,828	\$87,001	\$69,375	\$79,366	\$63,228	\$72,169	\$66,296	\$75,775	\$67,459	\$77,505
Per Capita Income	\$33,120	\$38,874	\$34,669	\$40,800	\$31,490	\$36,275	\$28,389	\$32,698	\$26,378	\$30,293	\$27,177	\$31,223	\$28,244	\$32,666
90-minute Drive														
Population	19,578,168	20,133,779	21,397,104	21,961,119	1,540,793	1,553,594	2,973,811	2,980,690	1,012,185	1,008,296	1,432,638	1,436,005	2,519,984	2,520,974
Median Household Income	\$64,898	\$77,171	\$65,325	\$77,423	\$54,316	\$61,551	\$51,107	\$56,585	\$47,647	\$53,658	\$50,516	\$55,410	\$50,635	\$56,017
Average Household Income	\$96,741	\$113,496	\$96,441	\$113,105	\$72,044	\$82,632	\$67,286	\$77,095	\$61,473	\$70,065	\$64,183	\$72,959	\$66,391	\$76,086
Per Capita Income	\$35,664	\$41,919	\$35,640	\$41,874	\$30,141	\$34,719	\$27,904	\$32,178	\$25,292	\$28,985	\$26,136	\$29,864	\$27,634	\$31,883

Source: ESRI, Union Gaming Analytics



December 5, 2014

New York VLT Per Capita Income Analysis

For the nine VLT facilities in New York, we analyzed the percentage of per capita income spent on gaming for the adult population and the percentage of per capita income spent on gaming for the adult gaming population for the 0 to 15-minute, 0 to 30-minute, 0 to 45-minute, 0 to 60-minute and 0 to 90-minute drive times (Figure 29).

Figure 29: New York VLT Per Capita Income Analysis

(\$ in millions except per adult population and per capita income)

	Aquaduct		Yonkers		Saratoga		Finger Lakes		Tioga Downs		Vernon Downs		Batavia Downs Gaming	
	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019
LTM 9/30/14 GGR	\$878.7	\$878.7	\$587.5	\$587.5	\$173.1	\$173.1	\$140.9	\$140.9	\$62.1	\$62.1	\$46.1	\$46.1	\$54.3	\$54.3
0 to 15-minute Drive														
Population	817,234	847,466	1,577,565	1,627,783	90,430	93,874	67,986	69,614	22,854	22,689	43,743	43,907	37,719	37,317
% of Adult Population	73.9%	74.7%	73.0%	73.4%	76.6%	76.9%	75.0%	75.9%	75.8%	76.3%	78.1%	79.0%	77.1%	77.6%
Adult Population	603,936	633,057	1,151,622	1,194,793	69,269	72,189	50,990	52,837	17,323	17,312	34,163	34,687	29,081	28,958
GGR per Adult Population	\$1,455	\$1,388	\$510	\$492	\$2,499	\$2,398	\$2,763	\$2,666	\$3,586	\$3,588	\$1,349	\$1,329	\$1,868	\$1,876
Per Capita Income	\$21,813	\$24,701	\$24,774	\$28,737	\$38,630	\$44,714	\$35,609	\$42,173	\$22,646	\$25,703	\$27,404	\$31,575	\$23,838	\$27,070
% of Per Capita Income Spent on Gaming - Adult Population	6.7%	5.6%	2.1%	1.7%	6.5%	5.4%	7.8%	6.3%	15.8%	14.0%	4.9%	4.2%	7.8%	6.9%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	20.8%	17.6%	6.4%	5.3%	20.2%	16.8%	24.2%	19.8%	49.5%	43.6%	15.4%	13.1%	24.5%	21.7%
0 to 30-minute Drive														
Population	5,553,836	5,761,142	5,587,863	5,783,643	388,982	398,907	604,950	609,161	119,330	117,719	253,245	253,473	176,828	176,407
% of Adult Population	76.1%	76.5%	76.7%	76.8%	76.5%	77.3%	74.9%	75.7%	76.7%	77.4%	76.1%	76.9%	77.8%	78.6%
Adult Population	4,226,469	4,407,274	4,285,891	4,441,838	297,571	308,355	453,108	461,135	91,526	91,115	192,719	194,921	137,572	138,656
GGR per Adult Population	\$208	\$199	\$137	\$132	\$582	\$561	\$311	\$306	\$679	\$682	\$239	\$236	\$395	\$392
Per Capita Income	\$26,954	\$31,202	\$34,474	\$40,723	\$34,199	\$39,339	\$29,946	\$34,988	\$25,803	\$29,416	\$25,373	\$29,182	\$26,053	\$29,778
% of Per Capita Income Spent on Gaming - Adult Population	0.8%	0.6%	0.4%	0.3%	1.7%	1.4%	1.0%	0.9%	2.6%	2.3%	0.9%	0.8%	1.5%	1.3%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	2.4%	2.0%	1.2%	1.0%	5.3%	4.5%	3.2%	2.7%	8.2%	7.2%	2.9%	2.5%	4.7%	4.1%
0 to 45-minute Drive														
Population	10,653,938	11,009,186	11,746,214	12,141,318	934,672	948,650	1,000,072	1,006,522	370,669	366,101	598,216	600,309	1,504,240	1,504,027
% of Adult Population	76.1%	76.5%	75.9%	76.0%	76.5%	77.2%	75.7%	76.3%	76.7%	77.3%	75.8%	76.4%	76.2%	77.1%
Adult Population	8,107,647	8,422,027	8,915,376	9,227,402	715,024	732,358	757,055	767,976	284,303	282,996	453,448	458,636	1,146,231	1,159,605
GGR per Adult Population	\$108	\$104	\$66	\$64	\$242	\$236	\$186	\$183	\$218	\$220	\$102	\$100	\$47	\$47
Per Capita Income	\$32,428	\$38,142	\$34,447	\$40,652	\$31,851	\$36,777	\$29,193	\$33,763	\$26,213	\$30,127	\$26,905	\$31,051	\$27,194	\$31,497
% of Per Capita Income Spent on Gaming - Adult Population	0.3%	0.3%	0.2%	0.2%	0.8%	0.6%	0.6%	0.5%	0.8%	0.7%	0.4%	0.3%	0.2%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	1.0%	0.9%	0.6%	0.5%	2.4%	2.0%	2.0%	1.7%	2.6%	2.3%	1.2%	1.0%	0.5%	0.5%
0 to 60-minute Drive														
Population	14,619,008	15,072,739	16,470,465	16,978,272	1,090,948	1,105,779	1,233,388	1,239,602	560,373	556,995	891,183	895,309	2,122,146	2,123,866
% of Adult Population	75.7%	75.9%	75.3%	75.6%	76.8%	77.5%	75.8%	76.5%	76.5%	77.1%	75.4%	76.2%	76.3%	77.0%
Adult Population	11,066,589	11,440,209	12,402,260	12,835,574	837,848	856,979	934,908	948,296	428,685	429,443	671,952	682,225	1,619,197	1,635,377
GGR per Adult Population	\$79	\$77	\$47	\$46	\$207	\$202	\$151	\$149	\$145	\$145	\$69	\$68	\$34	\$33
Per Capita Income	\$33,120	\$38,874	\$34,669	\$40,800	\$31,490	\$36,275	\$28,389	\$32,698	\$26,378	\$30,293	\$27,177	\$31,223	\$28,244	\$32,666
% of Per Capita Income Spent on Gaming - Adult Population	0.2%	0.2%	0.1%	0.1%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.3%	0.2%	0.1%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.7%	0.6%	0.4%	0.4%	2.1%	1.7%	1.7%	1.4%	1.7%	1.5%	0.8%	0.7%	0.4%	0.3%
0 to 90-minute Drive														
Population	19,578,168	20,133,779	21,397,104	21,961,119	1,540,793	1,553,594	2,973,811	2,980,690	1,012,185	1,008,296	1,432,638	1,436,005	2,519,984	2,520,974
% of Adult Population	75.2%	75.6%	75.2%	75.6%	77.2%	77.9%	76.0%	76.8%	76.6%	77.3%	75.6%	76.3%	76.3%	77.2%
Adult Population	14,722,782	15,221,137	16,090,622	16,602,606	1,189,492	1,210,250	2,260,096	2,289,170	775,334	779,413	1,083,074	1,095,672	1,922,748	1,946,192
GGR per Adult Population	\$60	\$58	\$37	\$35	\$146	\$143	\$62	\$62	\$80	\$80	\$43	\$42	\$28	\$28
Per Capita Income	\$35,664	\$41,919	\$35,640	\$41,874	\$30,141	\$34,719	\$27,904	\$32,178	\$25,292	\$28,985	\$26,136	\$29,864	\$27,634	\$31,883
% of Per Capita Income Spent on Gaming - Adult Population	0.2%	0.1%	0.1%	0.1%	0.5%	0.4%	0.2%	0.2%	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.5%	0.4%	0.3%	0.3%	1.5%	1.3%	0.7%	0.6%	1.0%	0.9%	0.5%	0.4%	0.3%	0.3%

Source: ESRI, Union Gaming Analytics



Nassau County Competitive Market Population & Income Analysis

For Nassau OTB, Suffolk OTB, Resorts World New York City and Empire City Casino, we analyzed the population and income statistics for the 0 to 15-minute, 0 to 30-minute, 0 to 45-minute, 0 to 60-minute and 0 to 90-minute drive times (Figure 30).

Figure 30: Nassau County Competitive Market Population & Income Analysis

	Nassau OTB		Suffolk OTB		Aqueduct		Yonkers	
	2014	2019	2014	2019	2014	2019	2014	2019
15-minute Drive								
Population	776,824	788,297	446,392	449,419	817,234	847,466	1,577,565	1,627,783
Median Household Income	\$99,318	\$110,521	\$86,631	\$97,011	\$50,706	\$56,054	\$41,387	\$46,962
Average Household Income	\$130,295	\$153,172	\$105,814	\$120,762	\$65,554	\$74,089	\$66,912	\$77,432
Per Capita Income	\$42,527	\$50,037	\$36,232	\$41,427	\$21,813	\$24,701	\$24,774	\$28,737
30-minute Drive								
Population	3,774,738	3,869,002	1,274,749	1,285,552	5,553,836	5,761,142	5,587,863	5,783,643
Median Household Income	\$73,531	\$82,576	\$91,130	\$102,534	\$52,075	\$59,329	\$54,124	\$63,988
Average Household Income	\$99,309	\$114,664	\$116,389	\$134,924	\$74,302	\$85,785	\$88,439	\$104,339
Per Capita Income	\$33,622	\$38,850	\$38,756	\$45,022	\$26,954	\$31,202	\$34,474	\$40,723
45-minute Drive								
Population	9,632,539	9,929,138	2,245,538	2,268,640	10,653,938	11,009,186	11,746,214	12,141,318
Median Household Income	\$56,710	\$66,626	\$94,076	\$105,503	\$55,033	\$64,789	\$57,478	\$68,354
Average Household Income	\$86,781	\$101,265	\$122,210	\$142,601	\$85,883	\$100,798	\$91,247	\$107,455
Per Capita Income	\$32,009	\$37,447	\$40,697	\$47,559	\$32,428	\$38,142	\$34,447	\$40,652
60-minute Drive								
Population	13,222,810	13,634,360	4,400,423	4,494,438	14,619,008	15,072,739	16,470,465	16,978,272
Median Household Income	\$59,306	\$70,793	\$79,098	\$88,780	\$58,134	\$68,988	\$60,769	\$72,874
Average Household Income	\$90,910	\$106,584	\$105,252	\$121,801	\$89,054	\$104,301	\$93,523	\$109,854
Per Capita Income	\$33,858	\$39,790	\$35,783	\$41,450	\$33,120	\$38,874	\$34,669	\$40,800
90-minute Drive								
Population	18,341,476	18,341,476	13,131,034	13,541,057	19,578,168	20,133,779	21,397,104	21,961,119
Median Household Income	\$63,408	\$75,917	\$59,510	\$71,137	\$64,898	\$77,171	\$65,325	\$77,423
Average Household Income	\$95,334	\$111,819	\$91,176	\$106,945	\$96,741	\$113,496	\$96,441	\$113,105
Per Capita Income	\$35,125	\$41,277	\$34,031	\$40,011	\$35,664	\$41,919	\$35,640	\$41,874

Source: ESRI, Union Gaming Analytics



Nassau County Competitive Market Per Capita Income Analysis

For the Nassau OTB, Resorts World New York City and Empire City Casino, we analyzed the percentage of per capita income spent on gaming for the adult population and the percentage of per capita income spent on gaming for the adult gaming population for the 0 to 15-minute, 0 to 30 minute, 0 to 45-minute, 0 to 60-minute and 0 to 90-minute drive times (Figure 31).



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Figure 31: Nassau County Competitive Market Per Capita Income Analysis

(\$ in millions except per adult population and per capita income)

	Nassau County OTB		Resort World Aqueduct		Yonkers Raceway	
	2014	2019	2014	2019	2014	2019
Gross Gaming Revenue	\$237.9	\$237.9	\$878.7 ⁽¹⁾	\$878.7	\$587.5 ⁽¹⁾	\$587.5
0 to 15-minute Drive						
Population	776,824	788,297	817,234	847,466	1,577,565	1,627,783
% of Adult Population	75.3%	75.5%	73.9%	74.7%	73.0%	73.4%
Adult Population	584,948	595,164	603,936	633,057	1,151,622	1,194,793
GGR per Adult Population	\$407	\$400	\$1,455	\$1,388	\$510	\$492
Per Capita Income	\$42,527	\$50,037	\$21,813	\$24,701	\$24,774	\$28,737
% of Per Capita Income Spent on Gaming - Adult Population	1.0%	0.8%	6.7%	5.6%	2.1%	1.7%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	3.0%	2.5%	20.8%	17.6%	6.4%	5.3%
0 to 30-minute Drive						
Population	3,774,738	3,869,002	5,553,836	5,761,142	5,587,863	5,783,643
% of Adult Population	75.9%	76.2%	76.1%	76.5%	76.7%	76.8%
Adult Population	2,865,026	2,948,180	4,226,469	4,407,274	4,285,891	4,441,838
GGR per Adult Population	\$83	\$81	\$208	\$199	\$137	\$132
Per Capita Income	\$33,622	\$38,850	\$26,954	\$31,202	\$34,474	\$40,723
% of Per Capita Income Spent on Gaming - Adult Population	0.2%	0.2%	0.8%	0.6%	0.4%	0.3%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.8%	0.6%	2.4%	2.0%	1.2%	1.0%
0 to 45-minute Drive						
Population	9,632,539	9,929,138	10,653,938	11,009,186	11,746,214	12,141,318
% of Adult Population	75.9%	76.1%	76.1%	76.5%	75.9%	76.0%
Adult Population	7,311,097	7,556,074	8,107,647	8,422,027	8,915,376	9,227,402
GGR per Adult Population	\$33	\$31	\$108	\$104	\$66	\$64
Per Capita Income	\$32,009	\$37,447	\$32,428	\$38,142	\$34,447	\$40,652
% of Per Capita Income Spent on Gaming - Adult Population	0.1%	0.1%	0.3%	0.3%	0.2%	0.2%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.3%	0.3%	1.0%	0.9%	0.6%	0.5%
0 to 60-minute Drive						
Population	13,222,810	13,634,360	14,619,008	15,072,739	16,470,465	16,978,272
% of Adult Population	75.8%	76.3%	75.7%	75.9%	75.3%	75.6%
Adult Population	10,022,890	10,403,017	11,066,589	11,440,209	12,402,260	12,835,574
GGR per Adult Population	\$24	\$23	\$79	\$77	\$47	\$46
Per Capita Income	\$33,858	\$39,790	\$33,120	\$38,874	\$34,669	\$40,800
% of Per Capita Income Spent on Gaming - Adult Population	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.2%	0.2%	0.7%	0.6%	0.4%	0.4%
0 to 90-minute Drive						
Population	18,341,476	18,341,476	19,578,168	20,133,779	21,397,104	21,961,119
% of Adult Population	75.3%	75.5%	75.2%	75.6%	75.2%	75.6%
Adult Population	13,811,131	13,847,814	14,722,782	15,221,137	16,090,622	16,602,606
GGR per Adult Population	\$17	\$17	\$60	\$58	\$37	\$35
Per Capita Income	\$35,125	\$41,277	\$35,664	\$41,919	\$35,640	\$41,874
% of Per Capita Income Spent on Gaming - Adult Population	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.2%	0.1%	0.5%	0.4%	0.3%	0.3%

(1) Gross gaming revenue for the LTM 9/30/14 period.

Source: ESRI, Union Gaming Analytics



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Proxy for Nassau OTB – Casino/Racino Comps

Figure 32: Casino/Racino Comps

(\$ in millions)

Property	Location	County	Type	LTM 9/30/14 Gaming Revenue	LTM 9/30/14 Slot Revenue	Slot WPU	Slots	Tables	Hotel Rooms	Gaming Floor (sq. ft.)
Nassau County OTB ⁽¹⁾	Central Nassau County, NY	Nassau	Casino	\$237.9	\$237.9	\$652	1,000	-	-	-
Resorts World Casino - Aqueduct	Jamaica, NY	Queens	Racino	\$878.7	\$878.7	\$481	5,003	-	-	415,000
Empire City Casino - Yonkers	Yonkers, NY	Westchester	Racino	\$587.5	\$587.5	\$304	5,297	-	-	120,000
Harrah's Joliet	Joliet, IL	Cook	Casino	\$194.1	\$167.0	\$418	1,095	36	204	39,000
Grand Victoria	Elgin, IL	Cook	Casino	\$173.5	\$142.2	\$339	1,150	31	-	29,850
Rivers Casino	Des Plaines, IL	Cook	Casino	\$422.4	\$302.9	\$797	1,042	48	-	43,687
Hollywood Joliet	Joliet, IL	Cook	Casino	\$122.7	\$106.3	\$248	1,173	17	100	50,000
Hollywood Aurora	Aurora, IL	Cook	Casino	\$128.4	\$109.9	\$260	1,157	27	-	41,384
Total Chicagoland Market				\$1,041.2	\$828.3	\$404	5,616	159	304	203,921
MGM Grand Detroit	Detroit, MI	Wayne	Casino	\$558.1	NA		4,000	98	401	100,000
MotorCity Casino	Detroit, MI	Wayne	Casino	\$442.3	NA		2,900	59	400	100,000
Greektown Casino	Detroit, MI	Wayne	Casino	\$319.3	NA		3,000	NA	400	100,000
Total Detroit Market				\$1,319.8	NA		9,900	157	1,201	300,000
SugarHouse Casino	Philadelphia, PA	Philadelphia	Casino	\$263.2	\$174.9	\$299	1,604	60	-	51,794
Parx Casino	Bensalem, PA	Philadelphia	Racino	\$480.6	\$355.4	\$294	3,309	160	-	163,476
Harrah's Philadelphia	Chester, PA	Philadelphia	Racino	\$290.6	\$217.3	\$213	2,789	126	-	106,102
Valley Forge Casino Resort	King of Prussia, PA	Philadelphia	Casino	\$105.0	\$71.1	\$325	600	50	486	33,222
Total Philadelphia Market				\$1,139.4	\$818.7	\$270	8,302	395	486	354,594
Horseshoe Casino Cleveland	Cleveland, OH	Cuyahoga	Casino	\$257.8	\$155.0	\$254	1,672	119	-	96,000
Hard Rock Rocksino Northfield Park ⁽²⁾	Northfield Park, OH	Cuyahoga	Racino	\$203.9	\$203.9	\$248	2,255	-	-	200,000
Thistledown	North Randall, OH	Cuyahoga	Racino	\$152.3	\$152.3	\$362	1,152	-	-	57,000
Total Cleveland Market				\$614.0	\$511.1	\$276	5,079	119	0	353,000
Rivers Casino	Pittsburgh, PA	Allegheny	Casino	\$346.6	\$278.2	\$257	2,971	113	-	136,594
Lumiere Place	St. Louis, MO	St. Louis	Casino	\$145.1	\$115.1	\$172	1,833	71	294	75,000
River City Casino	St. Louis, MO	St. Louis	Casino	\$209.3	\$185.5	\$253	2,012	62	200	90,000
Ameristar Casino St. Charles	St. Charles, MO	St. Louis	Casino	\$242.5	\$214.3	\$231	2,543	77	397	130,000
Hollywood Casino	Maryland Heights, MO	St. Louis	Casino	\$218.0	\$188.9	\$246	2,107	76	502	120,000
Total St. Louis Market				\$814.8	\$703.9	\$227	8,495	285	1,393	415,000
Maryland Live Casino	Hanover, MD	Baltimore	Casino	\$659.2	\$418.7	\$268	4,278	181	-	NA

(1) Union Gaming Analytics projected GGR.

(2) Hard Rock Rocksino Northfield Park opened December 18, 2013 and LTM gaming revenue is from opening - September 2014 annualized.

Source: Union Gaming Analytics, Gaming Control Boards, and public domain



December 5, 2014

Casino/Racino Comps – Population & Income Statistics

Figure 33: Casino/Racino Comps Population & Income Statistics

	Nassau County OTB		Harrah's Joliet		Grand Victoria		Rivers Casino, IL		MGM Grand Detroit		MotorCity Casino		Greentown Casino		SugarHouse Casino		Parx Casino	
	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019
15-minute Drive																		
Population	776,824	788,297	231,853	234,431	282,729	289,752	567,323	573,285	737,947	712,573	786,327	759,716	561,667	542,146	991,175	1,012,892	283,548	284,987
Median Household Income	\$99,318	\$110,521	\$58,436	\$66,734	\$72,907	\$82,023	\$64,862	\$77,133	\$26,855	\$30,804	\$27,445	\$31,669	\$24,809	\$27,965	\$35,036	\$40,373	\$59,237	\$72,535
Average Household Income	\$130,295	\$153,172	\$73,494	\$82,929	\$92,621	\$106,421	\$89,316	\$104,507	\$37,913	\$43,017	\$38,655	\$43,854	\$35,427	\$40,354	\$52,060	\$60,694	\$75,309	\$86,811
Per Capita Income	\$42,527	\$50,037	\$25,938	\$29,285	\$30,640	\$35,262	\$34,579	\$40,622	\$14,589	\$16,527	\$14,892	\$16,878	\$13,712	\$15,570	\$20,469	\$23,958	\$29,405	\$33,969
30-minute Drive																		
Population	3,774,738	3,869,002	969,434	985,043	1,265,355	1,288,128	3,528,317	3,581,597	2,693,190	2,664,770	2,735,809	2,708,860	2,531,041	2,504,031	3,366,389	3,409,608	2,021,063	2,047,356
Median Household Income	\$73,531	\$82,576	\$76,288	\$85,546	\$77,661	\$87,993	\$64,607	\$77,422	\$44,208	\$52,418	\$44,505	\$52,702	\$42,997	\$51,305	\$49,262	\$56,931	\$56,720	\$67,960
Average Household Income	\$99,309	\$114,664	\$94,962	\$109,238	\$99,309	\$114,919	\$92,227	\$108,530	\$62,658	\$71,131	\$63,125	\$71,674	\$60,763	\$68,985	\$69,847	\$81,017	\$79,513	\$92,324
Per Capita Income	\$33,622	\$38,850	\$32,727	\$37,653	\$35,471	\$41,135	\$35,594	\$42,067	\$25,251	\$28,727	\$25,445	\$28,953	\$24,500	\$27,873	\$27,283	\$31,725	\$30,291	\$35,257
45-minute Drive																		
Population	9,632,539	9,929,138	3,191,304	3,224,187	3,292,054	3,347,166	6,968,269	7,069,828	4,017,362	4,025,791	4,041,101	4,050,094	3,889,781	3,893,772	5,045,796	5,112,319	4,641,667	4,707,842
Median Household Income	\$56,710	\$66,626	\$62,134	\$73,507	\$73,455	\$83,902	\$59,885	\$71,595	\$49,609	\$57,333	\$49,731	\$57,442	\$49,285	\$57,059	\$56,537	\$67,435	\$57,125	\$68,816
Average Household Income	\$86,781	\$101,265	\$84,055	\$97,105	\$96,750	\$112,396	\$85,727	\$100,229	\$69,416	\$78,669	\$69,538	\$78,808	\$68,968	\$78,194	\$80,720	\$94,112	\$82,856	\$96,925
Per Capita Income	\$32,009	\$37,447	\$30,434	\$35,215	\$35,306	\$41,116	\$32,150	\$37,756	\$27,746	\$31,491	\$27,792	\$31,544	\$27,566	\$31,298	\$31,210	\$36,468	\$32,101	\$37,599
60-minute Drive																		
Population	13,222,810	13,634,360	6,389,220	6,467,665	6,774,516	6,892,001	8,855,328	8,983,665	4,724,360	4,737,641	4,743,868	4,757,253	4,609,367	4,622,944	6,621,910	6,723,838	6,725,599	6,835,275
Median Household Income	\$59,306	\$70,793	\$57,095	\$66,686	\$64,972	\$77,408	\$59,951	\$71,428	\$50,529	\$58,435	\$50,542	\$58,450	\$50,706	\$58,695	\$60,889	\$74,018	\$62,478	\$75,912
Average Household Income	\$90,910	\$106,584	\$79,011	\$91,545	\$90,474	\$105,636	\$84,435	\$98,387	\$70,148	\$79,348	\$70,140	\$79,335	\$70,489	\$79,757	\$85,602	\$99,892	\$87,944	\$102,703
Per Capita Income	\$33,858	\$39,790	\$29,132	\$33,865	\$34,024	\$39,872	\$31,326	\$36,637	\$27,922	\$31,635	\$27,927	\$31,638	\$28,053	\$31,791	\$32,716	\$38,240	\$33,407	\$39,072
90-minute Drive																		
Population	18,341,476	18,341,476	9,645,800	9,776,977	10,061,072	10,194,179	11,499,718	11,649,768	6,392,433	6,396,099	6,422,212	6,425,915	6,327,530	6,330,083	11,806,246	12,023,474	14,317,806	14,599,353
Median Household Income	\$63,408	\$75,917	\$58,862	\$69,501	\$58,680	\$69,417	\$57,365	\$67,739	\$49,378	\$56,946	\$49,401	\$56,955	\$49,380	\$56,974	\$63,110	\$75,928	\$62,058	\$74,950
Average Household Income	\$95,334	\$111,819	\$82,535	\$95,829	\$82,098	\$95,452	\$80,165	\$93,188	\$67,634	\$76,376	\$67,610	\$76,341	\$67,725	\$76,492	\$87,208	\$101,557	\$87,368	\$101,971
Per Capita Income	\$35,125	\$41,277	\$30,756	\$35,836	\$30,621	\$35,724	\$30,148	\$35,160	\$27,003	\$30,551	\$27,000	\$30,545	\$27,029	\$30,587	\$32,800	\$38,221	\$32,801	\$38,317
Harrah's Philadelphia																		
			Valley Forge		Horseshoe Casino		Hard Rock		Thistledown		Rivers Casino, PA		Lumiere Place		River City Casino		Maryland Live	
			2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019
15-minute Drive																		
Population	255,081	257,537	233,871	238,158	480,066	471,363	183,205	181,516	368,205	362,389	454,810	455,294	515,476	511,215	335,551	335,864	368,176	389,381
Median Household Income	\$58,943	\$71,203	\$83,153	\$98,195	\$30,019	\$35,748	\$53,831	\$63,433	\$46,344	\$54,712	\$42,648	\$51,068	\$32,809	\$37,711	\$43,874	\$50,875	\$79,468	\$89,838
Average Household Income	\$77,205	\$89,397	\$112,964	\$133,273	\$43,528	\$49,599	\$76,624	\$86,593	\$69,327	\$79,170	\$60,205	\$70,719	\$46,431	\$54,178	\$59,494	\$68,868	\$97,567	\$112,559
Per Capita Income	\$30,129	\$34,905	\$43,960	\$51,962	\$19,111	\$21,931	\$31,916	\$36,234	\$29,475	\$33,832	\$27,848	\$32,930	\$20,110	\$23,652	\$26,934	\$31,337	\$36,042	\$41,674
30-minute Drive																		
Population	1,996,158	2,030,745	1,757,283	1,791,586	1,567,161	1,553,823	1,499,493	1,489,806	1,619,283	1,603,982	1,276,359	1,282,915	1,833,616	1,833,732	1,350,416	1,350,068	2,185,080	2,259,733
Median Household Income	\$50,551	\$58,827	\$66,199	\$80,634	\$46,775	\$55,177	\$45,618	\$54,016	\$46,563	\$54,923	\$52,755	\$62,327	\$49,617	\$56,353	\$47,619	\$54,834	\$63,462	\$75,309
Average Household Income	\$73,925	\$86,716	\$93,737	\$110,071	\$66,189	\$75,048	\$66,031	\$74,960	\$66,372	\$75,333	\$73,668	\$86,721	\$68,708	\$79,835	\$68,247	\$79,536	\$87,310	\$101,930
Per Capita Income	\$29,442	\$34,618	\$36,771	\$42,263	\$28,394	\$32,375	\$28,009	\$31,962	\$28,530	\$32,562	\$32,516	\$38,478	\$28,702	\$33,498	\$28,606	\$33,489	\$33,157	\$38,726
45-minute Drive																		
Population	4,674,961	4,749,856	4,543,142	4,620,685	2,504,648	2,497,429	2,674,468	2,668,623	2,650,162	2,643,426	1,856,631	1,862,952	2,444,861	2,463,256	2,262,697	2,272,876	4,817,234	5,025,095
Median Household Income	\$55,636	\$66,252	\$56,138	\$67,931	\$48,753	\$56,614	\$49,201	\$56,973	\$48,754	\$56,551	\$52,364	\$61,375	\$53,342	\$61,666	\$52,337	\$60,241	\$70,189	\$81,299
Average Household Income	\$79,466	\$92,744	\$80,560	\$94,102	\$67,434	\$76,195	\$67,591	\$76,326	\$67,068	\$75,741	\$71,456	\$83,874	\$73,184	\$84,669	\$72,413	\$83,962	\$95,693	\$111,769
Per Capita Income	\$30,780	\$35,977	\$31,232	\$36,548	\$28,296	\$32,135	\$28,297	\$32,114	\$28,036	\$31,826	\$31,120	\$36,717	\$29,777	\$34,587	\$29,640	\$34,512	\$37,667	\$44,117
60-minute Drive																		
Population	6,352,662	6,459,170	6,757,564	6,865,920	3,068,129	3,062,994	3,491,064	3,482,006	3,375,786	3,366,737	2,442,833	2,444,903	2,730,470	2,754,631	2,653,848	2,676,860	6,771,025	7,084,244
Median Household Income	\$59,465	\$71,973	\$59,289	\$71,960	\$49,122	\$56,827	\$47,620	\$55,583	\$47,990	\$55,897	\$50,447	\$58,207	\$53,223	\$61,272	\$53,234	\$61,384	\$78,508	\$89,381
Average Household Income	\$82,934	\$96,610	\$83,151	\$96,947	\$66,876	\$75,445	\$65,195	\$73,587	\$65,626	\$74,064	\$67,692	\$79,236	\$72,314	\$83,457	\$72,558	\$83,791	\$104,025	\$121,414
Per Capita Income	\$31,691	\$36,976	\$31,849	\$37,185	\$27,801	\$31,523	\$27,089	\$30,732	\$27,277	\$30,941	\$29,256	\$34,421	\$29,252	\$33,888	\$29,372	\$34,052	\$40,380	\$47,228
90-minute Drive																		
Population	10,363,693	10,554,185	10,881,907	11,088,625	4,376,382	4,359,335	4,608,960	4,590,582	4,549,490	4,531,964	3,710,186	3,706,235	3,201,420	3,227,184	3,119,207	3,145,261	9,817,255	10,327,947
Median Household Income	\$59,934	\$71,948	\$61,135	\$73,849	\$46,479	\$54,578	\$46,153	\$54,289	\$46,348	\$54,462	\$46,710	\$54,568	\$51,997	\$59,163	\$51,925	\$59,117	\$78,269	\$89,018
Average Household Income	\$83,031	\$96,619	\$84,332	\$98,129	\$63,305	\$71,460	\$62,852	\$71,006	\$63,116	\$71,310	\$63,193	\$73,384	\$69,932	\$80,478	\$69,975	\$80,572	\$102,691	\$119,732
Per Capita Income	\$31,628	\$36,837	\$31,981	\$37,244	\$26,160	\$29,678	\$25,921	\$29,427	\$26,059	\$29,589	\$26,993	\$31,499	\$28,152	\$32,521	\$28,173	\$32,563	\$38,935	\$45,398

Source: ESRI



December 5, 2014

Casino/Racino Comps – Per Capita Income Analysis

Figure 34: Casino/Racino Comps Per Capita Income Analysis

(In millions except per adult population and per capita income)

	Nassau County OTB		Harrah's Joliet		Grand Victoria		Rivers, IL		MGM Grand Detroit		MotorCity Casino		Greentown Casino		SugarHouse Casino		Parx Casino	
	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019	2014	2019
LTM 9/30/14 GGR	\$237.9	\$237.9	\$194.1	\$194.1	\$173.5	\$173.5	\$422.4	\$422.4	\$558.1	\$558.1	\$442.3	\$442.3	\$319.3	\$319.3	\$263.2	\$263.2	\$480.6	\$480.6
0 to 15-minute Drive																		
Population	776,824	788,297	231,853	234,431	282,729	289,752	567,323	573,285	737,947	712,573	786,327	759,716	561,667	542,146	991,175	1,012,892	283,548	284,987
% of Adult Population	75.3%	75.5%	71.2%	71.6%	70.1%	69.6%	76.7%	76.6%	71.5%	72.1%	71.6%	72.3%	71.3%	71.8%	74.3%	74.6%	77.6%	77.7%
Adult Population	584,948	595,164	165,079	167,853	198,193	201,667	435,137	439,136	527,632	513,765	563,010	549,275	400,469	389,261	736,443	755,617	220,033	221,435
GGR per Adult Population	\$407	\$400	\$1,176	\$1,156	\$876	\$860	\$971	\$962	\$1,058	\$1,086	\$786	\$805	\$797	\$820	\$357	\$348	\$2,184	\$2,170
Per Capita Income	\$42,527	\$50,037	\$25,938	\$29,285	\$30,640	\$35,262	\$34,579	\$40,622	\$14,589	\$16,527	\$14,892	\$16,878	\$13,712	\$15,570	\$20,469	\$23,958	\$29,405	\$33,969
% of Per Capita Income Spent on Gaming - Adult Population	1.0%	0.8%	4.5%	3.9%	2.9%	2.4%	2.8%	2.4%	7.3%	6.6%	5.3%	4.8%	5.8%	5.3%	1.7%	1.5%	7.4%	6.4%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	3.0%	2.5%	14.2%	12.3%	8.9%	7.6%	8.8%	7.4%	22.7%	20.5%	16.5%	14.9%	18.2%	16.5%	5.5%	4.5%	23.2%	20.0%
0 to 30-minute Drive																		
Population	3,774,738	3,869,002	969,434	985,043	1,265,355	1,288,128	3,528,317	3,581,597	2,693,190	2,664,770	2,735,809	2,708,860	2,531,041	2,504,031	3,366,389	3,409,608	2,021,063	2,047,356
% of Adult Population	75.9%	76.2%	71.3%	71.9%	72.8%	73.0%	75.2%	75.4%	74.9%	75.6%	74.8%	75.5%	74.9%	75.6%	74.9%	75.3%	75.4%	75.7%
Adult Population	2,865,026	2,948,180	691,206	708,246	921,178	940,333	2,653,294	2,700,524	2,017,199	2,014,566	2,046,385	2,045,189	1,895,750	1,893,047	2,521,425	2,567,435	1,523,882	1,549,848
GGR per Adult Population	\$83	\$81	\$281	\$274	\$188	\$185	\$159	\$156	\$277	\$277	\$216	\$216	\$168	\$169	\$104	\$103	\$315	\$310
Per Capita Income	\$33,622	\$38,850	\$32,727	\$37,653	\$35,471	\$41,135	\$35,594	\$42,067	\$25,251	\$28,727	\$25,445	\$28,953	\$24,500	\$27,873	\$31,725	\$31,725	\$30,291	\$35,257
% of Per Capita Income Spent on Gaming - Adult Population	0.2%	0.2%	0.9%	0.7%	0.5%	0.4%	0.4%	0.4%	1.1%	1.0%	0.8%	0.7%	0.7%	0.6%	0.4%	0.3%	1.0%	0.9%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.8%	0.6%	2.7%	2.3%	1.7%	1.4%	1.4%	1.2%	3.4%	3.0%	2.7%	2.3%	2.1%	1.9%	1.2%	1.0%	3.3%	2.7%
0 to 45-minute Drive																		
Population	9,632,539	9,929,138	3,191,304	3,224,187	3,292,054	3,347,166	6,968,269	7,069,828	4,017,362	4,025,791	4,041,101	4,050,094	3,889,781	3,893,772	5,045,796	5,112,319	4,641,667	4,707,842
% of Adult Population	75.9%	76.1%	72.5%	72.8%	73.3%	73.7%	73.8%	73.9%	74.6%	75.4%	74.8%	75.4%	74.6%	75.3%	75.2%	75.7%	75.1%	75.6%
Adult Population	7,311,097	7,556,074	2,313,695	2,347,208	2,413,076	2,466,861	5,142,583	5,224,603	2,996,952	3,035,446	3,022,744	3,053,771	2,901,777	2,932,010	3,794,439	3,859,801	3,485,892	3,559,129
GGR per Adult Population	\$33	\$31	\$84	\$83	\$72	\$70	\$82	\$81	\$186	\$184	\$146	\$145	\$110	\$109	\$69	\$68	\$138	\$135
Per Capita Income	\$32,009	\$37,447	\$30,434	\$35,215	\$35,306	\$41,116	\$32,150	\$37,756	\$27,746	\$31,491	\$27,792	\$31,544	\$27,566	\$31,298	\$31,210	\$36,408	\$32,101	\$37,599
% of Per Capita Income Spent on Gaming - Adult Population	0.1%	0.1%	0.3%	0.2%	0.2%	0.2%	0.3%	0.2%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%	0.2%	0.2%	0.4%	0.4%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.3%	0.3%	0.9%	0.7%	0.6%	0.5%	0.8%	0.7%	2.1%	1.8%	1.6%	1.4%	1.2%	1.1%	0.7%	0.6%	1.3%	1.1%
0 to 60-minute Drive																		
Population	13,222,810	13,634,360	6,389,220	6,467,665	6,774,516	6,892,001	8,855,328	8,983,665	4,724,360	4,737,641	4,743,868	4,757,253	4,609,367	4,622,944	6,621,910	6,723,838	6,725,599	6,835,275
% of Adult Population	75.8%	76.3%	73.0%	73.4%	73.9%	74.1%	73.1%	73.7%	74.5%	75.2%	74.7%	75.2%	74.6%	75.2%	74.8%	75.2%	74.7%	74.9%
Adult Population	10,022,890	10,403,017	4,664,131	4,747,266	5,006,367	5,106,973	6,473,245	6,620,961	3,519,648	3,562,706	3,534,182	3,577,454	3,438,588	3,476,454	4,953,189	5,056,326	5,024,022	5,119,621
GGR per Adult Population	\$24	\$23	\$42	\$41	\$35	\$34	\$65	\$64	\$159	\$157	\$125	\$124	\$93	\$92	\$53	\$52	\$96	\$94
Per Capita Income	\$33,858	\$39,790	\$29,132	\$33,865	\$34,024	\$39,872	\$31,326	\$36,637	\$27,922	\$31,635	\$27,927	\$31,638	\$28,053	\$31,791	\$32,716	\$38,240	\$33,407	\$39,072
% of Per Capita Income Spent on Gaming - Adult Population	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.1%	0.3%	0.2%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.2%	0.2%	0.4%	0.4%	0.3%	0.3%	0.7%	0.5%	1.8%	1.5%	1.4%	1.2%	1.0%	0.9%	0.5%	0.4%	0.9%	0.8%
0 to 90-minute Drive																		
Population	18,341,476	18,341,476	9,645,800	9,776,977	10,061,072	10,194,179	11,499,718	11,649,768	6,392,433	6,396,099	6,422,212	6,425,915	6,327,530	6,330,083	11,806,246	12,023,474	14,317,806	14,599,353
% of Adult Population	75.3%	75.5%	73.5%	73.8%	73.5%	73.7%	73.7%	73.7%	74.8%	75.2%	74.7%	75.3%	74.6%	75.3%	74.8%	75.1%	74.8%	75.2%
Adult Population	13,811,131	13,847,814	7,089,663	7,215,409	7,394,888	7,513,110	8,429,293	8,585,879	4,781,540	4,809,866	4,797,392	4,838,714	4,720,337	4,766,552	8,831,072	9,029,629	10,709,719	10,978,713
GGR per Adult Population	\$17	\$17	\$27	\$27	\$23	\$23	\$50	\$49	\$117	\$116	\$92	\$91	\$68	\$67	\$30	\$29	\$45	\$44
Per Capita Income	\$35,125	\$41,277	\$30,756	\$35,836	\$30,621	\$35,724	\$30,148	\$35,160	\$27,003	\$30,551	\$27,000	\$30,545	\$27,029	\$30,587	\$32,801	\$38,221	\$32,801	\$38,317
% of Per Capita Income Spent on Gaming - Adult Population	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	0.2%	0.1%	0.3%	0.2%	0.2%	0.2%	0.5%	0.4%	1.4%	1.2%	1.1%	0.9%	0.8%	0.7%	0.3%	0.2%	0.4%	0.4%
Harrah's Philadelphia																		
LTM 9/30/14 GGR	\$290.6	\$290.6	\$105.0	\$105.0	\$257.8	\$257.8	\$203.9	\$203.9	\$152.3	\$152.3	\$346.6	\$346.6	\$145.1	\$145.1	\$209.3	\$209.3	\$659.2	\$659.2
0 to 15-minute Drive																		
Population	255,081	257,537	233,871	238,158	480,066	471,363	183,205	181,516	368,205	362,389	454,810	455,294	515,476	511,215	335,551	335,864	368,176	389,381
% of Adult Population	75.3%	75.8%	74.9%	74.8%	74.5%	75.4%	76.0%	77.1%	75.5%	76.3%	75.3%	75.3%	74.5%	74.9%	75.0%	75.3%	73.6%	73.5%
Adult Population	192,076	195,213	175,169	178,142	357,649	355,408	139,236	139,949	277,995	276,503	361,574	362,869	384,030	382,900	261,730	262,982	270,978	286,195
GGR per Adult Population	\$1,513	\$1,489	\$599	\$589	\$721	\$725	\$1,464	\$1,457	\$548	\$551	\$959	\$955	\$778	\$779	\$800	\$796	\$2,433	\$2,303
Per Capita Income	\$30,129	\$34,905	\$43,960	\$51,962	\$19,111	\$21,591	\$31,916	\$36,234	\$29,475	\$33,832	\$27,848	\$32,930	\$30,110	\$32,652	\$26,934	\$31,337	\$36,042	\$41,674
% of Per Capita Income Spent on Gaming - Adult Population	5.0%	4.3%	1.4%	1.1%	3.8%	3.3%	4.6%	4.0%	1.9%	1.6%	3.4%	2.9%	1.9%	1.6%	3.0%	2.5%	6.7%	5.5%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	12.8%	10.9%	7.9%	6.5%	7.9%	7.0%	29.7%	26.0%	21.3%	18.6%	13.7%	11.6%	12.9%	11.0%	11.7%	10.0%	15.4%	12.6%
0 to 30-minute Drive																		
Population	1,996,158	2,030,745	1,757,283	1,791,586	1,567,161	1,553,823	1,499,493	1,489,806	1,619,283	1,603,982	1,276,359	1,282,915	1,833,616	1,833,732	1,350,416	1,350,068	2,185,080	2,259,733
% of Adult Population	75.0%	75.5%	75.0%	75.1%	76.1%	76.7%	75.7%	76.3%	77.0%	78.0%	78.0%	78.3%	75.5%	75.9%	75.2%	75.5%	74.6%	74.7%
Adult Population	1,497,119	1,533,212	1,317,962	1,345,481	1,192,610	1,191,782	1,135,116	1,141,191	1,235,513	1,235,066	995,560	1,004,522	1,384,380	1,391,803	1,015,513	1,019,301	1,630,070	1,688,021
GGR per Adult Population	\$194	\$190	\$80	\$78	\$216	\$216	\$180	\$179	\$123	\$123	\$348	\$345	\$105	\$104	\$206	\$205	\$404	\$391
Per Capita Income	\$29,442	\$34,618	\$36,771	\$42,263	\$28,394	\$32,375	\$28,009	\$31,962	\$28,530	\$32,562	\$32,516	\$38,478	\$28,702	\$33,498	\$28,606	\$33,489	\$33,157	\$38,726
% of Per Capita Income Spent on Gaming - Adult Population	0.7%	0.5%	0.2%	0.2%	0.8%	0.7%	0.6%	0.6%	0.4%	0.4%	1.1%	0.9%	0.4%	0.3%	0.7%	0.6%	1.2%	1.0%
% of Per Capita Income Spent on Gaming - Adult Gaming Population	1.7%	1.4%	1.3%	1.1%	1.6%	1.4%	4.2%	3.6%	4.9%	4.3%	4.3%	3.6%	2.5%	2.1%	2.8%	2.4%	2.8%	2.3%
0 to 45-minute Drive																		
Population	4,674,961	4,749,856	4,543,142	4,620,685	2,504,648	2,497,429	2,674,468	2,668,623	2,650,162	2,643,426	1,856,631	1,862,952	2,444,861	2,463,256	2,262,697	2,272,876	4,817,234	5,025,095
% of Adult Population	74.8%	75.1%	74.9%	75.1%	75.6%	76.3%	75.7%	76.5%	75.6%	76.2%	78.2%	78.4%	74.8%	75.1%	75.0%	75.3%	75.0%	75.9%
Adult Population	3,496,871	3,567,142	3,402,813	3,470,134	1,893,514	1,905,538	2,024,572	2,041,497	2,003,522	2,014,291	1,451,885	1,460,554	1,828,756	1,849,905	1,697,023	1,711,476	3,641,829	3,814,047
GGR per Adult Population	\$83	\$81	\$31	\$30	\$136	\$135	\$101	\$100	\$76	\$76	\$239	\$237	\$79	\$78	\$123	\$122	\$181	\$173
Per Capita Income	\$30,780	\$35,977	\$31,232	\$36,548	\$28,296	\$32,135	\$28,297	\$32,114	\$28,036	\$31,826	\$31,120	\$36,717	\$29,777	\$34,587	\$29,640	\$34,512	\$37,667	\$44,117
% of Per Capita Income Spent on Gaming - Adult Population	0.3%	0.2%	0.1%	0.1%	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.8%	0.6%	0.3%	0.2%	0.4%		



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Top US Counties by Population

Figure 35: Top U.S. Counties by Population

County	State	County Seat	April 1, 2010 - Census	Population Estimate (as of July 1) - 2013	Land Area (km ²)	Land Area (mi ²)	Population Density - 2010		Population Density - 2013	
							Per km ²	Per mi ²	Per km ²	Per mi ²
Los Angeles County	California	Los Angeles	9,818,605	10,017,068	10,509.87	4,057.88	934	2,420	953	2,469
Cook County	Illinois	Chicago	5,194,675	5,240,700	2,448.38	945.33	2,122	5,495	2,140	5,544
Harris County	Texas	Houston	4,092,459	4,336,853	4,411.99	1,703.48	928	2,402	983	2,546
Maricopa County	Arizona	Phoenix	3,817,117	4,009,412	23,828.26	9,200.14	160	415	168	436
San Diego County	California	San Diego	3,095,313	3,211,252	10,895.12	4,206.63	284	736	295	763
Orange County	California	Santa Ana	3,010,232	3,114,363	2,047.56	790.57	1,470	3,808	1,521	3,939
Kings County	New York	Brooklyn	2,504,700	2,592,149	183.41	70.82	13,656	35,367	14,133	36,602
Miami-Dade County	Florida	Miami	2,496,435	2,617,176	4,915.06	1,897.72	508	1,315	532	1,379
Dallas County	Texas	Dallas	2,368,139	2,480,331	2,256.60	871.28	1,049	2,718	1,099	2,847
Queens County	New York	Jamca	2,230,722	2,296,175	281.10	105.53	7,936	21,138	8,169	21,759
Riverside County	California	Riverside	2,189,641	2,292,507	18,664.70	7,206.48	117	304	123	318
San Bernardino County	California	San Bernardino	2,035,210	2,088,371	51,947.23	20,056.94	39	101	40	104
Clark County	Nevada	Las Vegas	1,951,269	2,027,868	20,438.71	7,891.43	95	247	99	257
King County	Washington	Seattle	1,931,249	2,044,449	5,479.29	2,115.57	352	913	373	966
Wayne County	Michigan	Detroit	1,820,584	1,775,273	1,585.28	612.08	1,148	2,974	1,120	2,900
Tarrant County	Texas	Fort Worth	1,809,034	1,911,541	2,236.74	863.61	809	2,095	855	2,213
Santa Clara County	California	San Jose	1,781,642	1,862,041	3,341.34	1,290.10	533	1,381	557	1,443
Broward County	Florida	Fort Lauderdale	1,748,066	1,838,844	3,133.33	1,209.79	558	1,445	587	1,520
Bexar County	Texas	San Antonio	1,714,773	1,817,610	3,211.12	1,239.82	534	1,383	566	1,466
New York County	New York	New York	1,585,873	1,626,159	59.13	22.83	26,820	69,464	27,501	71,229
Philadelphia County	Pennsylvania	Philadelphia	1,526,006	1,553,165	347.32	134.10	4,394	11,380	4,472	11,582
Alameda County	California	Oakland	1,510,271	1,578,891	1,914.05	739.02	789	2,044	825	2,136
Middlesex County	Massachusetts	Cambridge	1,503,085	1,552,802	2,118.14	817.82	710	1,838	733	1,899
Suffolk County	New York	Riverhead	1,493,350	1,499,738	2,362.20	912.05	632	1,637	635	1,644
Sacramento County	California	Sacramento	1,418,788	1,462,131	2,498.42	964.64	568	1,471	585	1,516
Bronx County	New York	Bronx	1,385,108	1,418,733	109.03	42.10	12,704	32,900	13,012	33,699
Nassau County	New York	Mineola	1,339,532	1,352,146	737.41	284.72	1,817	4,705	1,834	4,749
Palm Beach County	Florida	West Palm Beach	1,320,134	1,372,171	5,101.66	1,969.76	259	670	269	697
Cuyahoga County	Ohio	Cleveland	1,280,122	1,263,154	1,184.12	457.19	1,081	2,800	1,067	2,763
Hillsborough County	Florida	Tampa	1,229,226	1,291,578	2,642.34	1,020.21	465	1,205	489	1,266
Allegheny County	Pennsylvania	Pittsburg	1,223,348	1,231,527	1,890.88	730.07	647	1,676	651	1,687

Source: U.S. Census Bureau



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Top US Counties by Population Density

Figure 36: Top U.S. Counties by Population Density

County name	State	Population Density - 2010	
		Per km ²	Per mi ²
New York County (Manhattan)	New York	26,820	69,464
Kings County (Brooklyn)	New York	13,656	35,367
Bronx County	New York	12,704	32,900
Queens County	New York	7,936	21,138
City and County of San Francisco	California	6,633	17,179
Hudson County	New Jersey	5,302	13,732
Suffolk County	Massachusetts	4,794	12,417
City of Philadelphia	Pennsylvania	4,394	11,380
Washington, D.C.		3,806	9,857
Alexandria	Virginia	3,596	9,314
Richmond County (Staten Island)	New York	3,101	8,030
Arlington County	Virginia	3,086	7,994
City of Baltimore	Maryland	2,962	7,672
Essex County	New Jersey	2,398	6,212
City of Falls Church	Virginia	2,382	6,170
City of Manassas Park	Virginia	2,175	5,633
Cook County	Illinois	2,122	5,495
Union County	New Jersey	2,014	5,216
City of Saint Louis	Missouri	1,991	5,157
Nassau County	New York	1,817	4,705
City of Norfolk	Virginia	1,732	4,486
City of Charlottesville	Virginia	1,638	4,242
Milwaukee County	Wisconsin	1,516	3,926
Denver County	Colorado	1,515	3,923
Bergen County	New Jersey	1,500	3,884
City of Manassas	Virginia	1,478	3,828
Orange County	California	1,470	3,808
City of Fairfax	Virginia	1,396	3,617
City of Richmond	Virginia	1,318	3,415
Pinellas County	Florida	1,292	3,348
Ramsey County	Minnesota	1,290	3,342
Delaware County	Pennsylvania	1,173	3,039
Wayne County	Michigan	1,148	2,974
City of Portsmouth	Virginia	1,096	2,839
City of Winchester	Virginia	1,096	2,838
City of Lexington	Virginia	1,089	2,820
City of Harrisonburg	Virginia	1,084	2,808
Cuyahoga County	Ohio	1,081	2,800
DuPage County	Illinois	1,081	2,800
Fairfax County	Virginia	1,068	2,767
Dallas County	Texas	1,049	2,718
Passaic County	New Jersey	1,048	2,715
City of Hampton	Virginia	1,032	2,674
City of Newport News	Virginia	1,017	2,634
Middlesex County	New Jersey	1,012	2,622
DeKalb County	Georgia	998	2,586
Los Angeles County	California	934	2,420
Harris County	Texas	928	2,402
City of Fredericksburg	Virginia	898	2,326
Camden County	New Jersey	896	2,322

Source: U.S. Census Bureau



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Top US Counties by Per Capita Income

Figure 37: Top U.S. Counties by Per Capita Income

County name	State	Per Capita Income			Rank in State
		2011	2012	2013	
New York	New York	\$116,329	\$120,382	\$121,632	1
Williams	North Dakota	\$84,360	\$121,459	\$115,897	1
Sully	South Dakota	\$105,007	\$103,889	\$106,547	1
Teton	Wyoming	\$89,995	\$106,422	\$105,821	1
Marin	California	\$88,913	\$96,428	\$97,124	1
Dunn	North Dakota	\$66,542	\$91,308	\$96,913	2
Billings	North Dakota	\$76,088	\$92,226	\$94,519	3
Mountrail	North Dakota	\$69,236	\$89,428	\$90,614	4
McKenzie	North Dakota	\$69,818	\$88,273	\$90,173	5
Nantucket	Massachusetts	\$78,979	\$85,072	\$89,722	1
Midland	Texas	\$77,018	\$86,326	\$87,897	1
Shackelford	Texas	\$65,889	\$81,724	\$87,115	2
Haines Borough	Alaska	\$78,768	\$81,477	\$85,326	1
San Francisco	California	\$74,005	\$81,448	\$84,356	2
Pitkin	Colorado	\$77,254	\$82,496	\$83,425	1
Potter	South Dakota	\$70,002	\$83,707	\$83,252	2
Arlington	Virginia	\$81,862	\$83,569	\$82,736	1
Summit	Utah	\$74,630	\$81,342	\$82,558	1
Antelope	Nebraska	\$72,415	\$78,700	\$82,149	1
Fairfield	Connecticut	\$78,708	\$81,743	\$82,009	1
Westchester	New York	\$75,291	\$80,505	\$80,363	2
San Mateo	California	\$71,051	\$79,420	\$79,893	3
Glasscock	Texas	\$48,048	\$68,545	\$78,659	3
Cuming	Nebraska	\$66,956	\$65,011	\$77,993	2
Somerset	New Jersey	\$72,704	\$76,918	\$77,685	1
Hemphill	Texas	\$71,457	\$78,861	\$77,681	4
Douglas	Colorado	\$71,032	\$75,010	\$75,747	2
Hunterdon	New Jersey	\$69,717	\$74,534	\$75,523	2
Harding	New Mexico	\$60,422	\$70,369	\$75,447	1
District of Columbia	District of Columbia	\$74,103	\$75,950	\$75,329	nm
Morris	New Jersey	\$71,914	\$74,826	\$75,054	3
Hayes	Nebraska	\$73,718	\$79,898	\$74,472	3
Slope	North Dakota	\$65,117	\$83,372	\$74,389	6
Goochland	Virginia	\$65,681	\$74,190	\$73,930	3
Greeley	Kansas	\$61,864	\$56,696	\$73,877	1
Stark	North Dakota	\$58,503	\$71,545	\$73,800	7
Montgomery	Maryland	\$71,686	\$73,140	\$72,746	1
Nassau	New York	\$68,979	\$72,460	\$72,549	3
Union	South Dakota	\$70,433	\$68,207	\$72,387	3
McMullen	Texas	\$62,053	\$69,201	\$71,840	5
Howard	Maryland	\$68,594	\$71,030	\$70,876	2
Norfolk	Massachusetts	\$66,258	\$69,884	\$70,456	2
Eastland	Texas	\$59,854	\$66,818	\$70,322	6
Kearney	Nebraska	\$71,039	\$71,132	\$70,278	4
Santa Clara	California	\$62,283	\$67,974	\$70,151	4
Skagway Municipality	Alaska	\$65,121	\$65,404	\$70,065	2
Montgomery	Pennsylvania	\$66,067	\$69,585	\$70,050	1
Bergen	New Jersey	\$67,248	\$69,281	\$69,495	4
Williamson	Tennessee	\$62,220	\$69,354	\$69,439	1
Divide	North Dakota	\$52,946	\$76,081	\$69,160	8

Source: U.S. Department of Commerce, Bureau of Economic Analysis