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May 12, 2026

The Honorable Andy Beshear, Governor
Office of the Governor
700 Capital Avenue, Suite 100
Frankfort, Kentucky 40601

Jay D. Hartz, Director
Legislative Research Commission
Capitol Annex Building
700 Capital Avenue
Frankfort, Kentucky 40601

RE: KHRG FY27 Annual Budget

Dear Governor Beshear and Director Hartz:

The Kentucky Horse Racing and Gaming Corporation (KHRG)'s Board of Directors approved its annual budget for fiscal year ending June 30, 2027, at its meeting on May 12, 2026. KHRG is pleased to submit its FY27 annual budget to the Governor and Legislative Research Commission pursuant to KRS 230.230.

Please contact me at (859) 246-2040 if there are any questions regarding this report.

Respectfully,

Jamie Eads
President & CEO

Enclosure

cc: John Hicks
Christy Glass
Katie Smith
Ashleigh Bailey

Andy Beshear
GOVERNOR

Jacqueline Coleman
LIEUTENANT GOVERNOR

Jamie Eads
PRESIDENT & CEO

Jonathan Rabinowitz
CHAIR

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Lesley Berglar
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William Redwine
Dale Romans
C. Frank Shoop
James Edwin Worley
Ray A. Perry
Jeff Noel
Lindy Casebler

KENTUCKY HORSE RACING & GAMING CORPORATION: FY27 BUDGET PROPOSAL

Description	FY26 Budget	FY26 1/2 Year	FY26 Projectior	FY27 Proposed	Administration	Backside Improvement Commission	Charitable Gaming	Consolidated Standardbred	County Fair Purse Fund	KY Standardbred Breeder Incentive Fund	Standardbred Development Fund	Standardbred Horsemens Fees	Painted, Appaloosa & Arabian Development Fund	Quarter Horse Development Fund	Thoroughbred Development Fund	KY Thoroughbred Breeder Incentive Fund	KY Horse Breeders Incentive Fund	Sports Wagering Administration Fund	Equine Aftercare Facility Fund	Equine Management Internship Program	Equine Drug Research Fund	Health & Welfare Fund	
					374R	374J	381A	375C	374H	374M	374E	374F	374G	374U	374D	374L	374N	374S	13V3	13V5	374B	721Y	
REVENUE																							
PROGRAM REVENUE	105,663,555	72,019,887	130,748,201	129,328,100	17,260,000	450,000	9,335,000	0	35,000	2,775,000	19,000,000	800,000	100	3,335,000	55,100,000	17,355,000	1,303,000	0	250,000	250,000	380,000	1,700,000	
KY GENERAL FUND ALLOTMENT	3,771,200	1,885,600	3,658,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	109,434,755	73,905,487	134,406,301	129,328,100	17,260,000	450,000	9,335,000	0	35,000	2,775,000	19,000,000	800,000	100	3,335,000	55,100,000	17,355,000	1,303,000	0	250,000	250,000	380,000	1,700,000	
EXPENDITURES																							
PERSONNEL COSTS	14,417,354	6,308,855	12,631,210	15,250,800	11,445,425	0	3,805,375	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING EXPENSES	4,541,815	2,234,427	3,023,925	6,707,170	4,043,860	0	2,045,210	0	0	0	75,000	0	100	25,000	100,000	0	0	0	0	0	415,000	3,000	
DEVELOPMENT & INCENTIVE FUNDS	104,025,006	52,546,919	115,830,280	114,467,000	0	400,000	0	0	35,000	2,775,000	18,925,000	800,000	0	2,835,000	65,000,000	20,000,000	1,500,000	0	250,000	250,000	0	1,697,000	
CAPITAL OUTLAY	400,000	216,779	379,363	400,000	150,000	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	123,384,175	61,306,980	131,864,778	136,824,970	15,639,285	400,000	6,100,585	0	35,000	2,775,000	19,000,000	800,000	100	2,860,000	65,100,000	20,000,000	1,500,000	0	250,000	250,000	415,000	1,700,000	
NET REVENUE	(13,949,420)	12,598,507	2,541,523	(7,496,870)	1,620,715	50,000	3,234,415	0	0	0	0	0	0	475,000	(10,000,000)	(2,645,000)	(197,000)	0	0	0	(35,000)	0	
Estimated Beginning Fund Balance Available	92,240,254	92,240,254	92,240,254	94,781,776	837,975	1,152,090	6,850,893	20,362,310	4,072	1,556,194	13,860,608	314,974	174	10,414,725	19,058,999	21,395,136	2,108,026	(4,658,172)	0	0	1,523,771	1	
Estimated Ending Fund Balance Available	78,290,833	104,838,761	94,781,776	87,284,906	2,458,690	1,202,090	10,085,308	20,362,310	4,072	1,556,194	13,860,608	314,974	174	10,889,725	9,058,999	18,750,136	1,911,026	(4,658,172)	0	0	1,488,771	1	

Notes
(1) Program Revenue for the EDRC, Development and Breeder Incentive Funds are net of the 5% administrative allocation
(2) All interest earned on funds, including development and breeder incentive funds, is recorded as income to Admin account

Administration

Description	FY26 Budget	FY26 Projection	FY27 Proposed
SOURCE OF FUNDS			
Restricted Fund			
General Assessments	2,900,000	3,000,000	3,000,000
License Related Fees (Note 1)	3,212,800	2,236,517	2,200,000
General Fees From Public	20,000	20,162	20,000
Fines	25,000	29,050	25,000
Interest Income (Note 2)	15,000	3,247,726	3,000,000
Proceeds from Asset Disposition	0	(2,142)	0
Admin Allocation (Note 3)	7,287,500	8,411,597	9,015,000
TOTAL RESTRICTED FUND	13,460,300	16,942,909	17,260,000
General Fund			
0100-1 Regular Allotment	3,771,200	3,658,100	0
TOTAL GENERAL FUND	3,771,200	3,658,100	0
TOTAL REVENUE	17,231,500	20,601,009	17,260,000
EXPENDITURES			
Personnel Costs			
Regular Salaries and Wages (Note 4)	5,849,507	6,628,017	7,715,000
Seasonal Salaries and Wages	997,905	0	0
Overtime & Differentials	155,000	175,131	200,000
Employers FICA	535,685	550,688	605,498
Retirement & Compensated Absences (Note 5)	2,450,844	1,196,721	1,978,750
Employers Health Insurance	660,000	699,167	850,000
Employers Life Insurance	1,375	1,019	900
Workers' Compensation	35,012	49,810	59,363
Unemployment Compensation	7,002	31,183	7,915
Conferences and Employee Training	25,000	5,369	20,000
Uniforms	8,000	9,990	8,000
TOTAL PERSONNEL COSTS	10,725,330	9,347,096	11,445,425
Operating Expenses			
Legal Services	66,667	35,000	300,000
Audit Services	46,667	42,543	26,800
Business Process Services (Note 6)	1,119,867	424,057	1,311,000
Court Reporters	7,500	2,786	6,000
Lab Tests & Analysis Fees	10,000	63,194	75,000
Background Check Services	0	320	400
Contracted Labor	50,000	36,500	183,000
Building Rental	87,010	83,530	110,500
Equipment Rental	15,000	1,610	1,750
Equipment Maintenance	5,000	0	5,000
Vehicle Maintenance	15,000	65,295	65,000
Postage and Postage Meters	10,000	4,101	5,000

Administration

Description	FY26 Budget	FY26 Projection	FY27 Proposed
Freight & Post Office Services	3,500	1,815	2,500
Printing Paid To St Agency	0	3,636	5,300
Business Insurance Premiums	400,000	240,000	215,000
Advertising	225,000	110,686	115,000
Other Professional Services (Note 7)	26,667	2,462	228,250
Managed Print Services	15,000	10,044	16,000
Office Supplies	23,333	23,374	23,500
Other Overhead Supplies	3,500	204	0
Program & Medical Supplies	54,000	47,217	50,000
Household And Kitchen Supplies	0	153	0
Vehicle Supplies & Parts	50,000	3,524	3,000
Building Materials & Supplies	0	28,136	0
Furniture & Equipment Under \$5,000 (Note 8)	105,000	50,000	65,000
Subscriptions, Dues, & Licenses Fees	25,000	81,448	70,000
Banking & Credit Card Fees	26,667	43,055	47,500
Storage Fees At Record Center	0	359	700
W2 Taxable Travel Meal Reimbursements	0	10,194	10,000
In-State Travel	350,000	367,290	390,000
Out-Of-State Travel	25,000	31,386	32,000
Promotional Entertainment Expenses	10,000	325	500
Depreciation	0	101,193	108,000
Miscellaneous Expense	0	5,000	17,000
Computer Equipment	0	8,500	8,000
Commonwealth Office of Technology Services	400,000	199,722	225,000
Mobile Phone Charges	25,000	26,177	25,000
Telephone Charges - Other	0	7	0
GPS Device Services	7,500	5,186	7,000
Software & Software Maintenance	50,500	159,405	290,160
Net Pension Adjustment	0	(1,052,072)	0
Net OPEB Adjustment	0	272,273	0
Transfer to Department of Revenue	0	3,000	0
TOTAL OPERATING EXPENSES	3,258,377	1,542,635	4,043,860
Development & Incentive Funds			
Development & Incentive Awards	0	28,300	0
TOTAL DEVELOPMENT & INCENTIVE FUNDS	0	28,300	0
Capital Outlay			
Motor Vehicles	150,000	150,000	150,000
TOTAL CAPITAL OUTLAY	150,000	150,000	150,000
TOTAL EXPENSES	14,133,707	11,068,031	15,639,285
NET REVENUE	3,097,793	9,532,978	1,620,715
Beginning Fund Balance Available	(8,773,942)	(8,773,942)	837,975
Ending Fund Balance Available	(5,676,149)	759,037	2,458,690

Administration

Description	FY26 Budget	FY26 Projection	FY27 Proposed
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Notes for FY27 Budget

- 1) License Related Fees includes Racing license & Sports Wagering occupational license fees
- 2) Includes interest earned on all funds, including development and breeder incentive funds
- 3) Admin Allocation includes: 1) 10% of Sports Wagering tax assessments & application fees (service provider & operator) and 2) 5% of EDRC, development & breeders incentive fund tax assessments
- 4) Salaries based on existing 60 FT (15 split with CG), 8 PT and 6 FT vacancies (2 split with CG)
- 5) Retirement estimated at 25% of compensation based on historical and projections
- 6) Includes contract with Dean Dorton for accounting & HR/payroll and projected contract for IT work
- 7) Includes cost of anticipated project for HHR field audit including verification of machines
- 8) Includes estimated cost of furniture for new office space on 2nd floor

Charitable Gaming

Description	FY26 Budget	FY26 Projection	FY27 Proposed
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SOURCE OF FUNDS

Restricted Fund

Registration/Filing Fee	5,570,266	0	0
CG Financial Reporting Fees	0	9,387,560	9,000,000
License Related Fees	102,630	0	0
CG License Application Fees	0	118,210	115,000
CG Initial License Fee	133,975	0	0
CG Renewal License Fee	166,946	213,545	200,000
CG Background Check Fee	0	13,965	0
Fines	46,937	23,768	20,000
Proceeds from Asset Disposition	0	3,602	0
TOTAL RESTRICTED FUND	6,020,754	9,760,650	9,335,000
TOTAL REVENUE	6,020,754	9,760,650	9,335,000

EXPENDITURES

Personnel Costs

Regular Salaries and Wages (Note 1)	2,000,000	2,328,763	2,500,000
Overtime & Differentials	1,156	61,533	25,000
Employers FICA	153,088	193,485	193,163
Retirement & Compensated Absences (Note 2)	700,404	420,469	631,250
Employers Health Insurance	384,000	245,653	425,000
Employers Life Insurance	800	358	500
Workers' Compensation	10,006	17,501	18,938
Unemployment Compensation	2,001	10,956	2,525
Conferences and Employee Training	2,603	1,887	5,000
Uniforms	0	3,510	4,000
TOTAL PERSONNEL COSTS	3,254,058	3,284,115	3,805,375

Operating Expenses

Legal Services	33,333	290,000	450,000
Audit Services	23,333	0	13,200
Business Process Services (Note 3)	559,933	156,843	654,000
Court Reporters	0	1,031	1,500
Background Check Services	0	4,860	200
Contracted Labor	0	13,500	67,000
Building Rental	43,505	46,985	54,500
Equipment Rental	0	595	750
Vehicle Rental	0	830	0
Vehicle Maintenance	45,000	24,150	20,000
Postage and Postage Meters	5,000	1,517	2,000
Freight & Post Office Services	0	671	0
Postal Service Handling/Service Charge	3,000	16	0
Printing Paid To St Agency	0	1,345	700
Business Insurance Premiums	200,000	60,000	115,000

Charitable Gaming

Description	FY26 Budget	FY26 Projection	FY27 Proposed
Advertising	0	5,000	3,000
Other Professional Services	13,333	910	1,750
Managed Print Services	10,000	3,715	2,750
Office Supplies	11,667	8,645	11,500
Other Overhead Supplies	0	76	0
Household And Kitchen Supplies	0	57	0
Vehicle Supplies & Parts	10,000	0	1,000
Building Materials & Supplies	0	10,407	0
Mech Maint Materials & Suppls	0	97	0
Motor Fuels And Lubricants	15,000	621	0
Furn/Fixt/Off Eqp Under \$5,000	15,000	0	0
Furniture & Equipment Under \$5,000 (Note 4)	0	50,000	35,000
Subscriptions, Dues, & Licenses Fees	0	10,000	10,000
Banking & Credit Card Fees	13,333	5,000	2,500
Storage Fees At Record Center	0	133	700
W2 Taxable Travel Meal Reimbursements	0	0	1,000
In-State Travel	10,000	40,810	40,000
Out-Of-State Travel	5,000	3,487	3,000
Depreciation	0	37,427	54,000
Miscellaneous Expense	0	24,187	8,000
Computer Equipment	0	1,500	2,000
Commonwealth Office of Technology Services	200,000	73,870	100,000
Mobile Phone Charges	12,000	9,682	12,000
Telephone Charges - Other	0	3	0
GPS Device Services	3,000	1,918	3,000
Software & Software Maintenance	25,000	283,387	375,160
Net Pension Adjustment	0	(389,122)	0
Net OPEB Adjustment	0	100,704	0
TOTAL OPERATING EXPENSES	1,256,437	884,854	2,045,210
Capital Outlay			
Motor Vehicles	250,000	229,363	250,000
TOTAL CAPITAL OUTLAY	250,000	229,363	250,000
TOTAL EXPENSES	4,760,495	4,398,332	6,100,585
NET REVENUE	1,260,259	5,362,318	3,234,415
Beginning Fund Balance Available	1,567,514	1,567,514	6,850,893
Ending Fund Balance Available	2,827,773	6,929,832	10,085,308

Notes for FY27 Budget

- 1) Salaries based on existing 36 FT (15 split with Admin) and 6 FT vacancies (2 split with Admin)
- 2) Retirement estimated at 25% of compensation based on historical and projections
- 3) Includes contract with Dean Dorton for accounting & HR/payroll and projected contract for IT work
- 4) Includes estimated cost of furniture for new office space on 2nd floor