



Arkansas

Scholarship Lottery

**Lottery Oversight Subcommittee Meeting
September 25, 2019**

**Report from the Office of the Arkansas Lottery
By Director Bishop Woosley**

Comparative Income Statements

August 2019 vs. August 2018

GAAP Basis Income Statement	<u>August 2019</u>	<u>August 2018</u>	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 34,686,908	\$ 33,577,125	\$ 1,109,783	3.3%
Draw Games	6,160,218	6,708,349	(548,131)	-8.2%
Retailer Fees and Other	51,961	57,806	(5,845)	-10.1%
Total Revenues	40,899,087	40,343,280	555,807	1.4%
Operating Expense				
Instant Game Prizes	24,654,793	24,016,397	(638,396)	-2.7%
Draw Game Prizes	3,326,486	3,666,406	339,920	9.3%
Retailer Commissions	2,339,365	2,279,457	(59,908)	-2.6%
Gaming Contract Costs	1,939,733	2,555,541	615,808	24.1%
Marketing and Advertising	569,846	490,979	(78,867)	-16.1%
General and Administrative	774,919	770,116	(4,803)	-0.6%
Total Operating Expenses	33,605,142	33,778,896	173,754	0.5%
Operating Income	7,293,945	6,564,384	729,561	11.1%
Interest Income and Other Income	259,299	177,475	81,824	46.1%
Income Before Transfers	\$ 7,553,244	\$ 6,741,859	\$ 811,385	12.0%
Net Proceeds	\$ 4,942,737	\$ 6,175,998	\$ (1,233,261)	-20.0%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

August 2019 Actual vs. Budget

GAAP Basis Income Statement	August 2019 Actual	August 2019 Budget	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 34,686,908	\$ 34,565,000	\$ 121,908	0.4%
Draw Games	6,160,218	7,436,000	(1,275,782)	-17.2%
Retailer Fees and Other	51,961	42,000	9,961	23.7%
Total Revenues	40,899,087	42,043,000	(1,143,913)	-2.7%
Operating Expense				
Instant Game Prizes	24,654,793	24,812,000	157,207	0.6%
Draw Game Prizes	3,326,486	3,900,000	573,514	14.7%
Retailer Commissions	2,339,365	2,331,000	(8,365)	-0.4%
Gaming Contract Costs	1,939,733	1,862,000	(77,733)	-4.2%
Marketing and Advertising	569,846	602,000	32,154	5.3%
General and Administrative	774,919	1,040,500	265,581	25.5%
Total Operating Expenses	33,605,142	34,547,500	942,358	2.7%
Operating Income	7,293,945	7,495,500	(201,555)	-2.7%
Interest Income and Other Income	259,299	146,000	113,299	77.6%
Income Before Transfers	\$ 7,553,244	\$ 7,641,500	\$ (88,256)	-1.2%
Net Proceeds	\$ 4,942,737	\$ 7,091,500	\$ (2,148,763)	-30.3%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

Year to Date August 31, 2019 vs. August 31, 2018



GAAP Basis Income Statement	Actual YTD 08/31/19	Actual YTD 08/31/18	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 69,594,326	\$ 68,031,950	\$ 1,562,376	2.3%
Draw Games	12,439,785	14,606,708	(2,166,923)	-14.8%
Retailer Fees and Other	104,149	117,974	(13,825)	-11.7%
Total Revenues	82,138,260	82,756,632	(618,372)	-0.7%
Operating Expense				
Instant Game Prizes	48,365,113	48,306,188	(58,925)	-0.1%
Draw Game Prizes	7,011,340	7,606,971	595,631	7.8%
Retailer Commissions	4,662,694	4,665,010	2,316	0.0%
Gaming Contract Costs	3,783,994	5,774,678	1,990,684	34.5%
Marketing and Advertising	1,126,000	1,148,996	22,996	2.0%
General and Administrative	1,694,840	1,572,725	(122,115)	-7.8%
Total Operating Expenses	66,643,981	69,074,568	2,430,587	3.5%
Operating Income	15,494,279	13,682,064	1,812,215	13.2%
Interest Income and Other Income	540,594	347,074	193,520	55.8%
Income Before Transfers	\$ 16,034,873	\$ 14,029,138	\$ 2,005,735	14.3%
Net Proceeds	\$ 9,466,668	\$ 11,242,627	\$ (1,775,959)	-15.8%

Note – Net Proceeds does not include unclaimed prizes amounts.

Comparative Income Statements

Year to Date August 31, 2019 Actual vs. Budget

GAAP Basis Income Statement	Actual YTD 08/31/19	Budget YTD 08/31/19	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 69,594,326	\$ 66,551,000	\$ 3,043,326	4.6%
Draw Games	12,439,785	14,830,000	(2,390,215)	-16.1%
Retailer Fees and Other	104,149	91,000	13,149	14.4%
Total Revenues	82,138,260	81,472,000	666,260	0.8%
Operating Expense				
Instant Game Prizes	48,365,113	47,740,000	(625,113)	-1.3%
Draw Game Prizes	7,011,340	7,778,000	766,660	9.9%
Retailer Commissions	4,662,694	4,560,000	(102,694)	-2.3%
Gaming Contract Costs	3,783,994	3,724,000	(59,994)	-1.6%
Marketing and Advertising	1,126,000	1,269,000	143,000	11.3%
General and Administrative	1,694,840	2,036,000	341,160	16.8%
Total Operating Expenses	66,643,981	67,107,000	463,019	0.7%
Operating Income	15,494,279	14,365,000	1,129,279	7.9%
Interest Income and Other Income	540,594	283,000	257,594	91.0%
Income Before Transfers	\$ 16,034,873	\$ 14,648,000	\$ 1,386,873	9.5%
Net Proceeds	\$ 9,466,668	\$ 13,548,000	\$ (4,081,332)	-30.1%

Note – Net Proceeds does not include unclaimed prizes amounts

ADHE Transfer Analysis

ADHE Transfer Analysis						
Month	2020 Net Proceeds	2020 Unclaimed Prizes	Total Transfer	2020 Budget	Over/Under Budget	Cumulative Balance
July, 2019	\$ 4,523,931	\$ 1,997,466	\$ 6,521,397	\$ 7,006,500	\$ (485,103)	\$ (485,103)
August	4,942,737	1,061,557	\$ 6,004,294	7,641,500	\$(1,637,206)	\$(2,122,309)
September						
October						
November						
December						
January, 2020						
February						
March						
April						
May						
June						
Sub total	9,466,668	3,059,023	12,525,691	14,648,000		\$ (2,122,309)
Reserve for GPW						