



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF THE ARKANSAS LOTTERY**

Post Office Box 3238  
Little Rock, Arkansas 72203-3238  
Phone: (501) 683-2000  
Fax: (501) 683-1878  
<http://myarkansaslottery.com>

November 14, 2019

**EXHIBIT F**

The Honorable Joyce Elliot, Co-Chair  
The Honorable Chris Richey, Co-Chair  
Arkansas Legislative Council Lottery Oversight Subcommittee  
One Capitol Mall, Room R-501  
Little Rock, AR 72201

RE: A.C.A. § 23-115-302 Reports

Dear Senator Elliot and Representative Richey:

Pursuant to A.C.A. § 23-115-302, the following information is enclosed:

1. The total amount of FY 2019 net proceeds from the Lottery;
2. The amount deposited into and disbursed from the Scholarship Shortfall Reserve Trust Account under § 23-115-802 in FY 2019; and
3. The office's projection for net proceeds from the state lottery for the current fiscal year.

Please call me if you have any questions or need additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bishop Woosley", with a long horizontal flourish extending to the right.

Bishop Woosley  
Director

Enclosures

cc: Mr. Larry Walther, Secretary of the Department of Finance and Administration

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Year Ended June 30, 2019**

**Operating revenues:**

Instant ticket sales	\$ 407,825,514
Online ticket sales	107,667,993
Retailer application, fidelity, bond and service fees	728,897
Other revenue	<u>14,439</u>

Total operating revenues	<u>516,236,843</u>
--------------------------	--------------------

**Operating expenses:**

Instant game prizes	293,635,992
Online game prizes	56,240,230
Retailer commissions	29,062,835
Gaming contract costs	23,691,567
Compensation and benefits	4,829,725
Marketing, advertising and promotions	7,251,773
General and administrative expenses	5,621,315
Services provided by Arkansas Department of Higher Education	427,384
Services provided by Arkansas Legislative Audit	131,880
Legal and professional services	1,400
Depreciation	<u>123,426</u>

Total operating expenses	<u>421,017,527</u>
--------------------------	--------------------

Operating income	95,219,316
------------------	------------

**Non-operating revenue:**

Interest income	<u>2,569,816</u>
-----------------	------------------

Income before transfers	97,789,132
-------------------------	------------

**Transfers to:**

Education Trust Account	(75,000,000)
Workforce Challenge Trust Account	<u>(23,639,040)</u>

Total Transfers	<u>(98,639,040)</u>
-----------------	---------------------

Change in net position	(849,908)
------------------------	-----------

Total net position - beginning	11,086,775
--------------------------------	------------

Total net position - ending	<u>\$ 10,236,867</u>
-----------------------------	----------------------

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Scholarship Shortfall Reserve Trust Account (Unaudited)  
Fiscal Year Ended June 30, 2019**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Beginning Balance	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Deposits	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Ending Balance	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Beginning Balance	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Deposits	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Ending Balance	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

DFA-Office of the Arkansas Lottery  
Budget Detail Schedules  
For the Fiscal Year Ending June 30, 2020

	FY 2018 Audited		FY 2019 Budget		FY 2020 Budget		Explanation for Change in Budget Amounts	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
<b>Operating Revenues:</b>								
Instant Games	\$ 407,604,791	81.441%	\$ 398,600,000	82.533%	\$ 407,400,000	81.962%	Increase in line with FY2019 actual sales.	
Online Games	92,563,322	18.495%	84,047,000	17.403%	89,600,000	18.026%	Increase in line with FY2019 actual sales.	
Less: Promotions Discount	(460,337)	-0.092%	(500,000)	-0.104%	(500,000)	-0.101%	FY2020 promotional discount amount at FY2019 level.	
Retailer application and bonding fees	776,503	0.155%	800,000	0.166%	550,000	0.111%	Act 683 eliminated the fidelity fee. The bond fee is reduced from \$75 to \$50.	
Non-Gaming Revenue	5,849	0.001%	12,000	0.002%	12,000	0.002%	Other miscellaneous revenues are consistent with estimated FY2019.	
<b>Total Operating Revenues</b>	<b>500,490,338</b>	<b>100.000%</b>	<b>482,959,000</b>	<b>100.000%</b>	<b>497,062,000</b>	<b>100.000%</b>		
<b>Operating Expenses:</b>								
Instant Games Prizes	292,489,286	58.441%	285,518,000	59.118%	292,468,000	58.839%	Instant Games prizes are forecast to increase in line with the increase in sales.	
Online Games Prizes	49,406,134	9.872%	44,915,000	9.300%	46,892,000	9.434%	Online Games prizes are forecast to increase in line with the increase in sales.	
Retailer Commissions	28,196,969	5.634%	27,203,000	5.633%	28,004,000	5.634%	Increase in the amounts paid to retailers is in line with sales increase.	
Gaming Contract Costs	21,967,841	4.389%	22,505,000	4.660%	22,338,000	4.494%	Amounts paid to lottery systems and tickets vendors is in line with sales.	
Staff Compensation & Benefits	5,092,375	1.017%	5,450,000	1.128%	5,550,000	1.117%	Increase reflects 2 new positions.	
Marketing, Advertising & Promotions	6,477,277	1.294%	7,500,000	1.553%	8,000,000	1.609%	Increased the FY2020 amount per the Director.	
General and Administrative Expenses	4,947,334	0.988%	4,530,000	0.938%	5,421,000	1.091%	Camelot Global fees are estimated at \$400,000 plus incentive fees of \$2,830,000.	
Services Provided by Other Agencies:	598,932	0.120%	585,000	0.121%	585,000	0.118%	No significant change in services provided by other agencies.	
Legal and Professional Services	2,106	0.000%	6,000	0.001%	6,000	0.001%	Estimated approximately the same amount as FY2019.	
Capital Asset Depreciation	104,011	0.021%	215,000	0.045%	410,000	0.082%	Increase reflects increase in fixed asset additions in FY2020 of \$1.2 million.	
<b>Total Operating Expenses</b>	<b>409,282,265</b>	<b>81.776%</b>	<b>398,427,000</b>	<b>82.497%</b>	<b>409,674,000</b>	<b>82.419%</b>		
<b>Operating Income</b>	<b>91,208,063</b>	<b>18.224%</b>	<b>84,532,000</b>	<b>17.503%</b>	<b>87,388,000</b>	<b>17.581%</b>		
<b>Non-Operating Revenue (Expense):</b>								
Interest Income	1,269,083	0.254%	1,380,000	0.286%	2,000,000	0.402%	Reflects higher maintained monthly balances.	
Other Non-Operating Income	-	0.000%	-	0.000%	-	0.000%	No non-operating income for FY2020 is anticipated.	
<b>Income before Transfers</b>	<b>92,477,146</b>	<b>18.477%</b>	<b>85,912,000</b>	<b>17.789%</b>	<b>89,388,000</b>	<b>17.983%</b>		
Transfers To:								
Education Trust Account	(76,453,125)	-15.276%	(79,900,000)	-16.544%	(82,750,000)	-16.648%	This is the amount of the expected transfer of monthly Net Proceeds to ADHE for FY2020.	
Workforce Challenge Trust Account	(8,344,929)	-1.688%	-	0.000%	-	0.000%		
Unclaimed Prizes Reserve-transferred at June 30 by statute	(7,046,875)	-1.408%	(6,000,000)	-1.242%	(6,600,000)	(0)	This amount is for the unclaimed prizes accumulated during FY2020 which, by statute, will transfer as of the last day of the fiscal year.	
<b>Total Transfers to ADHE</b>	<b>(91,844,929)</b>	<b>-18.351%</b>	<b>(85,900,000)</b>	<b>-17.786%</b>	<b>(89,350,000)</b>	<b>(0)</b>		
<b>Change in Net Assets</b>	<b>\$ 632,217</b>	<b>0.126%</b>	<b>\$ 12,000</b>	<b>0.002%</b>	<b>\$ 38,000</b>	<b>0.008%</b>		