



Arkansas

Scholarship Lottery

Lottery Oversight Subcommittee Meeting
December 14, 2017

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

Comparative Income Statements

November 2017 vs. November 2016

GAAP Basis Income Statement	November 2017	November 2016	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 30,625,691	\$ 29,735,217	\$ 890,474	3.0%
Draw Games	5,506,412	7,253,420	(1,747,008)	-24.1%
Retailer Fees and Other	54,005	53,443	562	1.1%
Total Revenues	36,186,108	37,042,080	(855,972)	-2.3%
Operating Expense				
Instant Game Prizes	22,314,328	21,050,019	(1,264,309)	-6.0%
Draw Game Prizes	3,126,486	3,758,240	631,754	16.8%
Retailer Commissions	2,035,858	2,070,576	34,718	1.7%
Gaming Contract Costs	1,691,429	1,479,792	(211,637)	-14.3%
Marketing and Advertising	534,407	781,427	247,020	31.6%
General and Administrative	604,163	828,158	223,995	27.0%
Total Operating Expenses	30,306,671	29,968,212	(338,459)	-1.1%
Operating Income	5,879,437	7,073,868	(1,194,431)	-16.9%
Interest Income and Other Income	81,780	22,987	58,793	255.8%
Income Before Transfers	\$ 5,961,217	\$ 7,096,855	\$ (1,135,638)	-16.0%
Net Proceeds	\$ 6,691,228	\$ 6,570,980	\$ 120,248	1.8%

Note – Net Proceeds does not include unclaimed prize amounts.

Comparative Income Statements

November 2017 Actual vs. Budget

GAAP Basis Income Statement	November 2017 Actual	November 2017 Budget	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 30,625,691	\$ 29,100,000	\$ 1,525,691	5.2%
Draw Games	5,506,412	6,532,000	(1,025,588)	-15.7%
Retailer Fees and Other	54,005	59,000	(4,995)	-8.5%
Total Revenues	36,186,108	35,691,000	495,108	1.4%
Operating Expense				
Instant Game Prizes	22,314,328	20,972,000	(1,342,328)	-6.4%
Draw Game Prizes	3,126,486	3,334,000	207,514	6.2%
Retailer Commissions	2,035,858	2,013,000	(22,858)	-1.1%
Gaming Contract Costs	1,691,429	1,559,000	(132,429)	-8.5%
Marketing and Advertising	534,407	542,000	7,593	1.4%
General and Administrative	604,163	875,500	271,337	31.0%
Total Operating Expenses	30,306,671	29,295,500	(1,011,171)	-3.5%
Operating Income	5,879,437	6,395,500	(516,063)	-8.1%
Interest Income and Other Income	81,780	29,000	52,780	182.0%
Income Before Transfers	\$ 5,961,217	\$ 6,424,500	\$ (463,283)	-7.2%
Net Proceeds	\$ 6,691,228	\$ 6,424,500	\$ 266,728	4.2%

Note – Net Proceeds does not includes unclaimed prize amounts.

Comparative Income Statements

Year to Date November 30, 2017 vs. November 30, 2016

GAAP Basis Income <u>Statement</u>	Actual <u>YTD 11/30/17</u>	Actual <u>YTD 11/30/16</u>	Favorable/ <u>Unfavorable</u>	Percentage <u>Variance</u>
Revenues				
Instant Games	\$ 160,124,096	\$ 142,296,582	\$ 17,827,514	12.5%
Draw Games	38,092,857	34,863,121	3,229,736	9.3%
Retailer Fees and Other	383,483	386,078	(2,595)	-0.7%
Total Revenues	198,600,436	177,545,781	21,054,655	11.9%
Operating Expense				
Instant Game Prizes	114,902,442	101,189,032	(13,713,410)	-13.6%
Draw Game Prizes	20,668,660	18,043,912	(2,624,748)	-14.5%
Retailer Commissions	11,183,083	9,936,248	(1,246,835)	-12.5%
Gaming Contract Costs	9,388,714	7,659,667	(1,729,047)	-22.6%
Marketing and Advertising	2,793,785	2,588,587	(205,198)	-7.9%
General and Administrative	4,009,296	3,770,046	(239,250)	-6.3%
Total Operating Expenses	162,945,980	143,187,492	(19,758,488)	-13.8%
Operating Income	35,654,456	34,358,289	1,296,167	3.8%
Interest Income and Other Income	470,623	127,362	343,261	269.5%
Income Before Transfers	\$ 36,125,079	\$ 34,485,651	\$ 1,639,428	4.8%
Net Proceeds	\$ 34,688,372	\$ 31,722,198	\$ 2,966,174	9.4%

Note – Net Proceeds does not include unclaimed prize amounts.

Comparative Income Statements

Year to Date November 30, 2017 Actual vs. Budget

GAAP Basis Income Statement	Actual YTD 11/30/17	Budget YTD 11/30/17	Favorable/ Unfavorable	Percentage Variance
Revenues				
Instant Games	\$ 160,124,096	\$ 145,473,000	\$ 14,651,096	10.1%
Draw Games	38,092,857	32,886,000	5,206,857	15.8%
Retailer Fees and Other	383,483	432,000	(48,517)	-11.2%
Total Revenues	198,600,436	178,791,000	19,809,436	11.1%
Operating Expense				
Instant Game Prizes	114,902,442	104,977,421	(9,925,021)	-9.5%
Draw Game Prizes	20,668,660	16,693,219	(3,975,441)	-23.8%
Retailer Commissions	11,183,083	10,075,000	(1,108,083)	-11.0%
Gaming Contract Costs	9,388,714	8,303,100	(1,085,614)	-13.1%
Marketing and Advertising	2,793,785	2,739,000	(54,785)	-2.0%
General and Administrative	4,009,296	4,300,500	291,204	6.8%
Total Operating Expenses	162,945,980	147,088,240	(15,857,740)	-10.8%
Operating Income	35,654,456	31,702,760	3,951,696	12.5%
Interest Income and Other Income	470,623	180,000	290,623	161.5%
Income Before Transfers	\$ 36,125,079	\$ 31,882,760	\$ 4,242,319	13.3%
Net Proceeds	\$ 34,688,372	\$ 29,382,760	\$ 5,305,612	18.1%

Note – Net Proceeds does not includes unclaimed prize amounts

ADHE Transfer Analysis

Month	2018 Net Proceeds	2018 Unclaimed Prizes	Total Transfer	2018 Budget	Over/Under Budget	Cumulative Balance
July,2017	\$ 6,661,763	\$ 882,319	\$ 7,544,082	\$ 6,405,860	\$ 1,138,222	\$ 1,138,222
August	8,912,742	738,411	\$ 9,651,153	5,974,400	\$ 3,676,753	\$ 4,814,975
September	6,755,334	91,577	\$ 6,846,911	6,436,500	\$ 410,411	\$ 5,225,385
October	5,667,306	563,677	\$ 6,230,983	6,641,500	\$ (410,517)	\$ 4,814,868
November	6,691,228	107,385	\$ 6,798,613	6,424,500	\$ 374,113	\$ 5,188,981
December						
January, 2018						
February						
March						
April						
May						
June						
Sub total	34,688,372	2,383,369	37,071,741	31,882,760		5,188,981
Reserve for GPW						
Total	\$ 34,688,372	\$ 2,383,369	\$ 37,071,741	\$ 31,882,760		\$ 5,188,981