



Arkansas Scholarship Lottery

Arkansas Legislative Council
Lottery Oversight Subcommittee Meeting
June 16, 2016

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

Comparative Income Statements For May 2016 vs. May 2015

<u>Statement</u>	<u>May 2016</u>	<u>May 2015</u>	<u>Favorable/ (Unfavorable)</u>	<u>Percentage Variance</u>
Revenues				
Instant Games	\$ 30,702,322	\$ 29,406,376	\$ 1,295,946	4.4%
Draw Games	7,723,711	6,230,110	1,493,601	24.0%
Retailer Fees and Other	59,113	52,550	6,563	12.5%
Total Revenues	38,485,146	35,689,036	2,796,110	7.8%
Operating Expense				
Instant Game Prizes	21,619,271	21,556,442	(62,829)	-0.3%
Draw Game Prizes	4,200,708	3,533,901	(666,807)	-18.9%
Retailer Commissions	2,173,378	2,063,837	(109,541)	-5.3%
Gaming Contract Costs	1,542,548	1,854,548	312,000	16.8%
Marketing and Advertising	592,998	416,364	(176,634)	-42.4%
General and Administrative	714,225	580,117	(134,108)	-23.1%
Total Operating Expenses	30,843,128	30,005,209	(837,919)	-2.8%
Operating Income	7,642,018	5,683,827	1,958,191	34.5%
Interest and Other Income	22,448	17,285	5,163	29.9%
Income Before Transfers	\$ 7,664,466	\$ 5,701,112	\$ 1,963,354	34.4%
Net Proceeds	\$ 6,606,165	\$ 5,409,050	\$ 1,197,115	22.1%

Comparative Income Statements

May 2016 Actual vs. Budget

GAAP Basis Income <u>Statement</u>	May 2016 <u>Actual</u>	May 2016 <u>Budget</u>	Favorable/ <u>(Unfavorable)</u>	Percentage <u>Variance</u>
Revenues				
Instant Games	\$ 30,702,322	\$ 29,270,211	\$ 1,432,111	4.9%
Draw Games	7,723,711	6,481,251	1,242,460	19.2%
Retailer Fees and Other	59,113	53,169	5,944	11.2%
Total Revenues	38,485,146	35,804,631	2,680,515	7.5%
Operating Expense				
Instant Game Prizes	21,619,271	20,712,362	(906,909)	-4.4%
Draw Game Prizes	4,200,708	3,568,842	(631,866)	-17.7%
Retailer Commissions	2,173,378	2,033,877	(139,501)	-6.9%
Gaming Contract Costs	1,542,548	1,676,501	133,953	8.0%
Marketing and Advertising	592,998	416,670	(176,328)	-42.3%
General and Administrative	714,225	584,889	(129,336)	-22.1%
Total Operating Expenses	30,843,128	28,993,141	(1,849,987)	-6.4%
Operating Income	7,642,018	6,811,490	830,528	12.2%
Interest Income	22,448	10,776	11,672	108.3%
Income Before Transfers	\$ 7,664,466	\$ 6,822,266	\$ 842,200	12.3%
Net Proceeds	\$ 6,606,165	\$ 6,398,435	\$ 207,730	3.2%

Note – Net Proceeds does not include unclaimed prizes.

Comparative Income Statements

Year to Date May 31, 2016 vs. May 31, 2015



GAAP Basis Income Statement	Actual YTD 5/31/16	Actual YTD 5/31/15	Favorable/ (Unfavorable)	Percentage Variance
Revenues				
Instant Games	\$ 331,796,507	\$ 306,694,415	\$ 25,102,092	8.2%
Draw Games	88,870,397	68,195,391	20,675,006	30.3%
Retailer Fees and Other	674,956	529,310	145,646	27.5%
Total Revenues	421,341,860	375,419,116	45,922,744	12.2%
Operating Expense				
Instant Game Prizes	238,173,334	221,564,684	(16,608,650)	-7.5%
Draw Game Prizes	46,948,317	35,899,495	(11,048,822)	-30.8%
Retailer Commissions	23,681,069	21,229,091	(2,451,978)	-11.6%
Gaming Contract Costs	17,909,448	18,980,524	1,071,076	5.6%
Marketing and Advertising	4,479,340	4,456,517	(22,823)	-0.5%
General and Administrative	8,002,600	7,338,383	(664,217)	-9.1%
Total Operating Expenses	339,194,108	309,468,694	(29,725,414)	-9.6%
Operating Income	82,147,752	65,950,422	16,197,330	24.6%
Interest and Other Income	209,669	203,459	6,210	3.1%
Income Before Transfers	\$ 82,357,421	\$ 66,153,881	\$ 16,203,540	24.5%
Net Proceeds	\$ 74,134,891	64,171,317	\$ 9,963,574	15.5%

Note – Net Proceeds does not include unclaimed prizes.

ADHE Transfer Analysis

Month	Proceeds	Unclaimed	Total Transfer	2016 Budget	Budget	Balance
July, 2015	\$ 5,784,683	\$ 121,937	\$ 5,906,620	\$ 6,321,857	(\$415,237)	(\$415,237)
August	5,490,094	694,112	6,184,206	6,447,435	(263,229)	(678,466)
September	6,624,967	740,302	7,365,269	6,239,499	1,125,770	447,304
October	6,020,643	75,504	6,096,147	6,176,121	(79,974)	367,330
November	5,725,139	776,716	6,501,855	6,387,488	114,367	481,697
December	6,425,755	87,708	6,513,463	6,898,804	(385,341)	96,356
January, 2016	13,831,359	506,731	14,338,090	6,249,505	8,088,585	8,184,941
February	4,474,356	561,499	5,035,855	7,520,589	(2,484,734)	5,700,207
March	5,758,893	524,038	6,282,931	7,450,812	(1,167,881)	4,532,326
April	7,392,837	79,121	7,471,958	6,896,117	575,841	5,108,167
May	6,606,165	787,502	7,393,667	6,822,265	571,402	5,679,569
June						
Sub total	74,134,891	4,955,170	79,090,061	73,410,492		5,679,569
Reserve for GPW						
Total	\$ 74,134,891	\$ 4,955,170	\$ 79,090,061	\$ 73,410,492		\$ 5,679,569

OFFICE OF THE ARKANSAS LOTTERY

FY 2017 ANNUAL BUDGET



ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

Appropriation Summary

Appropriation: 610U - Lottery Commission - Operations

Funding Sources: 700 - Lottery Commission Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	\$4,052,694	\$3,916,689	\$3,916,689		\$3,869,572	
	#Positions		66	66		69	
Personal Services Matching	5010003	\$979,623	\$1,453,311	\$1,453,311		\$1,530,428	
Operating Expenses	5020002	\$766,193	\$1,513,000	\$1,513,000		\$3,901,000	
Conference & Travel Expenses	5050009	\$251,490	\$0	\$0		\$249,000	
Professional Fees	5060010	\$680,975	\$640,000	\$640,000		\$570,000	
Data Processing	5090012	\$256,320	\$0	\$0		\$270,000	
Instant Games	5900046	\$241,758,220	\$236,406,000	\$236,406,000		\$275,471,000	
On-Line Games	5900047	\$38,708,574	\$39,492,900	\$39,492,900		\$42,229,000	
Retailer Commissions	5900048	\$23,253,196	\$23,352,500	\$23,352,500		\$26,400,000	
Gaming Contracts	5900049	\$20,622,707	\$19,249,200	\$19,249,200		\$22,000,000	
Advertising & Promotions	5900050	\$5,382,544	\$5,000,000	\$5,000,000		\$6,000,000	
Capital Outlay	5120011	\$158,363	\$237,000	\$237,000		\$120,000	
Total		\$336,870,899	\$331,260,600	\$331,260,600		\$382,610,000	
Funding Sources							
Instant Gaming		\$335,000,613	\$333,500,000			\$383,380,000	
Online Games		\$73,662,767	\$76,990,000			\$79,238,000	
Retailer Applications & Fees		\$550,952	\$560,000			\$788,000	
Non Gaming Revenue		\$20,346	\$10,000			\$12,000	
Other Income		\$0	\$0			\$0	
Interest Income		\$224,546	\$140,000			\$120,000	
Transfer to Department of Health		(\$200,000)	\$0			\$0	
Transfer to ADHE Education Trust		(\$67,378,254)	(\$74,500,000)			(\$75,468,000)	
Transfer to Unclaimed Prizes Reserve		(\$5,241,115)	(\$5,086,000)			(\$5,432,000)	
Total Funding		\$336,639,855	\$331,614,000			\$382,638,000	
Excess Appropriation/(Funding)		\$231,044	(\$353,400)			(\$28,000)	
Grand Total		\$336,870,899	\$331,260,600			\$382,610,000	