



STATE OF ARKANSAS
ARKANSAS LOTTERY COMMISSION

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

November 15, 2013

The Honorable Mike Beebe
Governor of Arkansas
State Capitol
Little Rock, AR 72201

RE: Revised Financial Statements as of June 2013

Dear Governor Beebe:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission, please accept the enclosed revised Financial Statements for the Year Ended June 30, 2013. These are the revised June 30, 2013, Financial Statements after all audit adjustments have been recorded and replace those submitted to you on July 10, 2013. The revisions result in adjusted net proceeds for the fiscal year ended June 30, 2013, of \$90,257,161. Also, there were no deposits to or transfers from the shortfall Reserve Account during the fiscal year ended June 30, 2013. The balance of that account remains at the statutory limit of \$20,000,000. The projected net proceeds for the fiscal year ending June 30, 2013, remain at \$89,500,000.

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".

Bishop Woosley
Director

Enclosure

cc: Dr. George Hammons, Chairman, Arkansas Lottery Commission



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November 15, 2013

The Honorable Robert Thompson, Co-Chair
The Honorable Mark Perry, Co-Chair
Arkansas Lottery Commission Legislative Oversight Committee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Revised Financial Statements as of June 2013

Gentlemen:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission, please accept the enclosed revised Financial Statements for the Year Ended June 30, 2013. These are the revised June 30, 2013, Financial Statements after all audit adjustments have been recorded and replace those submitted to you on July 10, 2013. The revisions result in adjusted net proceeds for the fiscal year ended June 30, 2013, of \$90,257,161. Also, there were no deposits to or transfers from the shortfall Reserve Account during the fiscal year ended June 30, 2013. The balance of that account remains at the statutory limit of \$20,000,000. The projected net proceeds for the fiscal year ending June 30, 2013, remain at \$89,500,000.

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Arkansas Lottery Commission
Statement of Net Position
June 30, 2013

ASSETS

Current assets:

Cash and Cash Equivalents	\$ 4,471,108.73
Restricted Assets:	
Cash and cash equivalents	39,569,121.16
Accounts receivable	10,814,384.83
Due from other funds of the State	7,019.79
Prepaid items	<u>31,669.15</u>
 Total current assets	 <u>54,893,303.66</u>

Noncurrent assets:

Restricted assets:	
Cash and cash equivalents	20,070,586.69
Deposits with Multi-State Lottery Association	1,773,619.99
Capital assets:	
Equipment	526,664.88
Leasehold Improvements	498,416.68
Less accumulated depreciation	<u>(666,710.00)</u>
 Total noncurrent assets	 <u>22,202,578.24</u>
 Total assets	 <u>\$ 77,095,881.90</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 227,466.77
Prizes payable	18,798,425.19
Accrued and other liabilities	1,270,318.91
Due to other funds of the State	963,454.37
Due to ADHE	38,569,121.16
Compensated absences	48,399.06
Unearned revenue	<u>301,607.92</u>
 Total current liabilities	 <u>60,178,793.38</u>

Long-Term liabilities:

Compensated absences	282,421.58
Net OPEB Obligation	<u>1,023,635.88</u>
 Total liabilities	 <u>61,484,850.84</u>

NET POSITION

Net position:

Invested in capital assets	358,371.56
Restricted for:	
Scholarship shortfall fund	20,000,000.00
Retailer fidelity fund	70,586.69
Deposits with Multi-State Lottery Asso.	1,773,619.99
Unclaimed Prize Fund	1,000,000.00
Unrestricted	<u>(7,591,547.18)</u>
 Total net position	 <u>15,611,031.06</u>
 Total liabilities & net position	 <u>\$ 77,095,881.90</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 25,902,368.00	\$ 355,061,785.00
Online ticket sales	6,049,622.00	84,486,209.00
Retailer application, fidelity and service fees	50,353.35	556,792.43
Other revenue	<u>1,178.79</u>	<u>4,489.88</u>
 Total operating revenues	 <u>32,003,522.14</u>	 <u>440,109,276.31</u>
 Operating expenses:		
Instant game prizes	18,224,683.33	250,246,336.94
Online game prizes	3,158,175.82	41,877,845.10
Retailer commissions	2,197,565.82	24,986,550.65
Gaming contract costs	1,816,624.15	22,116,162.79
Compensation and benefits	955,440.91	6,049,047.93
Marketing, advertising and promotions	577,403.09	4,414,654.56
General and administrative expenses	104,827.97	1,231,211.87
Services provided by ADHE	(415,984.31)	794,015.69
Services provided by Legislative Audit Agency	3,840.00	142,720.00
Legal and professional services	285.00	22,507.54
Depreciation	<u>15,179.85</u>	<u>182,158.64</u>
 Total operating expenses	 <u>26,638,041.63</u>	 <u>352,063,211.71</u>
 Operating income	 5,365,480.51	 88,046,064.60
 Nonoperating revenue (expense):		
Interest income	28,473.34	322,721.61
Other Non Operating Income	<u> </u>	<u> </u>
 Income before transfers	 5,393,953.85	 88,368,786.21
 Transfers to:		
Trust Account for ADHE	(8,936,194.92)	(90,257,161.29)
Arkansas Department of Human Services	<u> </u>	<u>(200,000.00)</u>
 Change in net position	 <u>\$ (3,542,241.07)</u>	 <u>(2,088,375.08)</u>
 Total net position - beginning		 <u>17,699,406.14</u>
Total net position - ending		<u>\$ 15,611,031.06</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2013

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating Revenues										
Instant Games	\$25,902,368.00	80.94	\$34,842,200.00	85.28	\$(8,939,832.00)	\$355,061,785.00	80.68	\$396,815,000.00	82.52	\$(41,753,215.00)
OnLine Games	6,049,622.00	18.90	5,972,900.00	14.62	76,722.00	84,486,209.00	19.20	83,510,000.00	17.37	976,209.00
Retailer application, fidelity	50,353.35	0.16	41,700.00	0.10	8,653.35	556,792.43	0.13	530,000.00	0.11	26,792.43
Other Revenue	<u>1,178.79</u>	0.00	<u>500.00</u>	0.00	<u>678.79</u>	<u>4,489.88</u>	0.00	<u>5,000.00</u>	0.00	<u>(510.12)</u>
Total Operating Revenues	<u>32,003,522.14</u>	100.00	<u>40,857,300.00</u>	100.00	<u>(8,853,777.86)</u>	<u>440,109,276.31</u>	100.00	<u>480,860,000.00</u>	100.00	<u>(40,750,723.69)</u>
Operating Expenses										
Instant Game Prizes	18,224,683.33	56.95	24,553,400.00	60.10	(6,328,716.67)	250,246,336.94	56.86	274,867,567.77	57.16	(24,621,230.83)
On-Line Game Prizes	3,158,175.82	9.87	2,592,500.00	6.35	565,675.82	41,877,845.10	9.52	42,069,432.23	8.75	(191,587.13)
Retailer Commissions	2,197,565.82	6.87	2,309,400.00	5.65	(111,834.18)	24,986,550.65	5.68	27,152,000.00	5.65	(2,165,449.35)
Gaming Contract Costs	1,816,624.15	5.68	1,961,500.00	4.80	(144,875.85)	22,116,162.79	5.03	24,560,000.00	5.11	(2,443,837.21)
Staff Compensation & Benefits	955,440.91	2.99	449,282.00	1.10	506,158.91	6,049,047.93	1.37	5,800,000.00	1.21	249,047.93
Marketing, Advertising & Promo	577,403.09	1.80	361,998.00	0.89	215,405.09	4,414,654.56	1.00	4,500,000.00	0.94	(85,345.44)
General and administrative ex	104,827.97	0.33	107,620.00	0.26	(2,792.03)	1,231,211.87	0.28	1,300,000.00	0.27	(68,788.13)
Services Provided by Other Age	(412,144.31)	(1.29)	129,200.00	0.32	(541,344.31)	936,735.69	0.21	1,550,000.00	0.32	(613,264.31)
Legal and Professional Service	285.00	0.00	7,950.00	0.02	(7,665.00)	22,507.54	0.01	95,000.00	0.02	(72,492.46)
Capital asset depreciation	<u>15,179.85</u>	0.05	<u>16,666.00</u>	0.04	<u>(1,486.15)</u>	<u>182,158.64</u>	0.04	<u>200,000.00</u>	0.04	<u>(17,841.36)</u>
Total Operating Expenses	<u>26,638,041.63</u>	83.23	<u>32,489,516.00</u>	79.52	<u>(5,851,474.37)</u>	<u>352,063,211.71</u>	79.99	<u>382,094,000.00</u>	79.46	<u>(30,030,788.29)</u>
Operating Income	5,365,480.51	16.77	8,367,784.00	20.48	(3,002,303.49)	88,046,064.60	20.01	98,766,000.00	20.54	(10,719,935.40)
Non-Operating Revenue (Expense)										
Interest Income	28,473.34	0.09	26,700.00	0.07	1,773.34	322,721.61	0.07	320,000.00	0.07	2,721.61
Other Non Operating Income	<u>-</u>	-	<u>-</u>	-	<u>-</u>	<u>-</u>	0.00	<u>-</u>	-	<u>-</u>
Income before transfers	<u>\$ 5,393,953.85</u>	16.85	<u>\$ 8,394,484.00</u>	20.55	<u>\$(3,000,530.15)</u>	<u>\$ 88,368,786.21</u>	20.08	<u>\$99,086,000.00</u>	20.61	<u>\$(10,717,213.79)</u>

Arkansas Scholarship Commission
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For the Year Ended June 30, 2013

Year to date

Operating revenues:

Instant ticket SETTLEMENTS	\$ 355,443,888.00
Online ticket sales	84,486,209.00
Retailer application, fidelity and service fees	556,792.43
Other revenue	4,489.88
	<u>440,491,379.31</u>

Total operating revenues 440,491,379.31

Operating expenses:

Instant game prizes SETTLEMENTS	248,907,411.06
Online game prizes	41,877,845.10
Retailer commissions	24,986,550.65
Gaming contract costs	22,116,162.79
Compensation and benefits	6,049,047.93
Marketing, advertising and promotions	4,414,654.56
General and administrative expenses	1,231,211.87
Services provided by ADHE	794,015.69
Services provided by Legislative Audit Agency	142,720.00
Legal and professional services	22,507.54
Current year Capital Asset cost	0.00
Total operating expenses	<u>350,542,127.19</u>

Change in net proceeds from operations 89,949,252.12

Nonoperating revenue (expense):

Interest Income	322,721.61
EDUCATION TRUST FUNDING-Current Year	(81,320,966.37)
Less Act 1180 Unclaimed Prizes	0.00
Less Transfer to ADHS	(200,000.00)
Less Current year Fidelity Fund fees	(21,354.42)
Less Current year MUSL Reserves additions	(89,814.22)
Add OPEB expense in Comp and Benefits	296,356.20
	<u>296,356.20</u>

NET PROCEEDS EARNED-Current Month **\$ 8,936,194.92**

Totals	Transfer	Interest	Total
	\$ 37,801,587.63	\$ 767,533.53	\$ 38,569,121.16
July 2012 funding - 8/15/12	\$ 4,727,442.68	\$ 25,058.83	\$ 4,752,501.51
ADHE Refund for excess funding 8/7/12	\$ 6,342,312.00		\$ 6,342,312.00
August transfer to ADHE 8/10/12	\$ (55,000,000.00)		\$ (55,000,000.00)
June 2012 Audit Adjustments funding - 9/15/12	\$ (72,247.92)		\$ (72,247.92)
August 2012 funding - 9/15/12	\$ 7,181,223.09	\$ 12,062.84	\$ 7,193,285.93
September 2012 funding - 10/15/12	\$ 6,576,892.46	\$ 8,064.30	\$ 6,584,956.76
October 2012 funding - 11/15/12	\$ 6,621,349.77	\$ 11,516.26	\$ 6,632,866.03
November 2012 funding - 12/15/12	\$ 8,429,441.15	\$ 14,494.44	\$ 8,443,935.59
December 2012 funding - 1/15/13	\$ 6,895,999.32	\$ 18,261.36	\$ 6,914,260.68
January 2013 funding - 2/15/13	\$ 6,516,869.09	\$ 22,084.00	\$ 6,538,953.09
February transfer to ADHE 2/1/13	\$ (45,000,000.00)		\$ (45,000,000.00)
February transfer to ADHE 2/8/13	\$ (10,000,000.00)		\$ (10,000,000.00)
February 2013 funding - 3/15/13	\$ 6,445,840.69	\$ 1,278.08	\$ 6,447,118.77
March transfer to ADHE 3/22/13	\$ (5,000,000.00)		\$ (5,000,000.00)
March 2013 funding - 4/15/13	\$ 9,773,520.45	\$ 1,752.38	\$ 9,775,272.83
April 2013 funding - 5/15/13	\$ 8,139,256.61	\$ 4,210.72	\$ 8,143,467.33
May 2013 funding - 6/15/13	\$ 9,886,108.67	\$ 8,239.18	\$ 9,894,347.85
June 2013 funding - 7/15/13	\$ 3,539,162.77	\$ 11,906.02	\$ 3,551,068.79
June 2013 Unclaimed Prize funding - 7/15/13	\$ 5,040,413.97		\$ 5,040,413.97
June 2013 Audit Adjustments funding - 10/15/13	\$ 344,712.16		\$ 344,712.16