

Arkansas Lottery Commission
Budget Detail Schedules
For the Fiscal Year Ending June 30, 2012

	2010 Audited	%	2011 Budgeted	%	2012 Budgeted	%	Explanation for Change in Budget Amounts
Operating Revenues:							
Instant Games	\$ 335,487,156	87.2%	\$ 374,125,000	80.4%	\$ 379,600,000	82.5%	Instant Game sales are stronger than originally projected.
On-Line Games	\$ 48,211,299	12.5%	\$ 90,106,000	19.4%	\$ 79,697,500	17.3%	On-Line Game sales are weaker than originally projected.
Retailer application, fidelity	\$ 867,023	0.2%	\$ 1,167,700	0.3%	\$ 555,000	0.1%	Retailer communication fee reduced from \$10 per week to \$5 per week
Non Gaming Revenue	\$ 5,650	0.0%	\$ 0	0.0%	\$ 4,000	0.0%	Rebates from other state agencies for purchase discounts and also from legal restitutions
Total Operating Revenues	\$ 384,571,128	100.0%	\$ 465,398,700	100.0%	\$ 459,856,500	100.0%	
Operating Expenses:							
Instant Game Prizes	\$ 224,341,940	58.3%	\$ 254,388,260	54.7%	\$ 256,230,000	55.7%	Increased Instant Game sales resulted in more prizes being awarded.
On-Line Game Prizes	\$ 23,381,100	6.1%	\$ 44,731,851	9.6%	\$ 40,743,000	8.9%	Reduction in On-Line Game Prizes due primarily to lower On-Line Game Revenues.
Retailer Commissions	\$ 21,578,603	5.6%	\$ 26,112,984	5.6%	\$ 25,720,660	5.6%	No change in percentage paid to retailer. Lower budget amount due to lower overall revenues.
Gaming Contract Costs	\$ 20,448,694	5.3%	\$ 19,604,410	4.2%	\$ 23,424,173	5.1%	No change in percentage paid to gaming vendors. Higher budget amount due to change in accounting method for Prizes.
Staff Compensation & Benefits	\$ 6,118,300	1.6%	\$ 6,500,000	1.4%	\$ 6,730,000	1.5%	Governor approved COLA and Merit raises in Jan 2011. APERS rate increased from 11% to 12.46%
Marketing, Advertising & Promotions	\$ 4,352,303	1.1%	\$ 5,000,000	1.1%	\$ 4,500,000	1.0%	Approx. 1% of sales
General and administrative expenses	\$ 1,841,340	0.5%	\$ 2,589,000	0.5%	\$ 1,638,025	0.4%	2011 Budget had non-recurring start up expenses that have been eliminated in the 2012 budget.
Services Provided by Other Agencies	\$ 278,349	0.1%	\$ 922,200	0.2%	\$ 342,000	0.1%	ADHE admin expenses are expected to be lower than amounts budgeted for in 2011.
Legal and Professional Services	\$ 115,862	0.0%	\$ 316,000	0.1%	\$ 375,000	0.1%	Estimated cost for year end and 60 day audits from Legislative Audit. Increased cost due to 60 day audits.
Capital asset depreciation	\$ 122,643	0.0%	\$ 245,000	0.1%	\$ 215,000	0.0%	2011 budgeted expenditures for capital assets did not occur resulting in lower depreciation.
Total Operating Expenses	\$ 302,579,134	78.7%	\$ 350,359,715	77.4%	\$ 359,917,857	78.3%	
Operating Income	\$ 81,991,994	21.3%	\$ 105,038,985	22.6%	\$ 99,938,643	21.7%	
Non-Operating Revenue (Expense):							
Interest Income	\$ 181,807	0.0%	\$ 137,500	0.0%	\$ 220,000	0.0%	Based upon an average balance of \$40 million at 55 basis points
Income before Transfers	\$ 82,173,801	21.4%	\$ 105,176,485	22.6%	\$ 100,158,643	21.8%	
Transfers To:							
Arkansas Department to Health	(\$ 200,000)	-0.1%	(\$ 200,000)	0.0%	(\$ 200,000)	0.0%	
Arkansas Department of Higher Education (Net Proceeds)	(\$ 82,799,809)	-21.5%	(\$ 104,576,485)	-22.6%	(\$ 102,931,131)	-22.2%	
Change in Net Assets	(\$ 826,008)		\$ 0		(\$ 2,972,488)		

**Arkansas Lottery Commission
Net Proceeds Computation
For the Fiscal Year Ending June 30, 2012**

Net Income Before Transfers		\$ 100,158,643
Add:		
Accrual Expenses		
Depreciation	\$ 215,000	
Other Post Employment Benefits	\$ 230,000	\$ 445,000
Unclaimed Prizes		
Gross Unclaimed Prizes	\$ 6,092,488	
Less: Unclaimed Expended	\$ (2,500,000)	
Less: Unclaimed Carried Over	\$ (1,000,000)	\$ 2,592,488
Less:		
Fixed Asset Purchases	\$ (50,000)	
Fidelity Fund Fees	\$ (15,000)	\$ (65,000)
Net Proceeds before Transfers		<u>\$ 103,131,131</u>
Transfers To:		
Arkansas Department to Health		\$ 200,000
Arkansas Department of Higher Education (Net Proceeds)		\$ 102,931,131
Total Transfers		<u>\$ 103,131,131</u>

Arkansas Lottery Commission
Sales and Cost of Sales
For the Fiscal Year Ending June 30, 2012

BUDGET 2012

	Instant Game	Fast Play	CASH 3	CASH 4	Decades of Dollars	Raffle	POWERBALL	MEGAMILLIONS	Retailer fees	Total
Sales	\$ 374,600,000.00	\$ 5,000,000.00	\$ 5,475,000.00	\$ 3,285,000.00	\$ 9,125,000.00	\$ 3,412,500.00	\$ 36,500,000.00	\$ 21,900,000.00	\$ 555,000.00	\$ 459,852,500.00
Prize expense	\$ (252,855,000.00)	\$ (3,375,000.00)	\$ (2,737,500.00)	\$ (1,642,500.00)	\$ (5,018,750.00)	\$ (1,706,250.00)	\$ (18,250,000.00)	\$ (11,368,000.00)	\$	\$ (286,973,500.00)
Gross Profit	\$ 121,745,000.00	\$ 1,625,000.00	\$ 2,737,500.00	\$ 1,642,500.00	\$ 4,106,250.00	\$ 1,706,250.00	\$ 18,250,000.00	\$ 10,532,000.00	\$ 555,000.00	\$ 162,879,500.00
Gross Profit %	32.50%	32.50%	50.00%	50.00%	45.00%	50.00%	50.00%	48.00%		35.42%
Unclaimed Prizes	\$ 5,619,000.00	\$ 75,000.00	\$ 27,375.00	\$ 16,425.00	\$ 45,625.00	\$ 17,062.50	\$ 182,500.00	\$ 109,500.00	\$	\$ 6,092,487.50
Gross Profit from Games	\$ 162,879,500.00									
Other Cost of Sales:										
Retailer sales commissions	\$ 23,156,841.52									
Retailer incentives & cashing commissions	\$ 2,583,818.05									
Instant Game Ticket Fee	\$ 6,300,866.48									
Other Instant Game Contract Costs	\$ 5,735,345.04									
On-line Game Contract Costs	\$ 11,289,961.31									
MUSL Admin fee	\$ 100,000.00									
Total Other Cost of sales	\$ 49,144,332.39									
Total Gross Profit	\$ 113,734,667.61									

(2,500,000.00) unclaimed used for operations
(1,000,000.00) unclaimed employee
2,592,487.50 Addition to Net Proceeds from unclaimed prizes

Includes Points for Prizes to be consistent with DLA

BUDGET 2011

	Instant Game	Fast Play	CASH 3	CASH 4	Raffle	POWERBALL	MEGAMILLIONS	Retailer fees	Total
Sales	\$ 374,125,000.00	\$ 10,140,000.00	\$ 10,140,000.00	\$ 4,056,000.00	\$ 10,000,000.00	\$ 50,700,000.00	\$ 15,210,000.00	\$ 1,167,700.00	\$ 465,398,700.00
Prize expense	\$ (261,887,500.00)	\$ -	\$ (5,070,000.00)	\$ (2,028,000.00)	\$ (6,000,000.00)	\$ (25,350,000.00)	\$ (7,605,000.00)	\$	\$ (397,940,500.00)
Unclaimed Prizes	\$ 7,499,239.91	\$ -	\$ -	\$ 2,028,000.00	\$ 4,000,000.00	\$ 1,016,288.53	\$ 304,680.58	\$	\$ 8,828,389.00
Gross Profit	\$ 119,736,739.91	\$ -	\$ 5,070,000.00	\$ 2,028,000.00	\$ 4,000,000.00	\$ 26,366,288.53	\$ 7,609,680.58	\$ 1,167,700.00	\$ 166,276,589.00
Gross Profit %	32.00%		50.00%	50.00%	40.00%	52.00%	52.00%		35.73%
Gross Profit from Games	\$ 166,276,589.00								
Other Cost of Sales:									
Retailer sales commissions	\$ 23,211,550.00								
Retailer incentives & cashing commissions	\$ 2,801,444.00								
Instant Game Ticket Fee	\$ 8,230,750.00								
Other Instant Game Contract Costs	\$ -								
On-line Game Contract Costs	\$ 11,373,860.00								
MUSL Admin fee	\$ -								
Total Other Cost of sales	\$ 45,717,404.00								
Total Gross Profit	\$ 120,559,185.00								

Did not include Points for Prizes in original budget

12.46%

Arkansas Lottery Commission Compensation & Benefits Budget 2012

Table with columns: Employee, Gross, Soc. Sec. C, Medicare C, APERS C, Annual Gross, COLA %, Merit, Budgeted, Grades, Position Title, Rate, Annual Tax, Annual APERS, Total Comp and Benefits.

Arkansas Lottery Commission
 Compensation & Benefits
 Budget 2012

12,463

Employee	Gross	Soc. Sec. C	Medicare C	APERS C	Annual Gross	COLA %	Merrit	Budgeted Gross	Career Grades	Position Title	Rate	Annual Tax	Annual APERS	Total Comp and Benefits
5400-G-GI-10000	2,570.40	-153.85	-35.98	-320.27	66,830.40	0.00%	\$ -	\$ -	C130	Sr Data Base Admin	CM	\$ 4,935.59	\$ 8,327.07	\$ 5,919,905.25
5400-G-GS-10000	1,577.60	-94.84	-22.18	-196.57	41,017.60	0.00%	\$ -	\$ -	C120	Marketing Rep	CM	\$ 3,042.52	\$ 5,110.79	\$ 360,000.00
5400-G-GA-10000	1,368.80	-97.04	-22.70	-196.47	40,788.80	0.00%	\$ -	\$ -	C117	Copy Editor	CM	\$ 3,113.24	\$ 5,082.28	\$ 230,000.00
5400-A-AC-10000	2,189.61	-135.76	-31.75	-272.83	56,929.86	0.00%	\$ -	\$ -	C122	Accountant	CM	\$ 4,355.26	\$ 7,093.46	\$ 211,000.00
5400-A-AT-10000	2,757.60	-163.74	-38.29	-343.60	71,697.60	0.00%	\$ -	\$ -	N903	Treasurer	CM	\$ 5,292.78	\$ 8,933.62	\$ 6,321.00
5400-G-GE-10000	2,888.00	-160.46	-37.53	-322.46	67,288.00	0.00%	\$ -	\$ -	C128	IT Security Analyst	CM	\$ 5,147.74	\$ 8,384.08	\$ 13,344.56
5400-G-GL-10000	4,119.20	-242.24	-56.65	-513.25	107,099.20	0.00%	\$ -	\$ -	N910	Chief Legal Counsel	CM	\$ 7,771.14	\$ 13,344.56	\$ 5,951.38
5400-A-AT-10000	1,713.60	-103.27	-24.15	-213.51	44,553.60	0.00%	\$ -	\$ -	C122	Accountant/Collections Mgr	CM	\$ 3,312.92	\$ 5,551.38	\$ 5,110.79
5400-G-GS-10000	1,577.60	-94.84	-22.18	-196.57	41,017.60	0.00%	\$ -	\$ -	C120	Marketing Rep	CM	\$ 3,042.52	\$ 5,110.79	\$ 5,035.63
5400-G-GS-10000	1,577.60	-94.25	-22.04	-196.57	41,017.60	0.00%	\$ -	\$ -	C120	Marketing Rep	CM	\$ 3,023.54	\$ 5,110.79	\$ 3,975.64
5400-A-AP-10000	1,584.40	-96.37	-22.54	-192.88	40,414.40	0.00%	\$ -	\$ -	C120	Marketing Rep	CM	\$ 3,091.66	\$ 5,110.79	\$ 3,975.64
5400-A-AP-10000	1,227.20	-73.12	-17.10	-152.91	31,907.20	0.00%	\$ -	\$ -	ACT-C115	Licensing Spec	CM	\$ 2,345.72	\$ 3,975.64	\$ 8,321.88
5400-G-GI-10000	2,568.80	-143.87	-33.65	-320.07	66,788.80	0.00%	\$ -	\$ -	C128	QA System Analyst	CM	\$ 4,615.52	\$ 8,321.88	\$ 594,996.57
TOTALS					4,961,288.80			4,961,288.80				363,619.88	594,996.57	5,919,905.25

TOTAL COMP AND BENEFITS		Use for Budget	
Employer Health Premium	\$		
Other Post Employment Benefits	\$		
Unfilled/new positions	\$		
Career Service bonuses	\$		
subtotal	\$	6,727,226.25	
TOTAL COMP AND BENEFITS	\$	6,738,000.00	

BF=black female	16
BM=black male	7
CF=caucasian female	25
CM=caucasian male	33
OM=other minority	3
TOTAL	84

Arkansas Lottery Commission
Detailed Schedule of General and Administrative Expenses
For the Seven Months Ending January 31, 2011 Annualized

GL#-Cost Center	Current Month	Prior Month	Year to Date	Annualized	2012 Budget	Comments
Office Lease & Improvements	30,949.08	30,949.08	221,255.11	379,294.47	385,000.00	Little Rock office including rent increases
Jonesboro Lease & Office expen	2,478.65	2,563.61	17,302.64	29,661.67	32,000.00	Lease plus utilities
Springdale Lease & Office expen	2,894.04	2,513.12	18,192.31	31,186.82	32,000.00	Lease plus utilities
Camden Lease & Office expense	2,276.04	1,419.79	10,502.32	18,003.98	22,000.00	Lease plus utilities
Office Parking	288.10	1,631.94	8,276.55	14,188.37	15,000.00	
Retailer background checks	412.50	453.75	3,465.00	5,940.00	7,500.00	
Equipment-Low Value	0.00	0.00	11,844.79	20,305.35	25,000.00	estimate for admin.
Equipment-Low Value	1,943.74	0.00	1,943.74	3,332.13	25,000.00	estimate for gaming
Equipment Lease	711.65	1,899.38	7,990.60	13,698.17	15,000.00	copiers and postage machine
Equipment Lease	809.80	0.00	4,288.61	7,351.90	9,200.00	marketing equipment
Maintenance & Repairs	841.03	841.03	3,498.12	5,996.78	7,500.00	
Lottery Vehicle expenses	1,789.05	650.42	6,726.58	11,531.28	15,000.00	gas, oil, maintenance
Postage & Freight	454.60	1,929.24	7,986.10	13,690.46	16,000.00	
Postage & Freight	95.96	0.00	4,869.26	8,347.30	10,000.00	
Office Supplies & Expense	5,163.04	16,754.03	72,090.74	123,584.13	150,000.00	mostly office supplies from local vendors
Office Supplies & Expense	29.87	0.00	499.53	856.34	1,500.00	
Office Supplies & Expense	1,291.16	0.00	2,952.95	5,062.20	10,000.00	
Data Processing supplies	0.00	3,483.00	3,483.00	5,970.86	10,000.00	
Software Costs	2,133.85	7,868.32	10,158.17	17,414.01	55,000.00	
Telephone	21,372.84	20,441.01	132,296.30	226,793.66	300,000.00	paid to DIS
Mobil Telephones	2,921.82	6,647.45	35,049.57	60,084.98	60,000.00	Cell phones and air cards
Travel and Mileage expense	0.00	0.00	43.70	74.91	75.00	
Travel and Mileage expense	0.00	0.00	1,338.84	2,295.15	1,250.00	
Travel and Mileage expense	0.00	11.84	1,664.26	2,853.02	1,500.00	
Travel and Mileage expense	0.00	165.48	1,095.44	1,877.90	1,000.00	
Travel and Mileage expense	244.59	0.00	2,136.88	3,663.22	1,900.00	
Travel and Mileage expense	0.00	(89.44)	1,182.48	2,027.11	1,000.00	
Travel and Mileage expense	0.00	202.02	5,723.05	9,810.94	5,000.00	
Travel and Mileage expense	0.00	(328.96)	5,924.38	10,156.08	5,100.00	
Travel and Mileage expense	163.21	17.02	2,037.27	3,492.46	1,800.00	
Travel and Mileage expense	327.74	67.47	3,831.05	6,567.51	3,400.00	
Travel and Mileage expense	0.00	0.00	779.17	1,335.72	750.00	
Travel and Mileage expense	0.00	(127.36)	685.43	1,175.02	650.00	

Arkansas Lottery Commission

Detailed Schedule of General and Administrative Expenses
For the Seven Months Ending January 31, 2011 Annualized

GL#-Cost Center	Current Month	Prior Month	Year to Date	Annualized	2012 Budget	Comments
Travel and Mileage expense	15,821.73	18,933.14	128,229.52	219,822.03	220,000.00	assumes no increase in mileage rate
Travel and Mileage expense	191.14	216.28	1,833.44	3,143.04	1,600.00	
Commission Travel and Mileage	212.26	532.17	3,684.54	6,316.35	6,500.00	
Dues and Memberships	150.00	0.00	2,062.00	3,534.86	3,600.00	
Dues and Memberships	270.00	505.30	775.30	1,329.09	1,500.00	
Dues and Memberships	0.00	0.00	2,021.00	3,464.57	3,500.00	
Dues and Memberships	1,204.00	150.00	7,854.00	13,464.00	15,000.00	
Dues and Memberships	0.00	0.00	16,205.00	27,780.00	30,000.00	
Dues and Memberships	0.00	2,000.00	2,000.00	3,428.57	3,600.00	
Dues and Memberships	415.00	0.00	815.00	1,397.14	1,500.00	
Education and Training	180.00	774.00	5,372.00	9,209.14	10,000.00	
Education and Training	0.00	0.00	1,504.95	2,579.91	5,000.00	
Education and Training	0.00	0.00	100.00	171.43	5,000.00	
Education and Training	0.00	0.00	254.00	435.43	5,000.00	
Education and Training	0.00	300.00	2,300.00	3,942.86	5,000.00	
Education and Training	146.20	0.00	1,646.20	2,822.06	5,000.00	
Education and Training	0.00	0.00	125.00	214.29	10,000.00	
Property Insurance	0.00	0.00	5,119.00	8,775.43	10,000.00	Office equipment and automobiles
Liability Insurance	4,076.33	0.00	4,076.33	6,987.99	10,000.00	Fidelity Bond premium\$9,000
Liability Insurance	0.00	0.00	8,841.00	15,156.00	50,000.00	Directors and Officers liability annual premium \$49,000
Finance division expenditures	43.00	0.00	556.00	953.14	1,000.00	
IT division expenditures	0.00	0.00	97.93	167.88	1,000.00	
Treasury division expenditures	60.00	0.00	70.00	120.00	500.00	
Minority Business recruiting	0.00	510.00	2,870.00	4,920.00	5,000.00	
Commission Meeting expenses	113.44	0.00	1,465.61	2,512.47	2,500.00	
Gaming Sales division expenditures	0.00	0.00	27.75	47.57	100.00	
				1,390,319.16	1,638,025.00	