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## **BASIC FINANCIAL STATEMENTS**

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**VIRGIN ISLANDS LOTTERY**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2018**  
*(With Comparative Totals for 2017)*

	<b>2018</b>	<b>2017</b>
<b>Assets and Deferred Outflow of Resources</b>		
<b>Current Assets:</b>		
Cash	\$ 3,572,938	\$ 1,230,550
Accounts Receivable, net	897,595	217,006
Insurance Receivable	-	27,715
Investment	1,652,399	1,650,663
Prepaid and Other Assets	71,847	70,259
<b>Total Current Assets</b>	<b>6,194,779</b>	<b>3,196,193</b>
<b>Noncurrent Assets</b>		
Capital Assets, net	514,482	403,017
<b>Total Noncurrent Assets</b>	<b>514,482</b>	<b>403,017</b>
<b>Total Assets</b>	<b>6,709,261</b>	<b>3,599,210</b>
<b>Deferred Outflow of Resources</b>	<b>6,423,339</b>	<b>8,552,627</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 13,132,600</b>	<b>\$ 12,151,837</b>
<b>Liabilities and Deferred Inflow of Resources</b>		
<b>Current Liabilities</b>		
Prize Payable	309,791	32,336
Accounts Payable	168,705	211,269
Accrued Liabilities	164,258	204,874
Deferred Revenue	202,194	202,194
Compensated Absences	149,205	284,443
Due to Virgin Island Agencies	3,018,510	2,132,859
<b>Total Current Liabilities</b>	<b>4,012,663</b>	<b>3,067,975</b>
<b>Noncurrent Liabilities</b>		
Compensated Absences	81,100	28,132
Pension Liability	29,567,974	32,027,197
<b>Total Noncurrent Liabilities</b>	<b>29,649,074</b>	<b>32,055,329</b>
<b>Total Liabilities</b>	<b>33,661,737</b>	<b>35,123,304</b>
<b>Deferred Inflow of Resources</b>	<b>3,664,867</b>	<b>1,411,104</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>37,326,604</b>	<b>36,534,408</b>
<b>Net Position</b>		
Net Investment in Capital Assets	514,482	403,017
Unrestricted (Deficiency)	(24,708,486)	(24,785,588)
<b>Total Net Position (Deficiency)</b>	<b>\$ (24,194,004)</b>	<b>\$ (24,382,571)</b>

*The accompanying notes are an integral part of these financial statements.*

**VIRGIN ISLANDS LOTTERY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
*(With Comparative Totals for 2017)*

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues</b>		
Ticket Sales	\$ 8,024,151	\$ 7,454,134
Compensation from Contractors	12,601,728	10,522,400
License and Permit Fees	15,625	14,300
<b>Total Operating Revenues</b>	<u>20,641,504</u>	<u>17,990,834</u>
<b>Operating Expenses</b>		
<i>Direct Expenses</i>		
Prizes Expense	6,811,317	5,173,067
Retailer Bonuses and Incentives	83,500	69,300
<b>Total Direct Costs</b>	<u>6,894,817</u>	<u>5,242,367</u>
<i>Indirect Expenses</i>		
Salaries and Benefits	5,651,092	6,356,333
Occupancy	175,907	253,092
Utilities	338,093	463,414
Professional Services	248,673	424,954
Advertising and Promotion	246,857	309,179
Donation and Sponsorship	255,684	342,250
General and Administration	1,205,207	1,119,409
Depreciation	154,357	87,445
<b>Total Indirect Expenses</b>	<u>8,275,870</u>	<u>9,356,076</u>
<b>Total Operating Expenses</b>	<u>15,170,687</u>	<u>14,598,443</u>
<b>Operating Income</b>	<u>5,470,817</u>	<u>3,392,391</u>
<b>Nonoperating Revenues</b>		
Interest Income	7,628	5,492
Other Income	6,463	16,093
<b>Total Nonoperating Revenues</b>	<u>14,091</u>	<u>21,585</u>
<b>Changes in Net Position Before Transfers and Extraordinary Items</b>	5,484,908	3,413,976
<b>Transfers</b>		
Transfers - Special Educational Initiative Fund	(1,882,491)	(1,569,966)
Transfers - Pharmaceutical Assistance Programs	(1,882,491)	(1,569,966)
Transfers - Government Employees' Retirement System	(1,254,994)	(1,046,644)
Transfers - Horse Racing Commission	(352,688)	(283,810)
Transfers - General Fund	(47,142)	-
<b>Total Transfers</b>	<u>(5,419,806)</u>	<u>(4,470,386)</u>
<b>Extraordinary Items</b>		
Impairment Loss	-	(18,228)
Insurance Proceeds	123,465	27,715
<b>Total Extraordinary Items</b>	<u>123,465</u>	<u>9,487</u>
<b>Changes in Net Position</b>	188,567	(1,046,923)
<b>Net Position (Deficiency), Beginning of Year</b>	<u>(24,382,571)</u>	<u>(23,335,648)</u>
<b>Net Position (Deficiency), End of Year</b>	<u>\$ (24,194,004)</u>	<u>\$ (24,382,571)</u>

*The accompanying notes are an integral part of these financial statements.*

**VIRGIN ISLANDS LOTTERY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
*(With Comparative Totals for 2017)*

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Sales of Tickets	\$8,039,776	\$7,497,984
Cash Received from Contractors	11,921,140	10,915,707
Cash Paid for Prize Winners	(6,533,861)	(5,410,357)
Cash Paid for Goods and Services	(3,107,320)	(3,389,500)
Cash Paid to Employees	<u>(3,340,902)</u>	<u>(3,736,198)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>6,978,833</u>	<u>5,877,636</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash Payments to V.I Agencies	(4,534,155)	(4,646,019)
Other Proceeds	<u>169,049</u>	<u>21,585</u>
<b>Net Cash Used in Noncapital Financing Activities</b>	<u>(4,365,106)</u>	<u>(4,624,434)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of Capital Assets	<u>(269,603)</u>	<u>(248,649)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(269,603)</u>	<u>(248,649)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	<u>(1,736)</u>	<u>(2,453)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,736)</u>	<u>(2,453)</u>
<b>Net Increase in Cash</b>	2,342,388	1,002,100
<b>Cash, Beginning of Year</b>	<u>1,230,550</u>	<u>228,450</u>
<b>Cash, End of Year</b>	<u>\$3,572,938</u>	<u>\$1,230,550</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$5,470,817	\$3,392,391
<b>Adjustments to Reconcile of Excess of Revenue over Expenses to Net Cash Provided By Operating Activities:</b>		
Depreciation Expense	154,357	87,445
<i>(Increase) Decrease in Assets</i>		
Accounts Receivable	(680,588)	393,307
Prepaid and Other Assets	(1,588)	64,450
Deferred Outflow of Resources	2,129,288	(1,204,940)
<i>(Decrease) Increase in Liabilities</i>		
Prize Payable	277,455	(237,290)
Accounts Payable	(42,562)	40,923
Accrued Liabilities	(40,616)	(8,549)
Deferred Revenue	-	29,549
Compensated Absences	(82,270)	31,223
Deferred Inflow of Resources	2,253,763	834,117
Pension Liability	<u>(2,459,223)</u>	<u>2,455,010</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$6,978,833</u>	<u>\$5,877,636</u>

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