

LOTTERY RESERVES

Georgia's lottery laws require the establishment of two reserves that are funded as a percentage of lottery collections to avoid disruption in programs should collections fall short of annual appropriations.

The Shortfall Reserve Subaccount was included in the original law and required that an amount be set aside each year equal to 10% of the prior year's total lottery proceeds deposited into the Lottery for Education Account be set aside. If net funds in the account are not sufficient to meet appropriations, funds shall be drawn from the reserve to make up the shortage.

Funds have been set aside for the Shortfall Reserve (10% reserve) each year and totaled \$72,620,200 on June 30, 2003.

The lottery law was amended during the 1994 legislative session to require that a second reserve account within the Lottery for Education Account be established called the Scholarship Shortfall Reserve Subaccount.

The scholarship reserve law requires a reserve equal to 50% of the amount of scholarship proceeds disbursed during the preceding year be maintained. The subaccount balance on June 30, 2003 totaled \$178,809,360.

The two lottery reserves as of June 30, 2003 total as follows:

Shortfall Reserve Subaccount	\$72,620,200
Scholarship Shortfall Reserve Subaccount	178,809,360
TOTAL LOTTERY RESERVES	\$251,429,560

