

**Arkansas Lottery Commission
Monthly Internal Audit Update
February 19, 2014**

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Arkansas Lottery Commission
FY 2014 Internal Audit Plan Status Report
February 19, 2014

Project Number ¹	Project Category	Project	Description	Status ²	Comments	Estimated Remaining Hours ³
1	Audit	Online Games & Gaming System Contract Compliance	Compliance with Contract for Online Games & Gaming System (Intralot).	Scheduled		150
7	Audit	Instant & Online Ticket Game Development	Controls and processes surrounding the development of instant and online ticket games.	Scheduled		100
8	Audit	Points for Prizes & Play It Again	Controls and procedures surrounding the Points for Prizes and Play It Again programs.	In Progress	Status Update: Fieldwork began the week of January 27, 2014 and is ongoing.	150
9	Audit	IT Gaming Operations	Overall control environment surrounding the IT Gaming functions and operations, including controls and procedures surrounding multi-state games.	In Progress	Status Update: Fieldwork began the week of February 3, 2014 and is ongoing.	125
13	Audit	In-State Draw Security & Controls	Controls and procedures that ALC draws are secure and reliable.	Complete	Status Update: Report issued on January 30, 2014. No observations or recommendations reported.	-
17	Audit	Security Investigations	Controls and procedures involving the investigation process, including allegations of theft, retailer non-compliance, and reported cases of fraud.	Scheduled		86
29	Audit	Payroll & Leave	Controls and procedures surrounding leave, including the authorization and approval of requested leave and related payments to employees, and the payroll function.	Planning Stage	Status Update: Audit Kick-Off is scheduled for the week of February 24, 2014.	128
38	Audit	IT General Controls	General IT/Computer-related controls that apply to all system components, processes, and data. ITGCs include logical and physical data center access, system development, change management, backup and recovery, and computer operation controls.	Scheduled		160
40A	Audit	Transparency Reporting & Compliance	Controls and procedures surrounding required reporting of information and compliance with requirements under Act 303 of 2011, that created the transparency.arkansas.gov website.	Scheduled		81
43	Consulting Project	Facilitation/Review of Risk Assessment required by DFA (Biennially)	Risk Assessment required by DFA.	Planning Stage		25
45	Consulting Project	Financial Statements & CAFR Review (Annually)	Review of financial statements and related notes, management discussion and analysis, and other aspects of the CAFR.	Complete	Status Update: Report issued on February 11, 2014. No observations or recommendations reported.	-
46	Consulting Project	Instant Ticket Vendor Security Review (Annually)	Coordinated security review of instant ticket vendor (Scientific Games) with outside firm.	Planning Stage	Status Update: Review procedures are scheduled to take place the week of March 3, 2014. Internal Audit expects to receive a report and analyze the results no later than June 15, 2014.	24
47	Audit	Instant Ticket Reconstructions (Annually)	Controls and procedures surrounding instant ticket reconstruction requests.	Complete	Status Update: Report issued on January 16, 2014. See Page 5 for additional information.	-

Total Estimated Hours to Complete FY 2014 Plan (Excluding Follow-Up)

1,029

Arkansas Lottery Commission
FY 2014 Internal Audit Plan Status Report
February 19, 2014

Follow-Up Audit Projects Resulting from Previous Audits⁴

Project Number ¹	Project Category	Project	Description	Status ²	Comments	Estimated Remaining Hours ³
14F2	Audit Follow-Up	Back Office System (BOS) Administration Follow-Up Procedures	Additional follow-up procedures regarding observations from FY 2014 initial follow-up procedures.	Open	Status Update: Expected to be performed in May and June 2014.	40
19F	Audit Follow-Up	Human Resources Processes Follow-Up Procedures	Follow-up procedures regarding observations from FY 2014 audit.	Open	Status Update: Expected to be performed in May and June 2014.	45
23F	Audit Follow-Up	Claim Center Operations Follow-Up Procedures	Follow-up procedures regarding observations from FY 2014 audit.	Open	Status Update: Expected to be performed by April 2014.	40
30F	Audit Follow-Up	Federal & State Tax Withholding & Reporting Follow-Up Procedures	Follow-up procedures regarding observations from FY 2014 audit.	Open	Status Update: Timing unknown at this time.	75
47F	Audit Follow-Up	Instant Ticket Reconstructions Follow-Up Procedures	Follow-up procedures regarding observations from FY 2014 audit.	Open	Status Update: Timing unknown at this time.	40
36AF	Audit Follow-Up	Financial Accounting & CAFR	Follow-up procedures regarding observations from FY 2013 audit.	Open	Status Update: Earliest timing will be after production of the FY 2014 CAFR. No time included in estimate since this cannot be completed until FY 2015.	-
Total Estimated Hours to Complete FY 2014 Plan (Including Follow-Up)						1,269

Supplemental Projects Approved by the Audit & Legal Committee⁵

Project Number ¹	Project Category	Project	Description	Status ²	Comments	Estimated Remaining Hours ³
11	Review	Instant Ticket Quality	Review of independent quality control reports for instant tickets.	Open		18
33	Audit	Travel Reimbursements	Controls and procedures surrounding travel reimbursements, including travel documentation and accurate travel and expense reimbursement reporting.	Open		160
32	Audit	Education Trust Fund	Controls and procedures that ensure existence and proper handling of education trust and shortfall reserve funds.	Open		70
18	Audit	Background Checks	Controls and procedures surrounding the background check process.	Open		120
27	Audit	Fixed Assets	Controls and procedures surrounding the fixed asset process including asset acquisition/disposition, depreciation, and tracking of fixed assets.	Open		160

Notes

¹Project Number based on number of all projects within the project universe. "F" indicates follow-up procedures. Follow-up procedures for audits in a given fiscal year may be incorporated into the following fiscal year's audit plan depending on several factors, including the timing of any Management remediation activities and available Internal Audit resources. See Page 7 for complete, numbered project universe.

²Definition of Project Status: Open - Project has not yet been scheduled; Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.; Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away; In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away; Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

³Estimated hours to complete based on current knowledge of expected scope and complexity of the project. Actual hours needed to complete a project are subject to change based on the overall complexity of the project (including the nature and volume of any audit findings), the timing of the project, the availability of Internal Audit resources, and the discretion of the Internal Auditor and/or Audit & Legal Committee.

⁴Follow-Up Projects result from planned audits where items or issues were identified and Internal Audit must perform additional audit procedures to affirm their resolution.

⁵On December 2, 2013, the Audit & Legal Committee approved a list of supplemental audit projects for completion during FY 2014, should all planned projects be completed ahead of schedule. These projects should generally be prioritized for completion after any follow-up projects.

Arkansas Lottery Commission
FY 2013 Internal Audit Plan Status Report
February 19, 2014

Project Number ¹	Project Category	Project	Description	Status ²	Comments	Estimated Remaining Hours ³
36A	Audit	Financial Accounting & CAFR	Controls and procedures surrounding production of the external financial statements, related notes to the statements, and other items/schedules included in the CAFR.	Complete	Status Update: Report issued on February 11, 2014. See Page 6 for additional information.	-
Total Estimated Hours to Complete FY 2013 Plan						-

Notes

¹Project Number based on number of all projects within the project universe. "F" indicates follow-up procedures. Follow-up procedures for audits in a given fiscal year may be incorporated into the following fiscal year's audit plan depending on several factors, including the timing of any Management remediation activities and available Internal Audit resources. See Page 7 for complete, numbered project universe.

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**Arkansas Lottery Commission
Instant Ticket Reconstructions Audit
FY 2014
February 19, 2014**

General Information

- The audit centered on controls, procedures, and processes to assure that instant ticket reconstruction requests are authorized and reasonable given the circumstances that might give rise to a reconstruction request.
- Fieldwork included review of documentation and information generated in fiscal years 2013 and 2014.

Observation

- No formal monitoring or review by Management of the reconstruction requests sent to Scientific Games on a monthly or similar periodic basis, and one reconstruction request for which it cannot be demonstrated that ALC personnel had viewed the instant ticket in question or had physical custody of the instant ticket.
 - Without viewing or having physical custody of a ticket that is subsequently reconstructed, the ALC has no method for validating that a ticket has actually been purchased or that the request to reconstruct is being performed to determine if a ticket is a winner without the ticket being scratched and/or rendered into a condition where it cannot be subsequently sold to an unsuspecting individual.
 - IA recommended that Management implement a process of weekly or monthly review of all reconstruction requests submitted to Scientific Games, focusing on any unusual patterns (unusually high numbers of requests logged by a single individual [ALC employee or player], unusually high numbers of requests for tickets allocated to a single retailer, etc.), and that Management log no future reconstruction requests with Scientific Games in instances where a questioned instant ticket or other supporting documentation has not been viewed by the employee that requests the reconstruction, to avoid the potential for unnecessary reconstructions.
 - Management has responded stating that physical receipt of the ticket to be reconstructed or other supporting documentation will be required for all future reconstruction requests, that approval of the Director or Deputy Director of Security will be required for all future payments to players resulting from reconstructions, and that the Director or Deputy Director of Security will perform a monthly review of reconstruction requests by user going forward.
 - Additional follow-up is necessary in order to consider the observation cleared.

**Arkansas Lottery Commission
Financial Accounting & CAFR Audit
FY 2013
February 19, 2014**

General Information

- The audit centered on controls, procedures, and processes to assure that Management adopts accounting policies that are in compliance with applicable Governmental Accounting Standards Board (GASB) standards, and that such policies result in a Comprehensive Annual Financial Report (CAFR) that complies with those standards and guidance issued by the Government Finance Officers Association (GFOA).
- Fieldwork included review of documentation and information generated in fiscal years 2013 and 2014, with primary focus on the ALC's CAFR for the year ended June 30, 2013.

Observation

- In evaluating the statistical and supplementary sections of the CAFR for both years, six inaccuracies in schedules presented in these sections of the CAFR for June 30, 2012 and one inaccuracy in schedules presented in these sections of the CAFR for June 30, 2013.
 - Inaccuracies included mathematical errors and inconsistencies when comparing information presented in these schedules to underlying supporting documentation.
 - A complete list of June 30, 2012 inaccuracies noted by Internal Audit (IA) were provided to Management in advance of completion of the CAFR for June 30, 2013 so that any necessary actions could be taken to prevent similar inaccuracies from appearing in the June 30, 2013 CAFR.
 - Management took immediate action to address these items, as applicable.
 - IA recommended that Management continue to perform detailed review of information presented in supplementary and statistical schedules presented in the CAFR, particularly information that is included in these schedules that is provided to the ALC by other state agencies.
 - Management responded stating that it concurs with IA's recommendation.
 - Additional follow-up is necessary in order to consider the observation cleared.

Arkansas Lottery Commission
Internal Audit Project Universe for FY 2014 - 2016 Audit Plan

Process Owner / Area	Audit History / Plan					
	FY	12	13	14	15	16
Legal - Block						
1 Online Games & Gaming System Contract Compliance			X			
2 Instant Ticket Lottery Game Services Contract Compliance	X					
3 Banking Contract Compliance				X		
4 Advertising Contract Compliance				X		
5 Record Retention				X		
6 Legal Compliance & Monitoring				X		
6A Major Procurement Contracts						X
Gaming & Product Development - Smith						
7 Instant & Online Ticket Game Development			X			
8 Points for Prizes & Play It Again			X			
9 IT Gaming Operations			X		X	
10 IT Gaming Quality Assurance		X			X	
11 Instant Ticket Quality	X				X	X
Security & Licensing - Huey						
12 Lottery Facilities Security & Controls				X		
13 In-State Draw Security & Controls			X			
14 Back Office System (BOS) Administration		X			X	
15 Instant Ticket Warehouse Operations			X		X	
16 Licensing & Retailer Compliance	X				X	
17 Security Investigations			X			
Human Resources - Basham						
18 Background Checks				X		
19 Human Resource Processes (Hiring, Benefits, Terminations, etc.)			X			
Commission & Legislative Affairs - TBD						
20 Public & Legislative Relations				X		
Sales - Stebbins						
21 Sales Force Reporting				X		
Marketing - Bunten						
22 Advertising & Marketing (excl Contract Compliance)				X		

Process Owner / Area	Audit History / Plan					
	FY	12	13	14	15	16
Treasury - Fetzer/Parrish						
23 Claim Center Operations	X		X		X	
24 Cash Receipts				X		
25 Retailer Sweeps/Commissions/Accts Receivable & Adjustments	X				X	
26 Cash Management				X		
Financial Control - Fetzer/Williams						
27 Fixed Assets				X		
28 Accounts Payable/Purchasing/Expenditures		X			X	
29 Payroll & Leave			X			
30 Federal & State Tax Withholding & Reporting			X			
31 Unclaimed Prize Fund				X		
32 Education Trust Fund	X	X				
33 Travel Reimbursements	X	X			X	
34 Revenue/Prize Payments/Reserves - Online Games	X				X	
35 Revenue/Prize Payments - Instant Ticket Games	X				X	
36 Accounting Close & Reporting		X			X	
36A Financial Accounting & CAFR		X			X	
37 Financial Planning/Budgeting		X			X	
Information Technology - Fetzer/Gilmore/Smith						
38 IT General Controls			X			
39 Disaster Recovery/Business Continuity			X		X	
40 IT Help Desk & Desktop Support				X		
40A Transparency Reporting & Compliance			X		X	
Internal Operations - Fetzer/TBD						
41 Lottery Vehicles				X		
42 Building & Facility Maintenance				X		
Recurring Projects						
43 Facilitation/Review of Risk Assessment required by DFA (Biennially)	X		X		X	
44 Gaming System SSAE 16 SOC1 Review (Annually)	X	X	X	X	X	
45 Financial Statements & CAFR Review (Annually)	X	X	X	X	X	
46 Instant Ticket Vendor Security Review (Annually)		X	X	X	X	
47 Instant Ticket Reconstructions (Annually)			X	X	X	



Report from the Director
February 19, 2014

Comparative Income Statements

January 2014 Compared to January 2013

GAAP Basis Income			Favorable/ (Unfavorable)	Percentage Variance
<u>Statement</u>	<u>January 2014</u>	<u>January 2013</u>		
Revenues				
Instant Tickets	\$ 24,814,775	\$ 26,727,194	\$ (1,912,419)	-7.2%
Online Tickets	6,219,407	5,734,419	484,988	8.5%
Retailer App/Fidelity	44,208	41,988	2,220	5.3%
TOTAL Revenues	<u>31,078,390</u>	<u>32,503,601</u>	<u>(1,425,211)</u>	<u>-4.4%</u>
Operating Expense				
Instant Prizes Net	17,036,652	18,201,401	1,164,749	6.4%
Online Prizes Net	3,357,563	2,738,491	(619,072)	-22.6%
Retailer Commissions	1,746,427	1,807,665	61,238	3.4%
Gaming Contract Costs	1,650,138	1,639,025	(11,113)	-0.7%
Advertising	399,459	346,134	(53,325)	-15.4%
General and Admin.	592,174	599,247	7,073	1.2%
Other Agency Services	70,013	110,000	39,987	36.4%
TOTAL Operating Expenses	<u>24,852,426</u>	<u>25,441,963</u>	<u>589,537</u>	<u>2.3%</u>
Operating Income	6,225,964	7,061,638	(835,674)	-11.8%
Interest Income	<u>27,661</u>	<u>36,830</u>	<u>(9,169)</u>	<u>-24.9%</u>
Income Before Transfers	\$ <u>6,253,625</u>	\$ <u>7,098,468</u>	\$ <u>(844,843)</u>	<u>-11.9%</u>
Net Proceeds	\$ <u>5,616,281</u>	\$ <u>6,538,953</u>	\$ <u>(922,672)</u>	<u>-14.1%</u>

Note – Net Proceeds does not include unclaimed prizes.

Comparative Income Statements

Actual Versus Budget January 2014

GAAP Basis Income <u>Statement</u>	January 2014 <u>Actual</u>	January 2014 <u>Budget</u>	<u>Favorable/</u> <u>(Unfavorable)</u>	<u>Percentage</u> <u>Variance</u>
Revenues				
Instant tickets	\$ 24,814,775	\$ 30,958,333	\$ (6,143,558)	-19.8%
Online Tickets	6,219,407	7,099,931	(880,524)	-12.4%
Retailer App/Fidelity	<u>44,208</u>	<u>45,000</u>	<u>(792)</u>	<u>-1.8%</u>
TOTAL Revenues	<u>31,078,390</u>	<u>38,103,264</u>	<u>(7,024,874)</u>	<u>-18.4%</u>
Operating Expense				
Instant Game Prizes	17,036,652	21,791,644	4,754,992	21.8%
Online Game Prizes	3,357,563	3,612,682	255,119	7.1%
Retailer Commissions	1,746,427	2,154,605	408,178	18.9%
Gaming Contract Cost	1,650,138	1,961,068	310,930	15.9%
Advertising	399,459	375,000	(24,459)	-6.5%
General and Admin.	592,174	689,329	97,155	14.1%
Other Agency Service	<u>70,013</u>	<u>129,167</u>	<u>59,154</u>	<u>45.8%</u>
TOTAL Operating Expenses	<u>24,852,426</u>	<u>30,713,495</u>	<u>5,861,069</u>	<u>19.1%</u>
Operating Income	6,225,964	7,389,769	(1,163,805)	-15.7%
Interest Income	<u>27,661</u>	<u>20,000</u>	<u>7,661</u>	<u>38.3%</u>
Income before transfers	\$ <u>6,253,625</u>	\$ <u>7,409,769</u>	\$ <u>(1,156,144)</u>	<u>-15.6%</u>
Net Proceeds	\$ <u>5,616,281</u>	\$ <u>6,973,970</u>	\$ <u>(1,357,689)</u>	<u>-19.5%</u>

Note – Net Proceeds does not include unclaimed prizes.

Comparative Income Statements

YTD January 31, 2014 Compared to January 31, 2013

<u>Statement</u>	<u>Actual</u> <u>YTD 01/31/14</u>	<u>Actual</u> <u>YTD 01/31/13</u>	<u>Favorable/</u> <u>(Unfavorable)</u>	<u>Percentage</u> <u>Variance</u>
Revenues				
Instant tickets	\$ 176,435,285	\$ 191,875,928	\$ (15,440,643)	-8.0%
Online Tickets	53,722,607	46,483,702	7,238,905	15.6%
Retailer app. fidelity	<u>338,583</u>	<u>335,555</u>	<u>3,028</u>	<u>0.9%</u>
TOTAL Revenues	<u>230,496,475</u>	<u>238,695,185</u>	<u>(8,198,710)</u>	<u>-3.4%</u>
Operating Expense				
Instant Prizes Net	124,858,396	133,119,151	8,260,755	6.2%
Online Prizes Net	28,490,334	22,765,327	(5,725,007)	-25.1%
Retailer Commissions	12,840,478	13,318,191	477,713	3.6%
Gaming Contract Costs	11,438,408	11,897,863	459,455	3.9%
Advertising	2,499,223	2,059,997	(439,226)	-21.3%
General and Admin.	4,123,173	4,158,710	35,537	0.9%
Other Agency Services	<u>617,411</u>	<u>908,880</u>	<u>291,469</u>	<u>32.1%</u>
TOTAL Operating Expenses	<u>184,867,423</u>	<u>188,228,119</u>	<u>3,360,696</u>	<u>1.8%</u>
Operating Income	45,629,052	50,467,066	(4,838,014)	-9.6%
Interest Income	<u>170,027</u>	<u>212,858</u>	<u>(42,831)</u>	<u>-20.1%</u>
Income before transfers	\$ <u>45,799,079</u>	\$ <u>50,679,924</u>	\$ <u>(4,880,845)</u>	<u>-9.6%</u>
Net Proceeds	\$ <u>42,306,756</u>	\$ <u>47,060,760</u>	\$ <u>(4,754,004)</u>	<u>-10.1%</u>

Note – Net Proceeds does not include unclaimed prizes.

ADHE Transfer Analysis

<u>Month</u>	<u>2014 Transfers</u>	<u>2014 Unclaimed Prizes</u>	<u>2014 Budget</u>	<u>Over/Under Budget</u>	<u>Cumulative Balance</u>
July, 2013	\$4,891,372	\$747,115	\$5,621,039	\$17,448	\$17,448
August	6,401,829	87,431	6,959,900	-470,640	-453,192
September	6,023,766	618,079	7,279,088	-637,243	-1,090,435
October	6,773,937	94,334	7,497,572	-629,301	-1,719,736
November	6,768,352	257,183	7,629,131	-603,596	-2,323,332
December	5,831,219	672,632	8,025,502	-1,521,651	-3,844,983
January, 2014	5,616,281	1,175,002	7,209,769	-418,486	-4,263,469
February					
March					
April					
May					
June					
Totals	<u>\$42,306,756</u>	<u>\$3,651,776</u>	<u>\$50,222,001</u>		

Top 20 Lotteries by Rank

Per Capita Ticket Sales

CY 13

AR	Rank	Weekly Instant Per Cap	Annual Instant Sales
Current Ranked #	16	\$2.29	\$355,469,090.0
What if Ranked...	15	\$2.31	\$359,115,900.8
What if Ranked...	10	\$2.76	\$429,555,473.2
What if Ranked...	6	\$3.24	\$504,462,418.6
What if Ranked...	2	\$4.95	\$770,050,210.0

Instant Per Cap Rank	Instant Weekly Per Cap	State
1	\$9.67	MA
2	\$4.95	GA
3	\$3.58	NY
4	\$3.56	CT
5	\$3.46	PA
6	\$3.24	TN
7	\$3.21	SC
8	\$3.19	NJ
9	\$2.95	FL
10	\$2.76	NH
11	\$2.62	IL
12	\$2.39	MO
13	\$2.37	OH
14	\$2.35	ME
15	\$2.31	TX
16	\$2.29	AR
17	\$2.27	VT
18	\$2.26	KY
19	\$2.06	VA
20	\$1.95	NC



Powerball Sales Comparisons

Draw Date	Advertised Jackpot	Total Powerball Sales for Day
Saturday February 11, 2012	\$336 Million	\$1,044,766
Wednesday August 15, 2012	\$337 Million	\$993,297
Saturday August 3, 2013	\$300 Million	\$598,254
Saturday September 14, 2013	\$317 Million	\$447,642
Saturday February 15, 2014	\$330 Million	\$405,442

Instant Ticket Sales

W/E February 16, 2014: Instant Ticket Sales \$8,087,610
Total Ticket Sales \$10,203,013

W/E February 17, 2013: Instant Ticket Sales \$9,276,939
Total Ticket Sales \$10,466,302

Last week was our best instant sales week since W/E April 7, 2013, when total ticket sales were \$8,733,395.

It was our best total sales week since W/E May 19, 2013, when sales were \$13,065,078 (Powerball Jackpot was \$590M/MM Jackpot was \$198M).

K Mart #4, Cabot



Spotlight on \$20 Instant Ticket – Platinum Payout

On February 4, 2014, the Arkansas Scholarship Lottery launched its newest \$20 instant ticket game, **Platinum Payout**, which promises to be the breakout game of the year.

This game offers **FOUR** \$1,000,000 prizes and more \$500 prizes than any instant game the Arkansas Scholarship Lottery has ever released.

To play, match any of YOUR NUMBERS to any of the WINNING NUMBERS and you win the prize shown for that number. If you reveal a platinum bar symbol, you win \$100 instantly. Reveal a coin symbol and win 5 TIMES the prize shown.

Players can win up to *20 times* on each ticket.

Overall Odds: 1 in 2.91

Top Prize Odds: 1 in 540,000

Players are eligible for entry into their Points for Prizes™ accounts, the ASL Rewards Club Program. For more information about the Club, visit <https://theclub.aslplayerservices.com/>



Arkansas

Scholarship Lottery



PLAY PLATINUM
PAYOUT FOR
THE CHANCE TO
WIN UP TO

\$1,000,000

TOP PRIZE ODDS: 1 in 540,000.

EARN TRIPLE

POINTS IN FEBRUARY WITH
ANY ELIGIBLE \$1 INSTANT TICKET.



SIGN UP ON OUR WEBSITE AT WWW.MYARKANSASLOTTERY.COM.

A GIFT FOR YOU!

Offer valid 2/13/2014 - 3/31/2014

YOU MUST PRESENT COUPON PRIOR TO PURCHASE.

\$1 INSTANT
TICKET
COUPON

Use toward your next purchase
or redeem for a \$1 instant ticket

FREE!



This coupon can be redeemed at any Arkansas Scholarship Lottery retailer. All transactions are subject to Lottery rules and applicable laws. Coupon can only be redeemed once. Limit one coupon per transaction. For promotional use only. No cash value. Original coupon required. Offer expires end of day 3/31/2014. This coupon may not be used in combination with any other Lottery coupon or promotional offer.

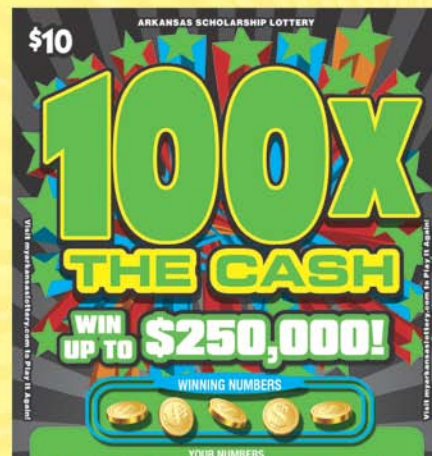
ATTENTION LOTTERY RETAILERS:

To process this coupon, follow these steps below:
From the main terminal screen, press the "COUPON" button and scan the barcode on the coupon. For your records, a receipt will print out that confirms the \$1 credit. You will receive a \$1 credit adjustment on your Financial Sales and Invoice reports.

For more information, visit any lottery retailer or call 501-683-2000. Call 1-800-522-4700 for problem gambling helpline. Please play responsibly.

MULTIPLIER MADNESS

NEW GAMES



THE RETAILER BONUS\$ IS BACK!

Arkansas Scholarship Lottery retailers have the opportunity to make a 5% bonus commission on increases in same-store instant ticket lottery sales over last year's numbers.

From March 1 to March 31, you can receive a 5% bonus of 10% total commission on additional instant ticket sales compared with your instant ticket sales during the same month period from the previous year.

This 5% bonus commission:

- is only from March 1 through March 31, 2014.
- is on your increased instant ticket sales only.
- is only on any instant ticket sales increases above and beyond your instant ticket sales figures from the same period in the previous year.

**5%
BONUS**

To qualify for the 5% bonus incentive, retailers must have been an active retailer with the ASL for at least one year. You must also be in good standing with the Arkansas Lottery Commission and the State of Arkansas and have no outstanding debts to either.

Sell this much more in March:	Earn this much in commission:
\$1,000	\$100
\$5,000	\$500
\$10,000	\$1,000

As always, your Arkansas Scholarship Lottery sales team will assist you with the 5% bonus incentive program and help determine eligibility at your place of business.



F2014 Reforecast

Account Description	Actual through 12-31-2013	Actual 01-31-14	YTD at 01-31-2014	2/28/2014	3/31/2014	4/30/2014	5/31/2014	6/30/2014	Est for Jan. through June 2014	Reforecast Fiscal 6-30-2014	Per Approved Budget	Change - Increase (Decrease)
Instant Ticket Rev	151,620,510	24,814,775	176,435,285	30,449,362	32,199,434	29,587,736	28,414,717	27,820,926	173,286,950	324,907,460	375,000,000	(50,092,540)
Online Ticket Rev	47,503,199	6,219,408	53,722,607	8,114,938	8,551,650	8,089,364	7,362,670	6,951,463	45,289,492	92,792,691	84,250,000	8,542,691
Total sales	199,123,710	31,034,183	230,157,892	38,564,301	40,751,083	37,677,100	35,777,387	34,772,389	218,576,443	417,700,153	459,250,000	(41,549,847)
Other Income	294,375	44,208	338,583	45,000	45,000	45,000	45,000	45,000	269,208	563,583	540,000	23,583
Total Operating Revenue	199,418,084	31,078,391	230,496,475	38,609,301	40,796,083	37,722,100	35,822,387	34,817,389	218,845,651	418,263,736	459,790,000	(41,526,264)
Operating Expenses												
Instant Games prizes	109,501,918	17,840,797	127,342,715	21,363,313	22,591,165	20,758,795	19,935,803	19,519,198	122,009,070	231,510,988	268,491,550	(36,980,562)
Online Prizes Expense	25,132,772	3,364,119	28,496,891	4,543,032	4,779,230	4,520,210	4,135,280	3,907,811	25,249,682	50,382,454	43,428,500	6,953,954
Unclaimed Prizes	(2,476,875)	(1,175,002)	(3,651,877)	(267,973)	(294,909)	(558,198)	(434,551)	(572,490)	(3,303,123)	(5,779,998)	(5,258,800)	(521,198)
Net Prize Expense	132,954,516	20,394,214	153,348,730	25,638,372	27,075,486	24,720,807	23,636,532	22,854,519	144,319,930	277,274,446	306,661,250	(29,386,804)
Retailer Commissions	11,094,050	1,746,427	12,840,477	2,276,919	2,407,975	2,229,357	2,114,306	2,055,622	12,830,606	23,924,656	25,982,000	(2,057,344)
Gaming Contract Costs	9,788,270	1,650,138	11,438,408	2,008,947	2,124,580	1,966,983	1,865,472	1,813,695	11,429,815	21,218,085	23,664,250	(2,446,165)
Marketing, Advertising & Promotions	2,099,764	399,459	2,499,223	400,000	400,000	400,000	400,000	400,000	2,399,459	4,499,223	4,500,000	(777)
Total Comp. & Benefits	2,712,607	484,583	3,197,190	489,274	512,070	534,863	534,862	512,073	3,067,725	5,780,332	6,350,000	(569,668)
Capital Asset Depreciation	91,079	15,180	106,259	15,417	15,417	15,416	15,417	15,417	92,264	183,343	185,000	(1,657)
Legal and Professional Services	456	1,801	2,257	2,083	2,084	2,083	2,083	2,084	12,218	12,674	25,000	(12,326)
General & Administrative Expense	726,856	90,611	817,467	114,167	114,167	114,166	114,167	114,167	661,445	1,388,301	1,370,000	18,301
Services Provided by Other Agencies	547,398	70,013	617,411	100,000	100,000	100,000	100,000	100,000	570,013	1,117,411	1,550,000	(432,589)
Total Operating Expenses	160,014,996	24,852,426	184,867,422	30,798,346	32,487,588	29,838,570	28,555,071	27,636,003	174,168,004	334,183,000	370,287,500	(36,104,500)
Operating Income	39,403,088	6,225,964	45,629,052	7,514,121	7,994,304	7,668,425	7,039,548	6,865,210	43,307,572	82,710,660	89,502,500	(6,791,840)
Interest Income	(142,366)	(27,661)	(170,027)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(127,661)	(270,027)	(240,000)	(30,027)
Net Income/Profit before transfers	39,545,454	6,253,625	45,799,079	7,534,121	8,014,304	7,688,425	7,059,548	6,885,210	43,435,233	82,980,687	89,742,500	(6,761,813)
Unclaimed Prize Reserve	(2,476,774)	(1,175,002)	(3,651,776)	(267,973)	(294,909)	(558,198)	(434,551)	(572,490)	(3,303,123)	(5,779,897)	(5,258,000)	(521,897)
Proceeds	37,068,860	5,078,623	42,147,483	7,266,148	7,719,395	7,130,227	6,624,997	6,312,720	40,132,110	77,200,790	84,484,500	(7,283,710)
Less: Transfer to DHS										(200,000)	(200,000)	0
Net Proceeds-Transfer to ADHE										77,000,790.00	84,284,500.00	(7,283,710)
Transfer Unclaimed Prize Reserve										5,779,897	5,258,000	521,897
Total Transfers to ADHE										82,780,687	89,542,500	(6,761,813)