



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE ARKANSAS LOTTERY

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

October 9, 2015

The Honorable Asa Hutchinson
Governor of Arkansas
State Capitol
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Governor Hutchinson:

On behalf of the Arkansas Department of Finance and Administration and the Office of the Arkansas Lottery, please accept the attached monthly disclosure reports for the month of September 2015, pursuant to A.C.A. §§ 23-115-206 and 23-115-302. The reports contain the following information:

1. Contracts Awarded
2. Debt Set-Off Collections
3. Retailer Losses
4. Breakdown of Lottery Sales per County
5. Total Number of Retailers
6. Total Lottery Revenue
7. Prize Disbursements
8. Operating Expenses
9. Net Assets
10. Administrative Expenses
11. Unclaimed Prize Report
12. DFA Office of the Arkansas Lottery Minority- and Female-owned Business Report
13. DFA Office of the Arkansas Lottery Vendor Minority- and Female-owned Business Report
14. DFA Office of the Arkansas Lottery Demographics
15. Internal Auditor Report
16. Instant Ticket Games Released

Please call me if you have any questions or need additional information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bishop Wonsley".

Bishop Wonsley
Director

Enclosures

cc: Mr. Larry Walther, Director, Arkansas Department of Finance and Administration



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**Department of Finance
and Administration**

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October 9, 2015

The Honorable Jimmy Hickey, Chair
The Honorable Chris Richey, Chair
Arkansas Legislative Council Lottery Oversight Subcommittee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Gentlemen:

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Bishop Woosley
Director

Enclosures

cc: Mr. Larry Walther, Director, Arkansas Department of Finance and Administration

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Term Contracts for Goods and Services
September 1 through September 30, 2015**

No term contracts were entered into by the Arkansas Department of Finance and Administration Office of the Arkansas Lottery during the month of September 2015.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Debt Set-Off and Retailer Losses
September 2015**

1. Debt Set-Off:

| | | |
|----|--|-------------------|
| a. | Arkansas Department of Finance and Administration | \$10,953.78 |
| b. | Arkansas Office of Child Support Enforcement - Child Support | <u>\$3,075.40</u> |
| | Total Debt Set-Off: | \$14,029.18 |

2. Retailer losses for period September 1 through September 30, 2015: None.

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 2015**

| COUNTY | INSTANT | CASH 3 | CASH 4 | POWERBALL | MEGA MILLIONS | NATURAL STATE JACKPOT | LUCKY FOR LIFE | FAST PLAY | TOTAL SALES FOR COUNTY |
|------------|----------------|-------------|-------------|--------------|---------------|-----------------------|----------------|-------------|------------------------|
| ARKANSAS | \$410,562.00 | \$8,590.00 | \$5,395.50 | \$21,508.00 | \$7,772.00 | \$9,209.00 | \$2,194.00 | \$9,198.00 | \$474,428.50 |
| ASHLEY | \$104,097.00 | \$8,642.50 | \$8,763.00 | \$15,084.00 | \$4,537.00 | \$3,291.00 | \$1,548.00 | \$4,204.00 | \$150,166.50 |
| BAXTER | \$388,662.00 | \$4,245.50 | \$1,793.50 | \$36,641.00 | \$11,967.00 | \$14,632.00 | \$5,206.00 | \$13,521.00 | \$476,668.00 |
| BENTON | \$888,790.00 | \$4,707.50 | \$2,257.00 | \$179,080.00 | \$52,584.00 | \$32,159.00 | \$12,146.00 | \$20,108.00 | \$1,191,831.50 |
| BOONE | \$406,646.00 | \$1,968.00 | \$1,712.50 | \$32,141.00 | \$10,911.00 | \$6,438.00 | \$2,334.00 | \$13,974.00 | \$476,124.50 |
| BRADLEY | \$141,000.00 | \$2,008.50 | \$2,101.50 | \$6,328.00 | \$2,291.00 | \$2,400.00 | \$1,210.00 | \$2,756.00 | \$160,095.00 |
| CALHOUN | \$45,619.00 | \$2,479.50 | \$1,112.00 | \$2,790.00 | \$1,271.00 | \$863.00 | \$388.00 | \$1,041.00 | \$55,563.50 |
| CARROLL | \$225,029.00 | \$1,166.00 | \$898.50 | \$21,693.00 | \$7,119.00 | \$4,996.00 | \$1,874.00 | \$6,653.00 | \$269,428.50 |
| CHICOT | \$117,631.00 | \$8,837.00 | \$5,297.00 | \$47,759.00 | \$15,716.00 | \$8,813.00 | \$3,690.00 | \$1,388.00 | \$209,131.00 |
| CLARK | \$312,203.00 | \$2,928.50 | \$1,225.50 | \$22,217.00 | \$7,403.00 | \$8,043.00 | \$1,978.00 | \$11,968.00 | \$367,966.00 |
| CLAY | \$75,892.00 | \$267.50 | \$66.00 | \$6,503.00 | \$1,795.00 | \$2,130.00 | \$694.00 | \$1,017.00 | \$88,364.50 |
| CLEBURNE | \$274,040.00 | \$1,108.50 | \$845.50 | \$28,157.00 | \$10,797.00 | \$16,495.00 | \$3,880.00 | \$11,397.00 | \$346,720.00 |
| CLEVELAND | \$36,300.00 | \$348.00 | \$648.00 | \$3,006.00 | \$1,030.00 | \$675.00 | \$172.00 | \$1,067.00 | \$43,246.00 |
| COLUMBIA | \$248,700.00 | \$11,848.00 | \$8,795.00 | \$15,547.00 | \$6,129.00 | \$4,015.00 | \$2,598.00 | \$20,798.00 | \$318,430.00 |
| CONWAY | \$455,859.00 | \$5,162.50 | \$1,764.50 | \$28,082.00 | \$8,657.00 | \$13,236.00 | \$2,332.00 | \$7,099.00 | \$522,192.00 |
| CRAIGHEAD | \$1,223,784.00 | \$9,163.00 | \$4,160.50 | \$93,540.00 | \$25,410.00 | \$24,494.00 | \$6,194.00 | \$30,858.00 | \$1,417,603.50 |
| CRAWFORD | \$304,765.00 | \$1,207.50 | \$853.50 | \$52,167.00 | \$17,114.00 | \$16,654.00 | \$3,944.00 | \$6,710.00 | \$403,415.00 |
| CRITTENDEN | \$446,709.00 | \$13,764.00 | \$10,197.50 | \$88,570.00 | \$23,430.00 | \$16,424.00 | \$5,264.00 | \$6,407.00 | \$610,765.50 |
| CROSS | \$202,260.00 | \$2,580.50 | \$1,847.50 | \$13,226.00 | \$4,113.00 | \$3,873.00 | \$782.00 | \$7,083.00 | \$235,765.00 |
| DALLAS | \$118,500.00 | \$2,517.00 | \$504.50 | \$7,123.00 | \$2,806.00 | \$2,702.00 | \$810.00 | \$2,285.00 | \$137,247.50 |
| DESHA | \$146,646.00 | \$2,106.00 | \$1,145.00 | \$16,363.00 | \$5,221.00 | \$6,372.00 | \$1,150.00 | \$2,748.00 | \$181,751.00 |
| DREW | \$211,200.00 | \$1,961.00 | \$892.00 | \$15,751.00 | \$5,427.00 | \$5,095.00 | \$2,028.00 | \$4,103.00 | \$246,457.00 |
| FAULKNER | \$990,464.00 | \$11,933.50 | \$6,253.50 | \$103,630.00 | \$33,152.00 | \$42,420.00 | \$10,558.00 | \$33,518.00 | \$1,231,929.00 |
| FRANKLIN | \$138,654.00 | \$361.00 | \$168.00 | \$16,384.00 | \$5,416.00 | \$4,530.00 | \$1,392.00 | \$3,918.00 | \$170,823.00 |
| FULTON | \$62,797.00 | \$595.00 | \$259.00 | \$5,309.00 | \$1,725.00 | \$1,264.00 | \$622.00 | \$1,141.00 | \$73,712.00 |
| GARLAND | \$880,730.00 | \$6,935.50 | \$3,904.00 | \$107,696.00 | \$40,294.00 | \$58,583.00 | \$14,086.00 | \$31,892.00 | \$1,144,120.50 |
| GRANT | \$121,500.00 | \$439.00 | \$264.00 | \$11,888.00 | \$3,966.00 | \$4,663.00 | \$1,942.00 | \$3,484.00 | \$148,146.00 |
| GREENE | \$521,200.00 | \$644.50 | \$750.50 | \$37,285.00 | \$11,676.00 | \$9,858.00 | \$3,562.00 | \$6,625.00 | \$591,601.00 |
| HEMPSTEAD | \$302,224.00 | \$26,499.00 | \$7,771.00 | \$15,257.00 | \$5,855.00 | \$4,635.00 | \$1,708.00 | \$7,775.00 | \$371,724.00 |
| HOT SPRING | \$288,183.00 | \$1,734.50 | \$574.50 | \$22,721.00 | \$9,510.00 | \$10,824.00 | \$3,008.00 | \$10,230.00 | \$346,785.00 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 2015**

| COUNTY | INSTANT | CASH 3 | CASH 4 | POWERBALL | MEGA MILLIONS | NATURAL STATE JACKPOT | LUCKY FOR LIFE | FAST PLAY | TOTAL SALES FOR COUNTY |
|--------------|----------------|--------------|-------------|--------------|---------------|-----------------------|----------------|--------------|------------------------|
| HOWARD | \$173,348.00 | \$17,798.50 | \$7,439.00 | \$9,613.00 | \$3,799.00 | \$3,955.00 | \$1,590.00 | \$3,021.00 | \$220,563.50 |
| INDEPENDENCE | \$501,657.00 | \$3,654.50 | \$644.00 | \$32,224.00 | \$10,985.00 | \$13,924.00 | \$3,146.00 | \$30,110.00 | \$596,344.50 |
| IZARD | \$73,184.00 | \$173.00 | \$92.00 | \$6,975.00 | \$2,566.00 | \$2,553.00 | \$812.00 | \$3,500.00 | \$89,855.00 |
| JACKSON | \$259,800.00 | \$8,183.00 | \$4,207.50 | \$17,723.00 | \$5,913.00 | \$10,055.00 | \$2,708.00 | \$5,408.00 | \$313,997.50 |
| JEFFERSON | \$1,263,997.00 | \$37,593.00 | \$21,559.50 | \$78,875.00 | \$31,971.00 | \$39,470.00 | \$10,176.00 | \$44,408.00 | \$1,528,049.50 |
| JOHNSON | \$225,975.00 | \$756.00 | \$355.50 | \$16,144.00 | \$5,996.00 | \$5,077.00 | \$1,304.00 | \$5,854.00 | \$261,461.50 |
| LAFAYETTE | \$54,000.00 | \$4,769.50 | \$1,474.00 | \$3,350.00 | \$1,372.00 | \$919.00 | \$548.00 | \$2,136.00 | \$68,568.50 |
| LAWRENCE | \$225,600.00 | \$895.50 | \$77.50 | \$11,912.00 | \$4,331.00 | \$3,139.00 | \$1,184.00 | \$5,664.00 | \$252,803.00 |
| LEE | \$57,000.00 | \$2,321.00 | \$2,036.50 | \$4,521.00 | \$1,485.00 | \$1,248.00 | \$334.00 | \$775.00 | \$69,720.50 |
| LINCOLN | \$84,661.00 | \$455.00 | \$140.50 | \$5,886.00 | \$2,274.00 | \$3,640.00 | \$602.00 | \$3,916.00 | \$101,574.50 |
| LITTLE RIVER | \$91,453.00 | \$3,637.00 | \$2,635.50 | \$6,575.00 | \$2,845.00 | \$1,502.00 | \$776.00 | \$1,768.00 | \$111,191.50 |
| LOGAN | \$184,360.00 | \$809.50 | \$184.00 | \$16,132.00 | \$5,998.00 | \$5,647.00 | \$1,506.00 | \$4,878.00 | \$219,514.50 |
| LONOKE | \$856,279.00 | \$9,333.50 | \$4,708.50 | \$80,341.00 | \$28,099.00 | \$32,342.00 | \$8,240.00 | \$22,427.00 | \$1,041,770.00 |
| MADISON | \$61,705.00 | \$74.50 | \$7.50 | \$8,455.00 | \$3,119.00 | \$1,785.00 | \$832.00 | \$1,002.00 | \$76,980.00 |
| MARION | \$170,747.00 | \$2,360.00 | \$305.50 | \$12,004.00 | \$4,409.00 | \$6,436.00 | \$1,762.00 | \$2,952.00 | \$200,975.50 |
| MILLER | \$394,596.00 | \$22,892.50 | \$9,268.50 | \$29,617.00 | \$10,844.00 | \$6,434.00 | \$2,412.00 | \$5,847.00 | \$481,911.00 |
| MISSISSIPPI | \$475,746.00 | \$50,863.50 | \$26,984.50 | \$37,591.00 | \$10,851.00 | \$7,313.00 | \$2,150.00 | \$7,809.00 | \$619,308.00 |
| MONROE | \$126,934.00 | \$3,089.00 | \$1,365.50 | \$12,428.00 | \$3,773.00 | \$2,717.00 | \$870.00 | \$1,575.00 | \$152,751.50 |
| MONTGOMERY | \$24,000.00 | \$4.00 | \$1.00 | \$4,458.00 | \$1,676.00 | \$1,647.00 | \$538.00 | \$4,328.00 | \$36,652.00 |
| NEVADA | \$192,644.00 | \$1,465.50 | \$437.00 | \$8,216.00 | \$3,238.00 | \$2,402.00 | \$1,362.00 | \$4,449.00 | \$214,213.50 |
| NEWTON | \$45,649.00 | \$40.50 | \$18.00 | \$2,691.00 | \$1,205.00 | \$1,207.00 | \$346.00 | \$1,378.00 | \$52,534.50 |
| OUACHITA | \$465,019.00 | \$10,661.50 | \$4,698.00 | \$21,724.00 | \$6,982.00 | \$8,662.00 | \$2,998.00 | \$10,448.00 | \$531,192.50 |
| PERRY | \$82,200.00 | \$685.50 | \$381.50 | \$7,280.00 | \$3,019.00 | \$2,329.00 | \$496.00 | \$1,247.00 | \$97,638.00 |
| PHILLIPS | \$185,798.00 | \$7,384.50 | \$3,247.50 | \$32,849.00 | \$11,782.00 | \$3,693.00 | \$2,744.00 | \$989.00 | \$248,487.00 |
| PIKE | \$78,300.00 | \$974.50 | \$51.50 | \$8,006.00 | \$3,013.00 | \$4,377.00 | \$938.00 | \$6,814.00 | \$102,474.00 |
| POINSETT | \$351,705.00 | \$5,843.50 | \$2,044.00 | \$23,862.00 | \$6,997.00 | \$9,045.00 | \$1,566.00 | \$8,688.00 | \$409,750.50 |
| POLK | \$122,162.00 | \$529.00 | \$43.00 | \$13,929.00 | \$4,811.00 | \$3,788.00 | \$1,576.00 | \$3,971.00 | \$150,809.00 |
| POPE | \$738,514.00 | \$4,192.50 | \$1,836.50 | \$61,315.00 | \$20,433.00 | \$24,144.00 | \$5,298.00 | \$11,735.00 | \$867,468.00 |
| PRAIRIE | \$167,931.00 | \$1,953.50 | \$849.00 | \$9,994.00 | \$2,719.00 | \$2,399.00 | \$726.00 | \$7,288.00 | \$193,859.50 |
| PULASKI | \$5,530,690.00 | \$111,338.00 | \$71,391.50 | \$505,380.00 | \$178,413.00 | \$223,331.00 | \$58,362.00 | \$153,871.00 | \$6,832,776.50 |
| RANDOLPH | \$181,685.00 | \$116.00 | \$285.50 | \$10,791.00 | \$3,321.00 | \$2,957.00 | \$1,326.00 | \$5,425.00 | \$205,906.50 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 2015**

| COUNTY | INSTANT | CASH 3 | CASH 4 | POWERBALL | MEGA MILLIONS | NATURAL STATE JACKPOT | LUCKY FOR LIFE | FAST PLAY | TOTAL SALES FOR COUNTY |
|---------------|----------------|-------------|-------------|--------------|---------------|-----------------------|----------------|-------------|------------------------|
| SAINT FRANCIS | \$227,304.00 | \$8,722.50 | \$5,882.50 | \$24,828.00 | \$6,929.00 | \$5,003.00 | \$1,812.00 | \$2,731.00 | \$283,212.00 |
| SALINE | \$983,945.00 | \$7,096.00 | \$4,729.00 | \$100,935.00 | \$33,833.00 | \$46,530.00 | \$10,504.00 | \$37,567.00 | \$1,225,139.00 |
| SCOTT | \$95,886.00 | \$88.50 | \$60.00 | \$8,366.00 | \$3,058.00 | \$2,186.00 | \$738.00 | \$1,753.00 | \$112,135.50 |
| SEARCY | \$92,520.00 | \$314.00 | \$373.00 | \$5,489.00 | \$1,779.00 | \$2,126.00 | \$502.00 | \$721.00 | \$103,824.00 |
| SEBASTIAN | \$626,245.00 | \$15,334.50 | \$4,955.50 | \$122,591.00 | \$41,774.00 | \$33,871.00 | \$11,268.00 | \$9,859.00 | \$865,898.00 |
| SEVIER | \$98,359.00 | \$3,354.00 | \$574.50 | \$10,431.00 | \$4,209.00 | \$2,409.00 | \$694.00 | \$1,473.00 | \$121,503.50 |
| SHARP | \$213,300.00 | \$702.50 | \$213.50 | \$14,047.00 | \$4,492.00 | \$6,272.00 | \$1,516.00 | \$25,213.00 | \$265,756.00 |
| STONE | \$93,800.00 | \$1,528.50 | \$253.50 | \$6,827.00 | \$2,680.00 | \$3,630.00 | \$1,208.00 | \$4,330.00 | \$114,257.00 |
| UNION | \$761,438.00 | \$48,354.50 | \$21,244.50 | \$44,070.00 | \$15,693.00 | \$11,276.00 | \$4,546.00 | \$14,768.00 | \$921,390.00 |
| VAN BUREN | \$160,663.00 | \$1,727.50 | \$497.50 | \$13,374.00 | \$4,954.00 | \$5,362.00 | \$1,080.00 | \$4,971.00 | \$192,629.00 |
| WASHINGTON | \$1,153,638.00 | \$17,828.00 | \$4,435.00 | \$182,977.00 | \$58,076.00 | \$45,390.00 | \$14,234.00 | \$20,725.00 | \$1,497,303.00 |
| WHITE | \$966,310.00 | \$5,181.50 | \$3,611.00 | \$62,499.00 | \$20,730.00 | \$26,183.00 | \$6,314.00 | \$34,862.00 | \$1,125,690.50 |
| WOODRUFF | \$84,305.00 | \$3,469.00 | \$725.50 | \$6,577.00 | \$2,080.00 | \$2,383.00 | \$498.00 | \$714.00 | \$100,751.50 |
| YELL | \$216,512.00 | \$772.00 | \$111.50 | \$15,354.00 | \$5,654.00 | \$5,903.00 | \$1,156.00 | \$3,933.00 | \$249,395.50 |

| | | | | | | | | | |
|---------------------|------------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------------------|------------------------|---------------------|------------------------|
| GRAND TOTALS | *Instant | *Cash 3 | *Cash 4 | *Powerball | *Mega Millions | *Natural State Jackpot | *Lucky for Life | *Fast Play | *Totals |
| | \$29,312,210.00 | \$576,068.50 | \$298,656.00 | \$2,792,672.00 | \$939,274.00 | \$976,447.00 | \$274,592.00 | \$822,267.00 | \$35,992,186.50 |

*Estimates

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Total Number of Active Retailers
September 2015**

There were 1,913 active retailers as of September 30, 2015.

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Net Position
September 30, 2015

ASSETS

| | |
|---|-------------------------|
| Current assets: | |
| Cash and Cash Equivalents | \$ 955,018.88 |
| Restricted Assets: | |
| Cash and cash equivalents | 2,556,350.57 |
| Accounts receivable | 12,849,728.87 |
| Prepaid items | 47,294.74 |
| Total current assets | <u>16,408,393.06</u> |
| Non-current assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 18,165,559.00 |
| Deposits with Multi-State Lottery Association | 1,743,122.99 |
| Capital assets: | |
| Equipment | 621,188.94 |
| Leasehold Improvements | 492,795.71 |
| Less accumulated depreciation | (926,549.12) |
| Total non-current assets | <u>20,096,117.52</u> |
| Deferred outflows of resources | |
| Related to pension | <u>992,965.00</u> |
| Total assets and deferred outflows | <u>\$ 37,497,475.58</u> |

LIABILITIES

| | |
|---|----------------------|
| Current liabilities: | |
| Accounts payable | \$ 491,163.96 |
| Prizes payable | 19,049,813.73 |
| Accrued and other liabilities | 1,719,643.06 |
| Due to other funds of the State | 766,026.13 |
| Compensated absences | 305,667.06 |
| Unearned revenue | 177,214.57 |
| Total current liabilities | <u>22,509,528.51</u> |
| Long-Term liabilities: | |
| Net other post employment benefits | 1,562,778.58 |
| Net pension liability | <u>3,407,594.00</u> |
| Total long-term liabilities | <u>4,970,372.58</u> |
| Deferred inflows of resources | |
| Related to pension | <u>1,349,957.70</u> |
| Total liabilities and deferred inflows of resources | <u>28,829,858.79</u> |

NET POSITION

| | |
|---|-------------------------|
| Net position: | |
| Invested in capital assets | 187,435.53 |
| Restricted for: | |
| Scholarship shortfall reserve | 18,043,274.19 |
| Retailer fidelity reserve | 122,284.81 |
| Retailer bond reserve | 39,415.00 |
| Deposits with Multi-State Lottery Assn. | 1,743,122.99 |
| Unclaimed prizes reserve | 2,556,350.57 |
| Unrestricted | <u>(14,024,266.30)</u> |
| Total net position | <u>8,667,616.79</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 37,497,475.58</u> |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Revenues, Expenses, and Change in Net Position
For Three Months Ended September 30, 2015

| | Current month | Year to date |
|---|-------------------------------------|-------------------------------|
| Operating revenues: | | |
| Instant ticket sales | \$ 29,252,125.00 | \$ 81,097,871.00 |
| Online ticket sales | 6,796,270.00 | 17,781,826.00 |
| Retailer application, fidelity and service fees | 85,486.63 | 183,330.73 |
| Other revenue | <u>508.00</u> | <u>2,190.59</u> |
| Total operating revenues | <u>36,134,389.63</u> | <u>99,065,218.32</u> |
| Operating expenses: | | |
| Instant game prizes | 20,989,840.60 | 58,127,978.53 |
| Online game prizes | 3,499,879.75 | 9,181,937.90 |
| Retailer commissions | 2,025,586.94 | 5,602,571.81 |
| Gaming contract costs | 1,671,282.78 | 4,508,483.53 |
| Compensation and benefits | 385,811.24 | 1,232,780.60 |
| Marketing, advertising and promotions | 419,700.27 | 1,025,233.87 |
| General and administrative expenses | 87,071.94 | 263,347.42 |
| Services provided by ADHE | 45,000.00 | 133,300.00 |
| Services provided by Legislative Audit Agency | 23,000.00 | 61,680.00 |
| Legal and professional services | 269.78 | 269.78 |
| Depreciation | <u>11,914.23</u> | <u>35,742.39</u> |
| Total operating expenses | <u>29,159,357.53</u> | <u>80,173,325.83</u> |
| Operating income (1) | 6,975,032.10 | 18,891,892.49 |
| Non-operating revenue (expense): | | |
| Interest income | 17,825.46 | 66,479.84 |
| Other Non Operating Income | <u> </u> | <u>1,875.61</u> |
| Income before transfers | 6,992,857.56 | 18,960,247.94 |
| Transfers to: | | |
| Education Trust Account (2) | (6,624,967.11) | (17,899,744.20) |
| Shortfall Account to EducationTrust Account | <u>(1,965,361.18)</u> | <u>(1,965,361.18)</u> |
| Transfers from: | | |
| Transfers from ADHE | <u> </u> | <u> </u> |
| Change in net position | <u><u>\$ (1,597,470.73)</u></u> | <u>(904,857.44)</u> |
| Total net position - beginning | | <u>9,572,474.23</u> |
| Total net position - ending | | <u><u>\$ 8,667,616.79</u></u> |

1) Includes all GAAP related accounting items including unclaimed prizes.

2) Reflects adjustment of sales and prizes expense to a modified cash basis and excludes unclaimed prizes.

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Revenues and Expenses
For Three Months Ended September 30, 2015

| | CM Actual | % | CM Budget | % | CM Variance | YTD Actual | % | YTD Budget | % | YTD Variance |
|---------------------------------|------------------------|---------------|------------------------|---------------|----------------------|-------------------------|---------------|-------------------------|---------------|-----------------------|
| Operating Revenues | | | | | | | | | | |
| Instant Games | \$ 29,252,125.00 | 80.95 | \$ 24,652,145.00 | 79.17 | \$ 4,599,980.00 | \$ 81,097,871.00 | 81.86 | \$ 76,241,411.00 | 80.17 | \$ 4,856,460.00 |
| OnLine Games | 6,796,270.00 | 18.81 | 6,436,779.00 | 20.67 | 359,491.00 | 17,781,826.00 | 17.95 | 18,710,038.00 | 19.67 | (928,212.00) |
| Retailer application, fidelity | 85,486.63 | 0.24 | 47,781.00 | 0.15 | 37,705.63 | 183,330.73 | 0.19 | 146,889.00 | 0.15 | 36,441.73 |
| Other Revenue | 508.00 | 0.00 | 834.00 | 0.00 | (326.00) | 2,190.59 | 0.00 | 2,500.00 | 0.00 | (309.41) |
| Total Operating Revenues | 36,134,389.63 | 100.00 | 31,137,539.00 | 100.00 | 4,996,850.63 | 99,065,218.32 | 100.00 | 95,100,838.00 | 100.00 | 3,964,380.32 |
| Operating Expenses | | | | | | | | | | |
| Instant Game Prizes | 20,989,840.60 | 58.09 | 17,387,344.00 | 55.84 | 3,602,496.60 | 58,127,978.53 | 58.68 | 53,807,235.00 | 56.58 | 4,320,743.53 |
| On-Line Game Prizes | 3,499,879.75 | 9.69 | 3,254,798.00 | 10.45 | 245,081.75 | 9,181,937.90 | 9.27 | 9,405,417.00 | 9.89 | (223,479.10) |
| Retailer Commissions | 2,025,586.94 | 5.61 | 1,768,628.00 | 5.68 | 256,958.94 | 5,602,571.81 | 5.66 | 5,401,724.00 | 5.68 | 200,847.81 |
| Gaming Contract Costs | 1,671,282.78 | 4.63 | 1,457,860.00 | 4.68 | 213,422.78 | 4,508,483.53 | 4.55 | 4,452,580.00 | 4.68 | 55,903.53 |
| Staff Compensation & Benefits | 385,811.24 | 1.07 | 449,984.00 | 1.45 | (64,172.76) | 1,232,780.60 | 1.24 | 1,294,556.00 | 1.36 | (61,775.40) |
| Marketing, Advertising & Promo | 419,700.27 | 1.16 | 416,670.00 | 1.34 | 3,030.27 | 1,025,233.87 | 1.03 | 1,250,000.00 | 1.31 | (224,766.13) |
| General and administrative exp | 87,071.94 | 0.24 | 109,400.00 | 0.35 | (22,328.06) | 263,347.42 | 0.27 | 328,200.00 | 0.35 | (64,852.58) |
| Services Provided by Other Age | 68,000.00 | 0.19 | 52,500.00 | 0.17 | 15,500.00 | 194,980.00 | 0.20 | 157,500.00 | 0.17 | 37,480.00 |
| Legal and Professional Service | 269.78 | 0.00 | 840.00 | 0.00 | (570.22) | 269.78 | 0.00 | 2,500.00 | 0.00 | (2,230.22) |
| Capital asset depreciation | 11,914.23 | 0.03 | 13,000.00 | 0.04 | (1,085.77) | 35,742.39 | 0.04 | 39,000.00 | 0.04 | (3,257.61) |
| Total Operating Expenses | 29,159,357.53 | 80.70 | 24,911,024.00 | 80.00 | 4,248,333.53 | 80,173,325.83 | 80.93 | 76,138,712.00 | 80.06 | 4,034,613.83 |
| Operating Income | 6,975,032.10 | 19.30 | 6,226,515.00 | 20.00 | 748,517.10 | 18,891,892.49 | 19.07 | 18,962,126.00 | 19.94 | (70,233.51) |
| Interest Income | 17,825.46 | 0.05 | 12,984.00 | 0.04 | 4,841.46 | 66,479.84 | 0.07 | 46,665.00 | 0.05 | 19,814.84 |
| Non-Operating Revenue (Expense) | - | | - | | - | 1,875.61 | | - | | 1,875.61 |
| Income before transfers | \$ 6,992,857.56 | 19.35 | \$ 6,239,499.00 | 20.04 | \$ 753,358.56 | \$ 18,960,247.94 | 19.14 | \$ 19,008,791.00 | 19.99 | \$ (48,543.06) |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For Three Months Ended September 30, 2015

| | Year to date |
|---|---------------------------|
| Operating revenues: | |
| Instant ticket SETTLEMENTS | \$ 82,285,611.00 |
| Online ticket sales | 17,781,826.00 |
| Retailer application, fidelity and service fees | 183,330.73 |
| Other revenue | <u>2,190.59</u> |
| Total operating revenues | <u>100,252,958.32</u> |

| | |
|---|-----------------------------|
| Operating expenses: | |
| Instant game prizes SETTLEMENTS | 58,920,175.00 |
| Online game prizes | 9,181,937.90 |
| Retailer commissions | 5,602,571.81 |
| Gaming contract costs | 4,508,483.53 |
| Compensation and benefits | 1,232,780.60 |
| Marketing, advertising and promotions | 1,025,233.87 |
| General and administrative expenses | 263,347.42 |
| Services provided by ADHE | 133,300.00 |
| Services provided by Legislative Audit Agency | 61,680.00 |
| Legal and professional services | 269.78 |
| Current year Capital Asset cost | <u> </u> |
| Total operating expenses | <u>80,929,779.91</u> |

Change in net proceeds from operations 19,323,178.41

| | |
|--|--|
| Nonoperating revenue (expense): | |
| Interest Income | 66,479.84 |
| Other Non Operating Income | 1,875.61 |
| EDUCATION TRUST FUNDING-Current Year | (11,274,777.09) |
| Less Act 1180 Unclaimed Prizes | (1,556,350.57) |
| Less Current year Fidelity Reserve Fees | (8,702.47) restricted reserves |
| Less Current year MUSL Reserves (additions) / reductions | 19,263.38 see 23-115-103(17) and (19)(A)&(B) |
| Add OPEB expense in Comp and Benefits | <u>54,000.00</u> |

NET PROCEEDS EARNED-Current Month **\$ 6,624,967.11**

| | Transfer | Interest | Total |
|--|------------------------|----------------------|--------------------|
| Totals | \$ (928,716.73) | \$ 928,716.73 | \$ (0.00) |
| April 2014 funding - 5/15/14 | \$ 7,475,645.50 | \$ 505.34 | \$ 7,476,150.84 |
| May 2014 funding - 6/15/14 | \$ 6,509,958.59 | \$ 3,286.80 | \$ 6,513,245.39 |
| June 2014 funding - 7/15/14 | \$ 11,921,510.53 | \$ 6,103.45 | \$ 11,927,613.98 |
| ADHE Refund for excess funding 7/18/14 | \$ 2,319,467.65 | \$ | \$ 2,319,467.65 |
| July 2014 funding - 8/15/14 | \$ 5,917,170.44 | \$ 11,277.55 | \$ 5,928,447.99 |
| August 2014 funding - 9/15/15 | \$ 5,282,380.92 | \$ 14,584.88 | \$ 5,296,965.80 |
| June 2014 Audit Adjustments funding - 9/10/14 | \$ 30,888.58 | \$ | \$ 30,888.58 |
| September transfer to ADHE 9/11/14 | \$ (40,000,000.00) | \$ | \$ (40,000,000.00) |
| September 2014 funding - 10/15/14 | \$ 4,310,517.64 | \$ 6,709.46 | \$ 4,317,227.10 |
| October transfer to ADHE 10/15/14 | \$ (5,000,000.00) | \$ | \$ (5,000,000.00) |
| October 2014 funding - 11/15/14 | \$ 5,939,388.01 | \$ 237.58 | \$ 5,939,625.59 |
| November 2014 funding - 12/15/14 | \$ 5,575,489.06 | \$ 1,546.10 | \$ 5,577,035.16 |
| December 2014 funding - 1/15/15 | \$ 5,469,403.21 | \$ 4,915.56 | \$ 5,474,318.77 |
| January 2015 funding - 2/15/15 | \$ 7,280,972.70 | \$ 6,800.58 | \$ 7,287,773.28 |
| February transfer to ADHE 2/12/15 | \$ (35,000,000.00) | \$ | \$ (35,000,000.00) |
| Transfer from Shortfall Reserve 2/10/15 | \$ 10,663,081.32 | \$ | \$ 10,663,081.32 |
| February 2015 funding - 3/15/15 | \$ 6,157,718.14 | \$ 3,624.87 | \$ 6,161,343.01 |
| February transfer to Shortfall Reserve 3/15/15 | \$ (6,161,343.01) | \$ | \$ (6,161,343.01) |
| March 2015 funding - 4/15/15 | \$ 6,898,523.80 | \$ 0.55 | \$ 6,898,524.35 |
| March transfer to Shortfall Reserve 4/15/15 | \$ (4,501,738.31) | \$ | \$ (4,501,738.31) |
| April 2015 funding - 5/15/15 | \$ 5,880,247.51 | \$ 758.44 | \$ 5,881,005.95 |
| May 2015 funding - 6/15/15 | \$ 5,406,407.87 | \$ 2,642.61 | \$ 5,409,050.48 |
| June 2015 funding - 7/15/15 | \$ 8,273,061.65 | \$ 5,866.49 | \$ 8,278,928.14 |
| July 2015 funding - 8/15/15 | \$ 5,776,292.31 | \$ 8,390.78 | \$ 5,784,683.09 |
| June 2015 Audit Adjustments - funding 9/15/15 | \$ (31,903.86) | \$ | \$ (31,903.86) |
| August 2015 funding - 9/15/15 | \$ 5,478,001.52 | \$ 12,092.48 | \$ 5,490,094.00 |
| September transfer to ADHE 9/11/15 | \$ (33,000,000.00) | \$ | \$ (33,000,000.00) |
| Transfer from Shortfall Reserve 9/28/15 | \$ 9,000,000.00 | \$ | \$ 9,000,000.00 |
| September transfer to ADHE 9/30/16 | \$ (9,000,000.00) | \$ | \$ (9,000,000.00) |
| September 2015 funding - 10/15/15 | \$ 6,620,285.47 | \$ 4,681.64 | \$ 6,624,967.11 |
| June 2015 Final Adjustment - funding 10/15/15 | \$ 201,027.87 | \$ | \$ 201,027.87 |
| Transfer to Shortfall Reserve 10/15/15 | \$ (7,034,638.82) | \$ | \$ (7,034,638.82) |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Unclaimed Prizes
September 30, 2015

| | Monthly | Year to Date |
|---|---------------|--------------------|
| Reserve Balance July 1, 2015 | | \$1,000,000.00 |
| 1. Unclaimed lottery prize money: | \$ 740,301.60 | 1,556,350.57 |
| 2. Expenditures from unclaimed lottery prize money: | | |
| 3. Reserved for future prizes, promotions or reserves: | 740,301.60 | 1,556,350.57 |
| 4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money: | | |
| Reserve Balance September 30, 2015 | | \$2,556,350.57 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2015**

| Vendors | Goods or Services | Diversity Classification | September 2015 | FY 2016 Total |
|----------------------------|---------------------------|---------------------------------|-----------------------|----------------------|
| Goddess Products | Office Furniture/Supplies | Minority-owned | \$2,223.49 | \$5,982.35 |
| Government Supply Services | Office Products | Minority-owned | | \$1,122.33 |
| Totals | | | \$2,223.49 | \$7,104.68 |

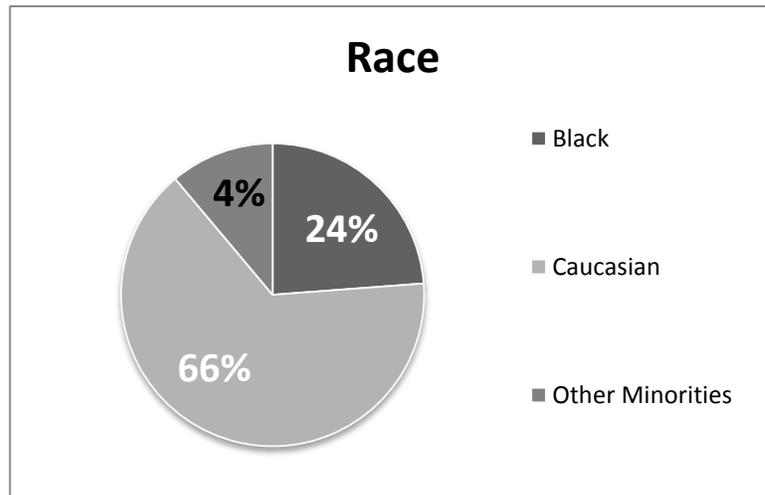
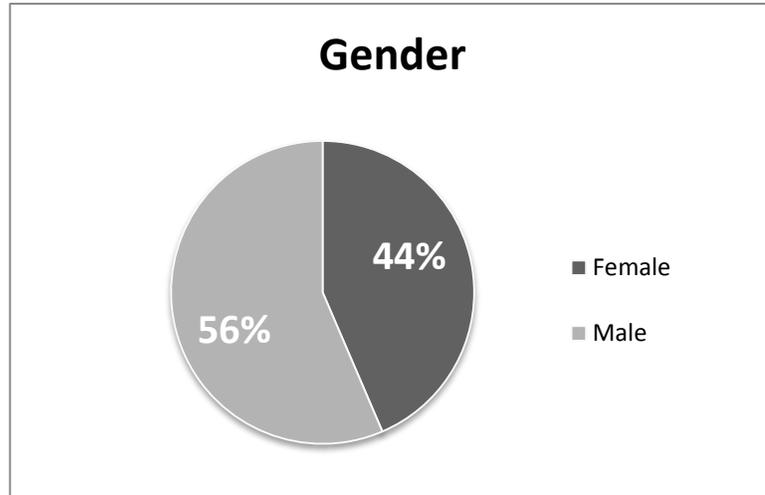
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2015**

| Vendors | Goods or Services | Diversity Classification | September 2015 | FY 2016 Total |
|--|----------------------------------|---------------------------------|-----------------------|----------------------|
| J Kelly Referrals and Information Services | Call Center/Information Services | Minority-owned | \$15,291.63 | \$35,680.47 |
| Totals | | | \$15,291.63 | \$35,680.47 |

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2015**

| Vendors | Goods or Services | Diversity Classification | September 2015 | FY 2016 Total |
|---|--------------------------|---------------------------------|-----------------------|----------------------|
| Mr. Klean Carpet and Janitorial Service | Janitorial Services | Minority-owned | \$396.00 | \$759.30 |
| Premier Staffing | Staffing Services | Female-owned | \$968.47 | \$3,045.43 |
| Totals | | | \$1,364.47 | \$3,804.73 |

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Demographics – September 2015**



Total Number of Employees as of September 30, 2015: 63

Gender:

Females – 28
Males – 35

Race:

Black – 15
Caucasian – 41
Other – 7

| | |
|--------------|------------|
| Female -- 8 | Male -- 7 |
| Female -- 16 | Male -- 25 |
| Female -- 4 | Male -- 3 |

**Department of Finance and Administration
Office of the Arkansas Lottery – Internal Audit
Arkansas Legislative Council – Lottery Oversight Subcommittee Monthly Report**

On September 25, 2015, the Office of the Arkansas Lottery (OAL) Internal Auditor (Internal Audit) issued a report to the Director of the Department of Finance and Administration (DFA Director) as follows:

Education Trust Fund Audit

The audit centered on controls and procedures surrounding the OAL's calculation of net lottery proceeds, use and replenishment of the Scholarship Shortfall Reserve Account, and funding of the Education Trust Fund Account, which represents funds the OAL holds in trust for the benefit of the Arkansas Academic Challenge Scholarship Program, administered by the Department of Higher Education. Fieldwork included review of documentation and information generated July 1, 2013 through September 11, 2015.

The following observations and recommendations were reported:

1. *Collateralization of Cash Account Balances* – OAL cash account balances were not collateralized at 105% at the end of the months of December 2014 and January 2015, as required by Arkansas State Board of Finance rule.

2. *Timely Transfer of Monthly Net Proceeds* – Net Lottery Proceeds for the month of June 2015 were transferred to the Education Trust Account one day after the monthly deadline established by Arkansas Code Annotated (ACA) § 23-115-801 (b) (1), due to an inadvertent administrative oversight.

Specific to Observation #1, Internal Audit recommended that OAL Management institute a policy of independently maintaining an inventory of pledged collateral, comparing such inventory to monthly reporting provided by the OAL's banking partner and the third party holder of the collateral pledged on the OAL's behalf, as described in the State of Arkansas Financial Management guide, to affirm that the collateralization threshold is met at the end of each month and that the market values of the collateral pledged to the OAL are reasonable based on independent sources of value. Further, Internal Audit recommended that OAL Management affirms with its banking partner that it understands its contractual duty to maintain pledged collateral at the levels required by State law and its Security Agreement with the OAL going forward. OAL Management stated its concurrence with the Internal Audit recommendation.

Specific to Observation #2, Internal Audit recommended that OAL Management ensures the monthly Net Lottery Proceeds transfer occur by the deadline established by statute going forward and that those responsible for the transfer set monthly Outlook calendar reminders or other similar method of electronic or paper reminder on or before the 15th day of each month to transfer monthly Net Lottery Proceeds to the Education Trust Account. OAL Management stated its concurrence with the Internal Audit recommendation.

Internal Audit will perform follow-up procedures at the appropriate time in order to determine if the observations can be considered cleared.

No additional issues or problems resulting from internal audits have been reported to the Director of the Department of Finance and Administration for the reporting period.

DFA/Office of the Arkansas Lottery
Instant & Fast Play Games
September 2015

Sales for the following instant games began September 1, 2015. No ending dates have been determined for these games.

\$1 Pink Panther™¹
\$2 Bankroll
\$5 Hot \$500
\$20 200X The Money

¹Pink Panther™ is a licensed property game. There are no additional costs for this game

Sales for the following Fast Play games began September 7, 2015. No ending dates have been determined for this game.

\$1 3 Times Lucky
\$2 Bingo