



STATE OF ARKANSAS  
ARKANSAS LOTTERY COMMISSION

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

September 10, 2014

The Honorable Mike Beebe  
Governor of Arkansas  
State Capitol  
Little Rock, AR 72201

***RE: Monthly Disclosure Reports***

Dear Governor Beebe:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission, please accept the attached monthly disclosure reports pursuant to §§ 23-115-206 and 23-115-302 for the month of August 2014. The report contains 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. Arkansas Lottery Commission Minority- and Female-owned Business Report
13. Arkansas Lottery Commission Vendor Minority- and Female-owned Business Report
14. Arkansas Lottery Commission 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 Woosley".

Bishop Woosley  
Director

Enclosures

cc: John C. "Smokey" Campbell III, Chairman, Arkansas Lottery Commission



STATE OF ARKANSAS  
ARKANSAS LOTTERY COMMISSION

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

September 10, 2014

The Honorable Robert Thompson, Co-Chair  
The Honorable Mark Perry, Co-Chair  
Arkansas Lottery Commission Legislative Oversight Committee  
One Capitol Mall, Room R-501  
Little Rock, AR 72201

**RE: Monthly Disclosure Reports**

Gentlemen:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission, please accept the attached monthly disclosure reports pursuant to §§ 23-115-206 and 23-115-302 for the month of August 2014. The report contains 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. Arkansas Lottery Commission Minority- and Female-owned Business Report
13. Arkansas Lottery Commission Vendor Minority- and Female-owned Business Report
14. Arkansas Lottery Commission 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 Woosley".

Bishop Woosley  
Director

Enclosures

cc: John C. "Smokey" Campbell III, Chairman, Arkansas Lottery Commission

**Arkansas Lottery Commission Term Contracts for Goods and Services  
August 1 through August 31, 2014**

On August 13, 2014, the Arkansas Lottery Commission (ALC) executed a First Amendment to the Agreement for Contractual Services for Advertising, Marketing and Media Services between the ALC and The Communications Group, LLC (TCG). The term of the agreement is for one (1) year, from August 19, 2014, through August 18, 2015. The terms of compensation remain the same as the original agreement executed on August 18, 2009. A copy of the First Amendment to the Agreement was provided to the Arkansas Lottery Commission Legislative Oversight Committee on June 27, 2014.

**Arkansas Lottery Commission  
Debt Set-Off / Retailer Losses  
August 2014**

**1. Debt Set-Off:**

a.	Department of Finance and Administration	\$7,131.00
b.	Office of Child Support Enforcement - Child Support	\$ 2,554.00
	Total Debt Set-Off:	<u>\$9,685.00</u>

**2. Retailer losses for period August 1 through August 31, 2014: None.**

**ARKANSAS LOTTERY COMMISSION**  
**RETAIL SALES BY COUNTY**  
**August 1 through August 31, 2014**

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$15.00	\$7,350.50	\$7,322.50	\$1,512.00	\$18,034.00	\$380,842.00	\$11,524.00	\$6,352.00	\$14,870.00	\$447,822.00
ASHLEY	\$10.00	\$10,705.50	\$9,698.00	\$994.00	\$4,050.00	\$107,700.00	\$6,217.00	\$2,083.00	\$11,543.00	\$153,000.50
BAXTER	\$135.00	\$4,095.50	\$1,324.50	\$3,432.00	\$8,789.00	\$314,814.00	\$17,039.00	\$9,745.00	\$27,016.00	\$386,390.00
BENTON	\$165.00	\$3,794.00	\$2,394.00	\$8,684.00	\$22,329.00	\$713,775.00	\$74,285.00	\$16,028.00	\$99,749.00	\$941,203.00
BOONE	\$25.00	\$1,910.50	\$1,779.50	\$1,414.00	\$7,852.00	\$361,246.00	\$14,468.00	\$4,073.00	\$20,961.00	\$413,729.00
BRADLEY	\$10.00	\$1,480.50	\$1,380.00	\$396.00	\$2,173.00	\$101,700.00	\$2,879.00	\$1,890.00	\$4,393.00	\$116,301.50
CALHOUN	\$0.00	\$1,314.00	\$696.50	\$316.00	\$1,169.00	\$32,210.00	\$1,366.00	\$552.00	\$1,723.00	\$39,346.50
CARROLL	\$25.00	\$784.50	\$1,276.00	\$2,020.00	\$13,077.00	\$210,242.00	\$11,179.00	\$3,507.00	\$15,639.00	\$257,749.50
CHICOT	\$100.00	\$7,100.50	\$5,194.00	\$3,270.00	\$1,805.00	\$118,515.00	\$21,952.00	\$5,345.00	\$34,019.00	\$197,300.50
CLARK	\$20.00	\$2,793.00	\$1,447.50	\$820.00	\$8,663.00	\$235,748.00	\$9,146.00	\$4,057.00	\$13,057.00	\$275,751.50
CLAY	\$20.00	\$327.00	\$78.50	\$744.00	\$729.00	\$79,200.00	\$2,089.00	\$857.00	\$3,513.00	\$87,557.50
CLEBURNE	\$90.00	\$839.00	\$500.00	\$1,904.00	\$6,591.00	\$259,512.00	\$18,910.00	\$8,715.00	\$18,545.00	\$315,606.00
CLEVELAND	\$5.00	\$577.50	\$462.50	\$182.00	\$2,612.00	\$39,600.00	\$1,907.00	\$644.00	\$2,688.00	\$48,678.00
COLUMBIA	\$30.00	\$8,927.00	\$8,127.00	\$944.00	\$23,143.00	\$183,468.00	\$6,082.00	\$2,834.00	\$9,378.00	\$242,933.00
CONWAY	\$25.00	\$5,591.00	\$3,556.50	\$1,518.00	\$6,825.00	\$371,639.00	\$12,840.00	\$6,415.00	\$18,064.00	\$426,473.50
CRAIGHEAD	\$275.00	\$7,590.00	\$4,316.00	\$3,800.00	\$21,448.00	\$936,384.00	\$37,679.00	\$12,276.00	\$50,201.00	\$1,073,969.00
CRAWFORD	\$55.00	\$2,309.50	\$852.50	\$2,396.00	\$6,379.00	\$241,992.00	\$24,584.00	\$8,307.00	\$31,872.00	\$318,747.00
CRITTENDEN	\$85.00	\$12,335.00	\$11,655.50	\$4,406.00	\$7,619.00	\$400,550.00	\$34,230.00	\$8,067.00	\$49,358.00	\$528,305.50
CROSS	\$10.00	\$1,459.50	\$1,614.50	\$364.00	\$7,951.00	\$151,800.00	\$5,487.00	\$2,604.00	\$8,205.00	\$179,495.00
DALLAS	\$0.00	\$1,666.00	\$746.50	\$430.00	\$5,262.00	\$100,085.00	\$3,609.00	\$1,814.00	\$4,796.00	\$118,408.50
DESHA	\$5.00	\$2,136.00	\$815.00	\$556.00	\$15,508.00	\$148,500.00	\$6,185.00	\$3,147.00	\$9,903.00	\$186,755.00
DREW	\$5.00	\$923.50	\$756.50	\$1,524.00	\$4,235.00	\$139,312.00	\$6,432.00	\$2,915.00	\$10,538.00	\$166,641.00
FAULKNER	\$165.00	\$8,774.00	\$6,177.50	\$5,738.00	\$12,365.00	\$908,580.00	\$55,702.00	\$19,803.00	\$63,854.00	\$1,081,158.50
FRANKLIN	\$10.00	\$568.50	\$146.50	\$832.00	\$4,164.00	\$107,798.00	\$8,220.00	\$2,433.00	\$10,725.00	\$134,897.00
FULTON	\$40.00	\$286.50	\$168.50	\$334.00	\$1,091.00	\$55,500.00	\$2,390.00	\$937.00	\$4,287.00	\$65,034.00
GARLAND	\$230.00	\$6,431.00	\$7,226.00	\$9,270.00	\$30,204.00	\$723,674.00	\$57,854.00	\$38,006.00	\$81,583.00	\$954,478.00
GRANT	\$15.00	\$353.50	\$137.00	\$738.00	\$3,236.00	\$114,600.00	\$5,439.00	\$3,016.00	\$7,918.00	\$135,452.50
GREENE	\$70.00	\$1,328.00	\$664.00	\$1,756.00	\$5,877.00	\$453,344.00	\$15,581.00	\$5,394.00	\$22,702.00	\$506,716.00
HEMPSTEAD	\$40.00	\$24,834.50	\$7,976.00	\$572.00	\$5,579.00	\$264,740.00	\$8,430.00	\$2,812.00	\$9,629.00	\$324,612.50
HOT SPRING	\$25.00	\$1,462.00	\$477.50	\$1,962.00	\$6,841.00	\$268,339.00	\$11,856.00	\$6,670.00	\$15,811.00	\$313,443.50

**ARKANSAS LOTTERY COMMISSION**  
**RETAIL SALES BY COUNTY**  
**August 1 through August 31, 2014**

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$45.00	\$17,429.50	\$6,956.00	\$688.00	\$2,217.00	\$132,509.00	\$5,319.00	\$2,175.00	\$6,183.00	\$173,521.50
INDEPENDENCE	\$20.00	\$3,650.00	\$627.00	\$1,868.00	\$24,542.00	\$483,005.00	\$15,202.00	\$8,633.00	\$22,072.00	\$559,619.00
IZARD	\$20.00	\$296.50	\$280.00	\$510.00	\$4,643.00	\$59,400.00	\$3,721.00	\$1,955.00	\$5,480.00	\$76,305.50
JACKSON	\$20.00	\$8,549.50	\$5,183.00	\$1,310.00	\$7,406.00	\$231,704.00	\$8,242.00	\$5,345.00	\$11,294.00	\$279,053.50
JEFFERSON	\$90.00	\$33,301.50	\$22,629.50	\$6,680.00	\$33,495.00	\$1,134,123.00	\$38,527.00	\$24,871.00	\$52,729.00	\$1,346,446.00
JOHNSON	\$5.00	\$686.00	\$422.00	\$1,232.00	\$7,193.00	\$186,300.00	\$9,340.00	\$3,613.00	\$12,517.00	\$221,308.00
LAFAYETTE	\$0.00	\$2,624.50	\$1,510.00	\$326.00	\$3,973.00	\$41,700.00	\$1,469.00	\$944.00	\$3,044.00	\$55,590.50
LAWRENCE	\$10.00	\$948.50	\$233.00	\$594.00	\$2,539.00	\$187,343.00	\$4,525.00	\$1,447.00	\$6,078.00	\$203,717.50
LEE	\$5.00	\$1,814.50	\$1,492.50	\$170.00	\$3,622.00	\$48,884.00	\$2,051.00	\$456.00	\$2,344.00	\$60,839.00
LINCOLN	\$5.00	\$610.00	\$160.00	\$398.00	\$825.00	\$68,763.00	\$2,756.00	\$2,572.00	\$3,973.00	\$80,062.00
LITTLE RIVER	\$40.00	\$3,510.00	\$2,258.00	\$672.00	\$1,594.00	\$83,849.00	\$4,018.00	\$1,126.00	\$4,261.00	\$101,328.00
LOGAN	\$40.00	\$835.50	\$158.00	\$896.00	\$4,260.00	\$159,153.00	\$7,804.00	\$3,195.00	\$11,850.00	\$188,191.50
LONOKE	\$30.00	\$7,810.50	\$4,810.50	\$5,428.00	\$26,061.00	\$761,303.00	\$36,418.00	\$16,880.00	\$50,940.00	\$909,681.00
MADISON	\$25.00	\$150.50	\$53.00	\$370.00	\$2,319.00	\$66,946.00	\$3,545.00	\$830.00	\$5,749.00	\$79,987.50
MARION	\$20.00	\$2,606.50	\$380.00	\$1,580.00	\$2,393.00	\$144,592.00	\$5,356.00	\$3,653.00	\$8,998.00	\$169,578.50
MILLER	\$30.00	\$25,091.50	\$8,673.00	\$1,308.00	\$5,138.00	\$354,918.00	\$13,810.00	\$3,345.00	\$17,151.00	\$429,464.50
MISSISSIPPI	\$70.00	\$45,041.00	\$24,069.50	\$1,204.00	\$4,803.00	\$484,836.00	\$15,204.00	\$4,235.00	\$19,758.00	\$599,220.50
MONROE	\$5.00	\$2,408.00	\$959.50	\$332.00	\$1,646.00	\$111,000.00	\$4,556.00	\$2,148.00	\$6,852.00	\$129,906.50
MONTGOMERY	\$0.00	\$22.00	\$13.00	\$274.00	\$5,042.00	\$18,740.00	\$1,942.00	\$723.00	\$2,916.00	\$29,672.00
NEVADA	\$30.00	\$3,756.00	\$905.00	\$940.00	\$5,386.00	\$163,600.00	\$4,740.00	\$1,206.00	\$5,204.00	\$185,767.00
NEWTON	\$10.00	\$48.50	\$2.50	\$234.00	\$2,419.00	\$42,679.00	\$1,538.00	\$685.00	\$2,262.00	\$49,878.00
OUACHITA	\$30.00	\$9,640.50	\$5,589.00	\$1,274.00	\$14,947.00	\$375,813.00	\$9,326.00	\$5,551.00	\$13,811.00	\$435,981.50
PERRY	\$0.00	\$236.00	\$132.50	\$346.00	\$1,098.00	\$75,600.00	\$4,223.00	\$1,470.00	\$5,445.00	\$88,550.50
PHILLIPS	\$55.00	\$6,360.50	\$4,163.00	\$1,128.00	\$1,485.00	\$139,486.00	\$13,603.00	\$2,394.00	\$19,698.00	\$188,372.50
PIKE	\$5.00	\$171.50	\$77.50	\$422.00	\$4,393.00	\$75,900.00	\$3,719.00	\$2,089.00	\$6,103.00	\$92,880.00
POINSETT	\$40.00	\$4,993.00	\$1,524.50	\$782.00	\$6,950.00	\$335,700.00	\$10,847.00	\$5,164.00	\$13,679.00	\$379,679.50
POLK	\$30.00	\$401.50	\$107.50	\$644.00	\$3,012.00	\$116,279.00	\$7,094.00	\$2,619.00	\$10,196.00	\$140,383.00
POPE	\$45.00	\$5,825.00	\$2,675.50	\$3,306.00	\$11,883.00	\$692,400.00	\$28,562.00	\$11,545.00	\$39,088.00	\$795,329.50
PRAIRIE	\$0.00	\$2,004.50	\$576.00	\$438.00	\$4,156.00	\$139,674.00	\$4,309.00	\$1,458.00	\$5,918.00	\$158,533.50
PULASKI	\$575.00	\$98,425.50	\$64,955.00	\$36,000.00	\$141,996.00	\$4,749,620.00	\$248,304.00	\$122,278.00	\$306,255.00	\$5,768,408.50
RANDOLPH	\$10.00	\$86.50	\$169.00	\$908.00	\$3,041.00	\$115,780.00	\$3,980.00	\$2,031.00	\$6,073.00	\$132,078.50

**ARKANSAS LOTTERY COMMISSION**  
**RETAIL SALES BY COUNTY**  
**August 1 through August 31, 2014**

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
SAINT FRANCIS	\$10.00	\$8,228.50	\$5,427.50	\$566.00	\$1,983.00	\$195,900.00	\$9,876.00	\$2,425.00	\$13,337.00	\$237,753.00
SALINE	\$100.00	\$7,931.00	\$3,413.00	\$6,842.00	\$34,196.00	\$837,612.00	\$46,891.00	\$23,199.00	\$68,310.00	\$1,028,494.00
SCOTT	\$15.00	\$422.50	\$103.00	\$330.00	\$685.00	\$80,057.00	\$3,649.00	\$1,321.00	\$5,229.00	\$91,811.50
SEARCY	\$0.00	\$281.50	\$383.00	\$302.00	\$570.00	\$63,000.00	\$2,474.00	\$1,063.00	\$3,821.00	\$71,894.50
SEBASTIAN	\$205.00	\$21,706.50	\$6,918.50	\$6,084.00	\$9,484.00	\$587,083.00	\$62,650.00	\$20,637.00	\$82,205.00	\$796,973.00
SEVIER	\$20.00	\$2,563.50	\$597.00	\$470.00	\$2,048.00	\$98,742.00	\$5,820.00	\$1,349.00	\$7,377.00	\$118,986.50
SHARP	\$45.00	\$496.00	\$204.00	\$1,044.00	\$16,969.00	\$204,563.00	\$6,413.00	\$3,900.00	\$9,954.00	\$243,588.00
STONE	\$15.00	\$975.00	\$234.00	\$772.00	\$6,475.00	\$78,122.00	\$3,454.00	\$2,174.00	\$5,259.00	\$97,480.00
UNION	\$105.00	\$46,420.00	\$20,132.00	\$1,882.00	\$9,282.00	\$587,933.00	\$19,125.00	\$6,054.00	\$28,278.00	\$719,211.00
VAN BUREN	\$10.00	\$1,197.50	\$456.50	\$1,002.00	\$2,365.00	\$123,760.00	\$6,352.00	\$3,191.00	\$8,893.00	\$147,227.00
WASHINGTON	\$305.00	\$14,433.50	\$4,325.00	\$9,620.00	\$33,980.00	\$1,011,572.00	\$88,130.00	\$24,330.00	\$110,529.00	\$1,297,224.50
WHITE	\$55.00	\$4,434.50	\$2,114.50	\$3,544.00	\$27,220.00	\$923,853.00	\$29,359.00	\$15,890.00	\$39,726.00	\$1,046,196.00
WOODRUFF	\$0.00	\$3,261.50	\$373.50	\$258.00	\$1,325.00	\$88,800.00	\$3,015.00	\$1,497.00	\$4,415.00	\$102,945.00
YELL	\$0.00	\$534.00	\$62.00	\$614.00	\$2,399.00	\$140,770.00	\$7,144.00	\$3,527.00	\$9,930.00	\$164,980.00

<b>GRAND TOTALS</b>	<b>*Arkansas 50/50</b>	<b>*Cash 3</b>	<b>*Cash 4</b>	<b>*Decades of Dollars</b>	<b>*Fast Play</b>	<b>*Instant</b>	<b>*Mega Millions</b>	<b>*Natural State Jackpot</b>	<b>*Powerball</b>	<b>*Totals</b>
	\$3,900.00	\$532,268.00	\$295,454.50	\$168,420.00	\$759,058.00	\$25,328,775.00	\$1,313,963.00	\$548,491.00	\$1,761,724.00	\$30,712,053.50

\*Estimates

**Arkansas Lottery Commission  
Total Number of Active Retailers  
August 2014**

There were 1,870 active retailers as of August 31, 2014.



**Arkansas Lottery Commission  
Statement of Net Position  
August 31, 2014**

**ASSETS**

<b>Current assets:</b>	
Cash and Cash Equivalents	\$ 3,855,178.33
Restricted Assets:	
Cash and cash equivalents	42,848,269.68
Accounts receivable	10,889,709.13
Prepaid items	<u>71,663.47</u>
Total current assets	57,664,820.61
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	20,096,931.32
Deposits with Multi-State Lottery Association	1,794,079.20
Capital assets:	
Equipment	648,832.23
Leasehold Improvements	498,416.68
Less accumulated depreciation	<u>(887,777.55)</u>
Total noncurrent assets	<u>22,150,481.88</u>
Total assets	<u><u>\$ 79,815,302.49</u></u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 509,834.78
Prizes payable	20,078,723.92
Accrued and other liabilities	1,210,400.19
Due to other funds of the State	955,005.49
Payable to ADHE	40,740,938.78
Compensated absences	293,394.91
Unearned revenue	<u>261,977.43</u>
Total current liabilities	<u>64,050,275.50</u>
<b>Long-Term liabilities:</b>	
Net OPEB obligation	<u>1,326,507.76</u>
Total long-term liabilities	<u>1,326,507.76</u>
Total liabilities	<u>65,376,783.26</u>

**NET POSITION**

<b>Net position:</b>	
Invested in capital assets	259,471.36
Restricted for:	
Scholarship shortfall fund	20,000,000.00
Retailer fidelity fund	96,931.32
Deposits with Multi-State Lottery Assn.	1,794,079.20
Unclaimed prize reserve	2,138,219.48
Unrestricted	<u>(9,850,182.13)</u>
Total net position	<u>14,438,519.23</u>
Total liabilities & net position	<u><u>\$ 79,815,302.49</u></u>

**Arkansas Lottery Commission**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For Two Months Ended August 31, 2014**

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 26,087,922.00	\$ 51,829,260.00
Online ticket sales	5,415,882.00	10,557,096.00
Retailer application, fidelity and service fees	56,095.29	97,738.71
Other revenue	11,512.81	12,384.82
	<u>31,571,412.10</u>	<u>62,496,479.53</u>
<b>Operating expenses:</b>		
Instant game prizes	18,831,104.16	36,676,551.24
Online game prizes	2,831,720.60	5,528,755.05
Retailer commissions	1,778,855.25	3,507,286.28
Gaming contract costs	1,685,535.11	3,217,423.25
Compensation and benefits	425,963.58	906,294.82
Marketing, advertising and promotions	169,215.89	221,929.36
General and administrative expenses	44,417.64	250,057.78
Services provided by ADHE	62,500.00	125,000.00
Services provided by Legislative Audit Agency	11,500.00	23,000.00
Legal and professional services	0.00	113.92
Depreciation	16,869.69	32,797.53
	<u>25,857,681.92</u>	<u>50,489,209.23</u>
Total operating expenses	<u>25,857,681.92</u>	<u>50,489,209.23</u>
Operating income	5,713,730.18	12,007,270.30
<b>Nonoperating revenue (expense):</b>		
Interest income	27,710.34	54,025.38
Other Non Operating Income		
	<u>27,710.34</u>	<u>54,025.38</u>
Income before transfers	5,741,440.52	12,061,295.68
Transfers to / from:		
Trust Account for ADHE	(5,296,965.80)	(11,225,413.79)
Arkansas Department of Human Services	(200,000.00)	(200,000.00)
	<u>(5,496,965.80)</u>	<u>(11,425,413.79)</u>
Change in net position	<u>\$ 244,474.72</u>	635,881.89
Total net position - beginning		13,802,637.34
Total net position - ending		<u>\$ 14,438,519.23</u>

**Arkansas Lottery Commission**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For Two Months Ended August 31, 2014**

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating Revenues										
Instant Games	\$ 26,087,922.00	82.63	\$ 25,890,118.37	79.55	\$ 197,803.63	\$ 51,829,260.00	82.93	\$ 51,769,588.00	79.88	\$ 59,672.00
OnLine Games	5,415,882.00	17.15	6,609,311.63	20.31	(1,193,429.63)	10,557,096.00	16.89	12,948,400.00	19.98	(2,391,304.00)
Retailer application, fidelity	56,095.29	0.18	47,000.00	0.14	9,095.29	97,738.71	0.16	93,000.00	0.14	4,738.71
Other Revenue	11,512.81	0.04	800.00	0.00	10,712.81	12,384.82	0.02	1,600.00	0.00	10,784.82
<b>Total Operating Revenues</b>	<b>31,571,412.10</b>	<b>100.00</b>	<b>32,547,230.00</b>	<b>100.00</b>	<b>(975,817.90)</b>	<b>62,496,479.53</b>	<b>100.00</b>	<b>64,812,588.00</b>	<b>100.00</b>	<b>(2,316,108.47)</b>
Operating Expenses										
Instant Game Prizes	18,831,104.16	59.65	18,398,160.49	56.53	432,943.67	36,676,551.24	58.69	36,781,545.88	56.75	(104,994.64)
On-Line Game Prizes	2,831,720.60	8.97	3,493,081.51	10.73	(661,360.91)	5,528,755.05	8.85	6,834,054.12	10.54	(1,305,299.07)
Retailer Commissions	1,778,855.25	5.63	1,819,973.00	5.59	(41,117.75)	3,507,286.28	5.61	3,624,217.00	5.59	(116,930.72)
Gaming Contract Costs	1,685,535.11	5.34	1,600,842.00	4.92	84,693.11	3,217,423.25	5.15	3,187,849.00	4.92	29,574.25
Staff Compensation & Benefits	425,963.58	1.35	486,782.00	1.50	(60,818.42)	906,294.82	1.45	1,019,924.00	1.57	(113,629.18)
Marketing, Advertising & Promo	169,215.89	0.54	416,667.00	1.28	(247,451.11)	221,929.36	0.36	833,333.00	1.29	(611,403.64)
General and administrative ex	44,417.64	0.14	114,167.00	0.35	(69,749.36)	250,057.78	0.40	228,332.00	0.35	21,725.78
Services Provided by Other Age	74,000.00	0.23	66,667.00	0.20	7,333.00	148,000.00	0.24	133,333.00	0.21	14,667.00
Legal and Professional Service	-	-	800.00	0.00	(800.00)	113.92	0.00	1,700.00	0.00	(1,586.08)
Capital asset depreciation	16,869.69	0.05	17,000.00	0.05	(130.31)	32,797.53	0.05	34,000.00	0.05	(1,202.47)
<b>Total Operating Expenses</b>	<b>25,857,681.92</b>	<b>81.90</b>	<b>26,414,140.00</b>	<b>81.16</b>	<b>(556,458.08)</b>	<b>50,489,209.23</b>	<b>80.79</b>	<b>52,678,288.00</b>	<b>81.28</b>	<b>(2,189,078.77)</b>
Operating Income	5,713,730.18	18.10	6,133,090.00	18.84	(419,359.82)	12,007,270.30	19.21	12,134,300.00	18.72	(127,029.70)
Interest Income	27,710.34	0.09	11,667.00	0.04	16,043.34	54,025.38	0.09	23,333.00	0.04	30,692.38
Non-Operating Revenue (Expense)	-	-	-	-	-	-	-	-	-	-
<b>Income before transfers</b>	<b>\$ 5,741,440.52</b>	<b>18.19</b>	<b>\$ 6,144,757.00</b>	<b>18.88</b>	<b>\$ (403,316.48)</b>	<b>\$ 12,061,295.68</b>	<b>19.30</b>	<b>\$ 12,157,633.00</b>	<b>18.76</b>	<b>\$ (96,337.32)</b>

**Arkansas Scholarship Commission  
Net Proceeds Transfer to Ed Trust Computation  
Modified Cash Basis  
For Two Months Ended August 31, 2014**

	Year to date
<b>Operating revenues:</b>	
Instant ticket SETTLEMENTS	\$ 50,836,991.00
Online ticket sales	10,557,096.00
Retailer application, fidelity and service fees	97,738.71
Other revenue	<u>12,384.82</u>
 Total operating revenues	 <u>61,504,210.53</u>
 <b>Operating expenses:</b>	
Instant game prizes SETTLEMENTS	35,162,788.00
Online game prizes	5,528,755.05
Retailer commissions	3,507,286.28
Gaming contract costs	3,217,423.25
Compensation and benefits	906,294.82
Marketing, advertising and promotions	221,929.36
General and administrative expenses	250,057.78
Services provided by ADHE	125,000.00
Services provided by Legislative Audit Agency	23,000.00
Legal and professional services	113.92
Current year Capital Asset cost	<u>46,155.88</u>
Total operating expenses	<u>48,988,804.34</u>
 Change in net proceeds from operations	 12,515,406.19
 <b>Nonoperating revenue (expense):</b>	
Interest Income	54,025.38
Other Non Operating Income	0.00
EDUCATION TRUST FUNDING-Current Year	(5,928,447.99)
Less Act 1180 Unclaimed Prizes	(1,138,219.48)
Less Transfer to ADHS	(200,000.00)
Less Current year Fidelity Fund fees	(5,798.30) restricted fund
Less Current year MUSL Reserves additions	0.00 see 23-115-103(17) and (19)(A)&(B)

**NET PROCEEDS EARNED-Current Month**

**\$ 5,296,965.80**

Totals	Transfer	Interest	Total
	\$ 39,870,489.19	\$ 870,449.59	\$ 40,740,938.78
ADHE Refund for excess funding 8/17/13	\$ 2,138,092.38		\$ 2,138,092.38
July 2013 funding - 8/15/13	\$ 4,874,325.72	\$ 17,045.97	\$ 4,891,371.69
August transfer to ADHE 8/29/13	\$ (45,000,000.00)		\$ (45,000,000.00)
August 2013 funding - 9/15/13	\$ 6,383,238.35	\$ 18,590.75	\$ 6,401,829.10
August transfer to ADHE 9/13/13	\$ (5,000,000.00)		\$ (5,000,000.00)
June 2013 Audit Adjustments funding - 10/15/13	\$ 344,712.16		\$ 344,712.16
September 2013 funding - 10/15/13	\$ 6,022,883.01	883.09	\$ 6,023,766.10
October 2013 funding - 11/15/13	\$ 6,771,052.05	2,884.73	\$ 6,773,936.78
November 2013 funding - 12/15/13	\$ 6,762,989.54	5,363.18	\$ 6,768,352.72
December 2013 funding - 1/15/14	\$ 5,822,163.54	\$ 9,055.12	\$ 5,831,218.66
January 2014 funding -2/15/14	\$ 5,604,272.88	\$ 12,008.52	\$ 5,616,281.40
February transfer to ADHE 2/3/14	\$ (27,000,000.00)		\$ (27,000,000.00)
February transfer to ADHE 2/12/14	\$ (6,000,000.00)		\$ (6,000,000.00)
Transfer from Shortfall Reserve 2/24/14	\$ 12,000,000.00		\$ 12,000,000.00
February transfer to ADHE 2/25/14	\$ (12,000,000.00)		\$ (12,000,000.00)
February 2014 funding - 3/15/14	\$ 5,908,720.60	\$ 1,234.90	\$ 5,909,955.50
February transfer to Shortfall Reserve 3/15/13	\$ (5,923,925.49)		\$ (5,923,925.49)
March 2014 funding - 4/15/14	\$ 7,324,141.28	\$ 91.78	\$ 7,324,233.06
March transfer to Shortfall Reserve 3/15/13	\$ (6,076,074.51)		\$ (6,076,074.51)
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
June 2014 Audit Adjustments funding - 9/15/14	\$ 30,888.58		\$ 30,888.58
August 2014 funding - 9/15/15	\$ 5,282,380.92	\$ 14,584.88	\$ 5,296,965.80

**Arkansas Lottery Commission**  
**Unclaimed Prizes**  
**August 31, 2014**

	Monthly	Year to Date
Reserve Balance July 1, 2014		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 437,855.16	\$1,138,219.48
2. Expenditures from unclaimed lottery prize money:	0.00	0.00
3. Reserved for future prizes, promotions or reserves:	\$ 437,855.16	\$1,138,219.48
4. Deposits to net lottery proceeds from unclaimed Lottery prize money:	\$ 0.00	\$ 0.00
Reserve Balance August 31, 2014		\$2,138,219.48

**ARKANSAS LOTTERY COMMISSION MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT**

**August 1 through August 31, 2014**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>August 2014</b>	<b>FY 2015 Total</b>
Goddess Products	Office Furniture/Supplies	Minority-owned	\$95.80	\$1,092.12
Government Supply Services	Office Products	Minority-owned	\$190.49	\$190.49
Ride N Shine Detail	Auto Servicing	Minority-owned	\$54.50	\$54.50
<b>Totals</b>			<b>\$340.79</b>	<b>\$1,337.11</b>

**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT**

**August 1 through August 31, 2014**

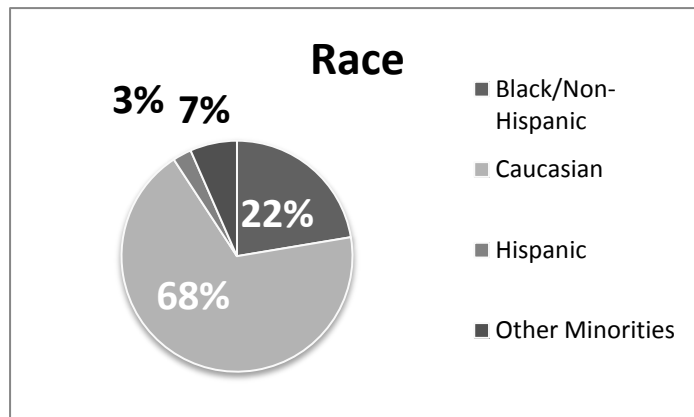
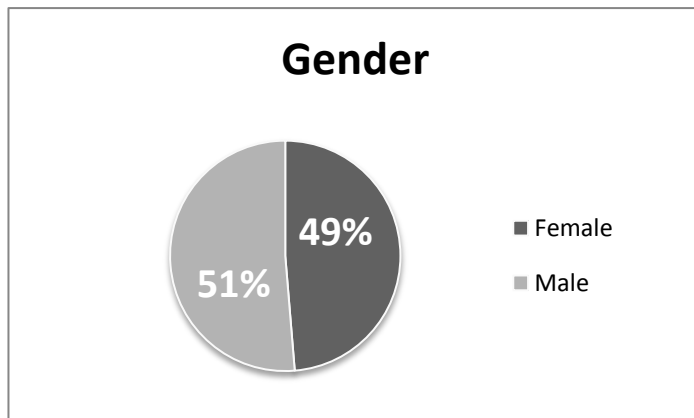
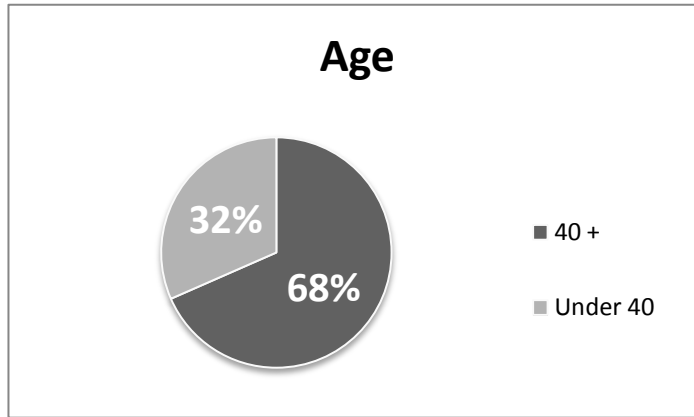
<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>August 2014</b>	<b>FY 2015 Total</b>
Goddess Products	Office Furniture/Supplies	Minority-owned	\$633.79	\$1,285.30
J Kelly Referrals and Information Services	Call Center/Information Services	Minority-owned	\$9,559.08	\$19,753.40
<b>Totals</b>			<b>\$10,192.87</b>	<b>\$21,038.70</b>

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT**

**August 1 through August 31, 2014**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>August 2014</b>	<b>FY 2015 Total</b>
Expedited Transportation Service	Transportation Services	Female-owned	\$3,970.71	\$4,220.71
Mr. Klean Carpet and Janitorial Service	Janitorial Services	Minority-owned		\$726.60
Premier Staffing	Staffing Services	Female-owned	\$2,006.04	\$6,390.42
<b>Totals</b>			<b>\$5,976.75</b>	<b>\$11,337.73</b>

**Arkansas Lottery Commission  
Demographics – August 2014**



**Total Number of Employees as of August 31, 2014: 76**

**Gender:**

Females – 37  
Males – 39

**Race:**

**Black/Non-Hispanic – 17**  
Female – 11  
Male - 6

**Hispanic – 2**  
Female - 2  
Male - 0

**Age:**

Under 40 – 24  
40 + – 52

**Caucasian – 52**  
Female - 22  
Male - 30

**Other – 5**  
Female - 2  
Male - 3

**Arkansas Lottery Commission – Internal Audit**  
**Arkansas Lottery Commission Legislative Oversight Committee Monthly Report**  
**September 10, 2014**

On August 20, 2014, the Arkansas Lottery Commission Internal Auditor (Internal Audit) presented results of the Online Games & Gaming System Contract Compliance, Payroll & Leave, IT General Controls, Transparency Reporting & Compliance, and Human Resources Processes Follow-Up Audits to members of the Arkansas Lottery Commission (ALC).

Online Games & Gaming System Contract Compliance Audit

The audit centered on compliance with major provisions of the online gaming contract by and between the ALC and Intralot. Fieldwork included review of documentation and information generated through June 17, 2014.

The following observation was reported to members of the ALC:

- No known trademark and/or service mark search performed for two ALC games.

Per Section 1.2 of the related RFP for online games and gaming services that is incorporated into the contract, Intralot is required to provide at its sole expense "trademark and service mark searches for all game names used during the term of the Contract." Intralot has no record of a request for trademark and service mark searches for the games, and current ALC Management has no record of searches being requested from Intralot under the terms of the contract. Internal Audit recommended that the ALC Chief Legal Counsel request that the applicable trademark and service mark searches be performed by Intralot pursuant to contract terms and that a review of the currently used or planned names for games that are offered or possibly will be offered by the ALC be performed to determine if any additional searches or registrations are necessary, and ALC Management responded stating concurrence with the recommendation.

Payroll & Leave Audit

The audit centered on controls, procedures, and processes associated with the granting and management of employee leave balances and payroll. Fieldwork included review of documentation and information generated through March 31, 2014.

The following observations were reported to members of the ALC:

- Granting of specific types of leave to part-time employees that are not clearly addressed as applicable to these employees per ALC leave policy or granting of leave to a part-time employee in excess of the amount allowed per policy.
- Lack of evidence of Human Resources Director and / or Controller's formal review of the payroll register prior to distribution of cash.
- Lack of maintenance of supporting payroll documentation such as employee leave forms and employee Form W-4.
- Need for more sophisticated system to track leave balances and process payroll transactions.



**Arkansas Lottery Commission – Internal Audit**  
**Arkansas Lottery Commission Legislative Oversight Committee Monthly Report**  
**September 10, 2014**

Specific to the first observation, current ALC leave policy provides for the standard leave types available to State employees, but contains some contradictory information regarding applicability to part-time employees or is silent regarding applicability to part-time employees. The total excess leave granted to a single part-time employee is 6.57 hours per Internal Audit calculations. Internal Audit recommended that ALC Management determine its intent relative to employees impacted and determine how the ALC's policy should be updated and clarified, adjust the leave balance for the employee that was granted excess leave against an available leave balance, and present any policy changes to members of the Commission based on past practice or policy requirements necessitating any Commission approval. ALC Management responded stating concurrence with the recommendation.

Specific to the second observation, formal review of the final payroll register prior to release of funds for direct deposit helps ensure that employees are paid accurately and Human Resources review of the payroll register serves as a primary anti-fraud control to ensure that pay is distributed to valid employees only. Internal Audit recommended that ALC Management immediately institute the requirement that both the Human Resources Director's and Controller's formal review occur prior to the actual distribution of pay, to avoid the risk that an issue noted in the reviews would not be addressed prior to the actual distribution of payroll funds. ALC Management responded stating agreement with the recommendation, and outlined a process to ensure review is performed timely by both the Human Resources Director (or suitable substitute) and Controller per the recommendation.

Specific to the third observation, leave forms and a Form W-4 could not be located for certain selected employees. Per IRS regulations, Form W-4 must be retained for a period of no less than four years. Internal Audit recommended that ALC Management evaluate current record keeping policies and methods and establish expectations and additional procedures to ensure that important payroll records are maintained / organized and that a signed Form W-4 be obtained to replace the form that could not be located. ALC Management responded stating agreement with the recommendation.

Specific to the fourth observation, recently-identified payroll system limitations have led to leave balance maintenance through use of an Excel spreadsheet. Internal Audit tested the spreadsheet on a sample basis, noting no errors in the calculation of leave or reflection of leave taken for the employees selected. Internal Audit recommended that ALC Management continue to move forward with its current efforts to identify a payroll solution that can accommodate the ALC's leave structure and payroll processing requirements. ALC Management responded stating agreement with the recommendation, noting that a replacement payroll system was being actively pursued and was included in the fiscal year 2015 budget.

#### IT General Controls Audit

The audit centered on controls, procedures, and processes relative to general IT controls (more specifically, controls surrounding physical and logical access, change control, backup and recovery, computer operations, and system development, as applicable). Because of the ALC's Master Service Agreement (MSA) with the Arkansas Department of Information Systems (DIS), certain aspects of general IT controls are not performed by ALC personnel, and thus, were not included within the scope of this audit. Fieldwork included review of documentation and information generated fiscal years 2010 through 2014.

**Arkansas Lottery Commission – Internal Audit**  
**Arkansas Lottery Commission Legislative Oversight Committee Monthly Report**  
**September 10, 2014**

The following observations were reported to members of the ALC:

- Three users of the Peachtree Accounting System (Peachtree) with access levels outside their assigned job duties.
- Risk due to the concentration of IT knowledge relative to processes associated with IT General Controls.

Specific to the first observation, one of the three users has never logged into Peachtree and does not have the required software installed to access the system. Further, Internal Audit generated system reports to validate that the two other users had not inadvertently completed system actions resulting from the access outside their assigned job duties, noting no instances where this access was utilized to accomplish tasks in the system that were inappropriate. ALC Management immediately removed the access that had been granted outside the users' job duties and / or revoked Peachtree access entirely, and Internal Audit validated that the access had been removed or revoked. Internal Audit recommended that ALC Management ensure that any changes in roles for existing users or granting of access to new users prior to the transition to a new accounting and payroll system be scrutinized to assure that only the access levels necessary to perform assigned job duties be granted within Peachtree going forward. Additionally, Internal Audit recommended that as the new accounting and payroll system is implemented, the methods and processes for granting access to that system be considered such that it is designed to accommodate the various users and necessary levels of access that will be needed within that system. ALC Management responded stating concurrence with the recommendation, that a new process would be developed when granting system access whereby all requests must be written and require CFO approval, and stated it would evaluate the adequacy of system access controls upon conversion to a new accounting and payroll system.

Specific to the second observation, the processes and controls designed to protect the ALC and its systems are not well known outside of a single individual within the IT function. Internal Audit recommended that ALC Management assess the duties assigned to IT, along with the resident capabilities of the current IT team, to determine if additional IT resources or changes in the structure of the IT team are necessary to appropriately mitigate this risk. ALC Management responded stating agreement with the recommendation, noting that current team structure and job classifications make this issue difficult to address. Further, ALC Management expressed its intent to cross-train to the extent possible given these constraints.

#### Transparency Reporting & Compliance Audit

The audit centered on controls, procedures, and processes associated with the ALC's compliance with the Arkansas Financial Transparency Act (Act 303, or the Act), which created the Transparency.Arkansas.gov website, administered by the Arkansas Department of Finance and Administration (DFA). Fieldwork included review of documentation and information generated through June 19, 2014.

The following observations were reported to members of the ALC:

- Multiple issues impacting the ALC's reporting of the required elements of revenues, expenditures, and contracts under the Act, resulting in inaccurate or incomplete reporting.
- Risk of future non-compliance due to the concentration of IT knowledge relative to reporting under the Act.

**Arkansas Lottery Commission – Internal Audit**  
**Arkansas Lottery Commission Legislative Oversight Committee Monthly Report**  
**September 10, 2014**

Specific to the first observation, due to the fact that the ALC does not use the Arkansas Administrative Statewide Information System (AASIS), and past evaluations by ALC Management have determined it would be cost prohibitive to do so, compliance with the Act is complex since the processes designed to report information on the Transparency.Arkansas.gov website (Transparency Website) are specifically tailored to AASIS. Through the course of the audit, several of the identified issues were addressed, resulting in more accurate reporting, but due to the complexities mentioned, there were still differences between the ALC's accounting records and the Transparency Website to be addressed. Internal Audit made several recommendations to ALC Management regarding specific aspects of the required reporting, including a comprehensive review of the data elements required to be reported under the Act, written confirmations of DFA reporting requirements, identification of a resource to perform validation of amounts reported on the Transparency Website for the ALC on a regular basis, development of a process to maintain certain account code tables that are needed to generate the required reporting, and root cause analysis to understand the reasons for the underlying differences noted. ALC Management responded stating concurrence with the recommendations, noting that some of the recommended actions depend on entities outside the control of the ALC, may require additional staffing within the Finance function, and that several corrections had been made to bring the ALC's reporting up-to-date for fiscal year 2014 year-to-date amounts.

Specific to the second observation, the complexities previously mentioned have necessitated that the processes designed to assure the ALC's compliance with the Act require several data extractions from multiple sources, and the processes designed to accomplish these tasks are not well known outside of a single individual within the IT function. Internal Audit recommended that ALC Management assess the duties assigned to IT, along with the resident capabilities of the current IT team, to determine if additional IT resources or changes in the structure of the IT team are necessary to appropriately mitigate this risk. ALC Management responded stating agreement with the recommendation, noting that current team structure and job classifications make this issue difficult to address. Further, ALC Management expressed its intent to cross-train to the extent possible given these constraints.

Human Resources Processes Follow-Up Audit

Follow-up procedures centered on ALC Management's implementation of controls, procedures, and / or processes to address the observations noted in the initial follow-up audit of Human Resources Processes. Fieldwork included review of reports and information generated through May 30, 2014.

The following observation was reported to members of the ALC:

- Incomplete performance appraisals per ALC Policy for ten employees as of the due date.

For all ten employees, the Evaluation Stage of the performance appraisal for the performance year ending May 31, 2014 and the Planning Stage of the performance appraisal for the performance year ending May 31, 2015 were not complete. The annual May 31 deadline for completion was established by unanimous Commission vote in the October 16, 2013 meeting. Internal Audit recommended that any remaining discussions necessary for the process, as described in ALC policy to be considered complete, be held no later than June 30, 2014.

**Arkansas Lottery Commission – Internal Audit**  
**Arkansas Lottery Commission Legislative Oversight Committee Monthly Report**  
**September 10, 2014**

ALC Management responded stating that two of the ten open evaluations at May 31, 2014 were for the Commission's two employees (Director and Internal Auditor), and that the Commission completed its evaluation of these two employees on June 25, 2014. Further, ALC Management stated that the remaining evaluations that were open at May 31, 2014 were open pending any relevant feedback resulting from the conversations held June 25, 2014 and that the performance appraisal process would be completed for these employees soon.

For all observations noted above, additional follow-up procedures are necessary for Internal Audit to consider them cleared. The Arkansas Lottery Commission Legislative Oversight Committee will be kept apprised of the results of follow-up procedures, once they are completed.

No additional items have been reported to the Arkansas Lottery Commission since the previous report submitted to the Arkansas Lottery Commission Legislative Oversight Committee on August 8, 2014.

**Arkansas Lottery Commission  
Instant & Fast Play Games  
August 2014**

Sales for the following instant games began August 5, 2014. No ending dates have been determined for these games.

**\$1 Junior Jumbo Bucks**  
**\$2 Hunting for Hundreds**  
**\$5 Fully Loaded!**  
**\$10 Black Pearls**

Sales for the following instant games began August 26, 2014. No ending dates have been determined for these games.

**\$1 3 Times Lucky**  
**\$2 Crazy Cash 8's**  
**\$3 Cash word**  
**\$5 Cashtastic**

Sales for the following Fast Play games began August 4, 2014. No ending dates have been determined for these games.

**\$1 Crazy 8's**  
**\$2 Bingo**