



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>

February 10, 2015

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

RE: Monthly Disclosure Reports

Dear Governor Hutchinson:

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 January 2015. 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. 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



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February 10, 2015

The Honorable Jimmy Hickey, Chair
The Honorable Chris Richey, 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 January 2015. The reports contain the following information:

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Bishop Woosley
Director

Enclosures

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

Arkansas Lottery Commission Term Contracts for Goods and Services January 1 through January 31, 2015

On January 8, 2015, the Arkansas Lottery Commission (ALC) and Intralot, Inc. (Intralot), entered into *Amendment No. 2 to Contract Dated August 15, 2009 Between the Arkansas Lottery Commission and Intralot, Inc.* The purpose of the amendment was to effectuate the implementation of an Extension to the Contract, pursuant to the agreement entered into between the parties (the Contract) on August 15, 2009. This amendment was reviewed by the Arkansas Lottery Commission Legislative Oversight Committee on January 8, 2015. The following information is provided:

- a. Date of Agreement: January 8, 2015.
- b. Terms of Agreement: Three one-year extensions to the Contract, commencing August 15, 2016 through August 14, 2019.
- c. Vendor or other parties to the Agreement: Intralot, Inc. and Arkansas Lottery Commission.
- d. Value (cost or cost savings projected for the agreement):
 - (1) Intralot will continue to be compensated at the rate of 2.45% of instant and online sales until July 1, 2015. Thereafter until the extension years expire on August 14, 2019, Intralot will be compensated at the rate of 2.165% of instant and on-line sales.
 - (2) Intralot will provide a one-time marketing allowance of \$100,000 during the term of the agreement and its three-year extension. Any funds not used at the expiration of the extension will be forfeited.
 - (3) Intralot will continue to provide annually through the extension years, a \$25,000 commitment for System audit fees and a \$25,000 commitment for charitable contributions supported by the ALC.

**Arkansas Lottery Commission
Debt Set-Off / Retailer Losses
January 2015**

1. Debt Set-Off:

a.	Department of Finance and Administration	\$777.00
b.	Office of Child Support Enforcement - Child Support	<u>\$ 7,373.13</u>
	Total Debt Set-Off:	\$8,150.13

2. Retailer losses for period January 1 through January 31, 2015: None.

ARKANSAS LOTTERY COMMISSION
RETAIL SALES BY COUNTY
January 1 through January 31, 2015

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$0.00	\$6,410.50	\$7,074.00	\$24,653.00	\$469,823.00	\$1,132.00	\$16,129.00	\$4,936.00	\$26,694.00	\$556,851.50
ASHLEY	\$10.00	\$10,433.00	\$9,475.50	\$9,028.00	\$106,876.00	\$226.00	\$8,160.00	\$1,760.00	\$17,214.00	\$163,182.50
BAXTER	\$75.00	\$3,361.00	\$1,644.00	\$15,184.00	\$339,992.00	\$908.00	\$19,924.00	\$9,669.00	\$39,586.00	\$430,343.00
BENTON	\$275.00	\$4,580.00	\$2,062.00	\$22,906.00	\$894,294.00	\$2,146.00	\$97,728.00	\$17,154.00	\$183,693.00	\$1,224,838.00
BOONE	\$30.00	\$2,114.50	\$2,906.00	\$18,111.00	\$417,748.00	\$676.00	\$18,071.00	\$4,376.00	\$35,238.00	\$499,270.50
BRADLEY	\$10.00	\$1,689.00	\$1,963.00	\$3,595.00	\$123,000.00	\$222.00	\$3,745.00	\$1,592.00	\$7,092.00	\$142,908.00
CALHOUN	\$0.00	\$1,887.00	\$863.00	\$1,782.00	\$36,029.00	\$42.00	\$1,631.00	\$643.00	\$2,672.00	\$45,549.00
CARROLL	\$25.00	\$2,431.50	\$2,923.00	\$7,011.00	\$229,622.00	\$526.00	\$12,818.00	\$2,856.00	\$23,008.00	\$281,220.50
CHICOT	\$80.00	\$8,314.50	\$5,310.00	\$1,912.00	\$121,260.00	\$746.00	\$25,142.00	\$5,672.00	\$48,518.00	\$216,954.50
CLARK	\$10.00	\$3,386.50	\$1,814.50	\$12,297.00	\$267,593.00	\$386.00	\$13,420.00	\$4,456.00	\$23,709.00	\$327,072.00
CLAY	\$20.00	\$447.50	\$83.00	\$675.00	\$81,735.00	\$88.00	\$2,912.00	\$707.00	\$6,183.00	\$92,850.50
CLEBURNE	\$20.00	\$992.00	\$482.50	\$7,066.00	\$276,319.00	\$808.00	\$17,961.00	\$7,496.00	\$30,186.00	\$341,330.50
CLEVELAND	\$15.00	\$423.50	\$518.00	\$3,442.00	\$49,800.00	\$98.00	\$2,093.00	\$491.00	\$3,946.00	\$60,826.50
COLUMBIA	\$25.00	\$10,904.00	\$11,658.50	\$36,023.00	\$228,600.00	\$296.00	\$8,632.00	\$2,832.00	\$16,586.00	\$315,556.50
CONWAY	\$25.00	\$5,437.50	\$2,883.00	\$10,224.00	\$521,006.00	\$704.00	\$17,258.00	\$6,119.00	\$32,943.00	\$596,599.50
CRAIGHEAD	\$155.00	\$8,887.50	\$4,194.50	\$43,334.00	\$1,049,517.00	\$1,322.00	\$49,739.00	\$10,756.00	\$93,910.00	\$1,261,815.00
CRAWFORD	\$30.00	\$2,405.00	\$704.50	\$11,155.00	\$279,795.00	\$1,030.00	\$31,752.00	\$7,749.00	\$56,954.00	\$391,574.50
CRITTENDEN	\$70.00	\$14,460.50	\$12,979.50	\$8,807.00	\$471,209.00	\$784.00	\$44,485.00	\$7,312.00	\$86,592.00	\$646,699.00
CROSS	\$0.00	\$1,400.00	\$1,412.50	\$11,702.00	\$186,000.00	\$224.00	\$7,253.00	\$2,103.00	\$13,156.00	\$223,250.50
DALLAS	\$0.00	\$1,584.50	\$562.00	\$5,218.00	\$110,700.00	\$246.00	\$5,240.00	\$1,693.00	\$7,935.00	\$133,178.50
DESHA	\$10.00	\$1,794.50	\$937.00	\$10,540.00	\$131,317.00	\$386.00	\$8,568.00	\$2,493.00	\$14,898.00	\$170,943.50
DREW	\$45.00	\$1,378.50	\$952.00	\$4,392.00	\$170,100.00	\$446.00	\$9,541.00	\$2,985.00	\$18,623.00	\$208,462.50
FAULKNER	\$120.00	\$7,447.50	\$6,417.50	\$36,406.00	\$1,056,178.00	\$2,862.00	\$62,054.00	\$19,005.00	\$111,763.00	\$1,302,253.00
FRANKLIN	\$30.00	\$550.50	\$124.50	\$10,387.00	\$136,880.00	\$270.00	\$10,358.00	\$2,268.00	\$18,681.00	\$179,549.00
FULTON	\$5.00	\$260.50	\$157.50	\$2,431.00	\$51,900.00	\$106.00	\$2,641.00	\$833.00	\$5,379.00	\$63,713.00
GARLAND	\$175.00	\$8,359.50	\$6,709.50	\$55,669.00	\$798,758.00	\$3,244.00	\$72,261.00	\$27,941.00	\$123,195.00	\$1,096,312.00
GRANT	\$30.00	\$295.50	\$144.00	\$7,386.00	\$147,369.00	\$270.00	\$8,144.00	\$2,671.00	\$14,789.00	\$181,098.50
GREENE	\$50.00	\$880.00	\$562.50	\$12,183.00	\$490,085.00	\$462.00	\$21,551.00	\$4,456.00	\$39,292.00	\$569,521.50
HEMPSTEAD	\$20.00	\$25,487.00	\$8,894.00	\$5,715.00	\$309,300.00	\$348.00	\$11,662.00	\$2,281.00	\$17,831.00	\$381,538.00
HOT SPRING	\$45.00	\$1,340.50	\$588.00	\$8,697.00	\$295,755.00	\$810.00	\$17,148.00	\$6,289.00	\$28,139.00	\$358,811.50

ARKANSAS LOTTERY COMMISSION
RETAIL SALES BY COUNTY
January 1 through January 31, 2015

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$5.00	\$19,788.00	\$7,928.00	\$6,906.00	\$179,700.00	\$364.00	\$7,513.00	\$2,183.00	\$11,824.00	\$236,211.00
INDEPENDENCE	\$5.00	\$3,597.50	\$689.00	\$41,599.00	\$560,333.00	\$930.00	\$20,505.00	\$6,801.00	\$36,688.00	\$671,147.50
IZARD	\$10.00	\$171.00	\$87.50	\$3,477.00	\$68,792.00	\$252.00	\$4,219.00	\$1,424.00	\$7,627.00	\$86,059.50
JACKSON	\$15.00	\$9,152.00	\$4,870.50	\$8,296.00	\$265,500.00	\$488.00	\$11,687.00	\$4,145.00	\$19,203.00	\$323,356.50
JEFFERSON	\$130.00	\$37,848.00	\$26,010.50	\$64,824.00	\$1,344,142.00	\$2,578.00	\$51,694.00	\$20,859.00	\$85,157.00	\$1,633,242.50
JOHNSON	\$10.00	\$458.50	\$481.00	\$9,972.00	\$242,342.00	\$254.00	\$12,532.00	\$2,851.00	\$21,574.00	\$290,474.50
LAFAYETTE	\$0.00	\$3,301.50	\$1,397.50	\$3,595.00	\$61,800.00	\$106.00	\$2,254.00	\$782.00	\$4,432.00	\$77,668.00
LAWRENCE	\$25.00	\$1,063.50	\$255.00	\$6,475.00	\$201,307.00	\$256.00	\$6,103.00	\$1,343.00	\$10,926.00	\$227,753.50
LEE	\$5.00	\$1,727.00	\$1,843.00	\$5,243.00	\$62,700.00	\$74.00	\$2,944.00	\$537.00	\$4,678.00	\$79,751.00
LINCOLN	\$0.00	\$683.50	\$213.00	\$6,727.00	\$84,148.00	\$240.00	\$4,113.00	\$2,355.00	\$7,033.00	\$105,512.50
LITTLE RIVER	\$30.00	\$3,905.00	\$2,510.00	\$1,282.00	\$89,026.00	\$196.00	\$4,841.00	\$1,193.00	\$7,005.00	\$109,988.00
LOGAN	\$35.00	\$628.00	\$249.00	\$4,152.00	\$161,005.00	\$434.00	\$10,230.00	\$2,713.00	\$19,190.00	\$198,636.00
LONOKE	\$45.00	\$7,010.00	\$3,828.50	\$33,205.00	\$871,035.00	\$2,744.00	\$50,464.00	\$14,025.00	\$84,878.00	\$1,067,234.50
MADISON	\$0.00	\$462.00	\$177.00	\$1,377.00	\$60,499.00	\$218.00	\$5,138.00	\$1,266.00	\$9,381.00	\$78,518.00
MARION	\$20.00	\$1,387.50	\$673.50	\$6,102.00	\$139,186.00	\$314.00	\$7,390.00	\$2,876.00	\$14,108.00	\$172,057.00
MILLER	\$35.00	\$23,217.50	\$9,192.50	\$7,771.00	\$397,936.00	\$544.00	\$18,443.00	\$3,077.00	\$30,192.00	\$490,408.00
MISSISSIPPI	\$40.00	\$51,591.00	\$35,411.50	\$7,506.00	\$471,129.00	\$340.00	\$21,140.00	\$3,754.00	\$37,416.00	\$628,327.50
MONROE	\$0.00	\$2,322.50	\$1,189.50	\$4,032.00	\$134,572.00	\$408.00	\$7,025.00	\$1,769.00	\$13,200.00	\$164,518.00
MONTGOMERY	\$0.00	\$32.00	\$0.00	\$2,562.00	\$20,064.00	\$178.00	\$2,268.00	\$567.00	\$4,121.00	\$29,792.00
NEVADA	\$20.00	\$3,351.50	\$860.50	\$5,092.00	\$165,660.00	\$308.00	\$5,447.00	\$1,150.00	\$8,475.00	\$190,364.00
NEWTON	\$15.00	\$40.50	\$70.00	\$1,952.00	\$52,776.00	\$76.00	\$2,041.00	\$874.00	\$3,386.00	\$61,230.50
OUACHITA	\$30.00	\$10,144.00	\$7,040.50	\$24,682.00	\$507,934.00	\$958.00	\$13,039.00	\$5,067.00	\$24,636.00	\$593,530.50
PERRY	\$0.00	\$365.00	\$250.00	\$2,317.00	\$77,100.00	\$294.00	\$5,431.00	\$1,236.00	\$8,443.00	\$95,436.00
PHILLIPS	\$40.00	\$6,609.00	\$4,376.00	\$4,043.00	\$184,988.00	\$348.00	\$17,836.00	\$2,280.00	\$32,595.00	\$253,115.00
PIKE	\$15.00	\$823.50	\$193.00	\$8,946.00	\$75,925.00	\$376.00	\$4,966.00	\$1,856.00	\$8,615.00	\$101,715.50
POINSETT	\$70.00	\$4,454.00	\$1,708.00	\$40,666.00	\$356,424.00	\$436.00	\$13,952.00	\$4,022.00	\$25,731.00	\$447,463.00
POLK	\$5.00	\$499.00	\$101.00	\$4,276.00	\$125,098.00	\$388.00	\$9,447.00	\$2,026.00	\$16,553.00	\$158,393.00
POPE	\$90.00	\$5,572.00	\$2,496.50	\$13,230.00	\$740,815.00	\$1,404.00	\$39,883.00	\$9,372.00	\$70,702.00	\$883,564.50
PRAIRIE	\$10.00	\$1,960.50	\$504.50	\$7,025.00	\$160,372.00	\$360.00	\$5,657.00	\$1,020.00	\$11,307.00	\$188,216.00
PULASKI	\$555.00	\$97,632.00	\$70,628.50	\$238,969.00	\$5,351,876.00	\$15,136.00	\$325,083.00	\$111,581.00	\$527,823.00	\$6,739,283.50
RANDOLPH	\$30.00	\$121.00	\$155.50	\$7,199.00	\$149,216.00	\$152.00	\$5,682.00	\$2,050.00	\$10,775.00	\$175,380.50

ARKANSAS LOTTERY COMMISSION
RETAIL SALES BY COUNTY
January 1 through January 31, 2015

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SAINT FRANCIS	\$20.00	\$7,319.00	\$6,255.00	\$3,380.00	\$221,916.00	\$328.00	\$12,497.00	\$3,052.00	\$24,734.00	\$279,501.00
SALINE	\$90.00	\$7,902.00	\$4,508.50	\$65,034.00	\$983,378.00	\$3,030.00	\$63,422.00	\$21,287.00	\$112,501.00	\$1,261,152.50
SCOTT	\$15.00	\$165.00	\$88.00	\$4,860.00	\$103,416.00	\$224.00	\$4,888.00	\$1,199.00	\$8,580.00	\$123,435.00
SEARCY	\$0.00	\$357.50	\$676.00	\$1,786.00	\$84,390.00	\$136.00	\$3,583.00	\$1,036.00	\$5,982.00	\$97,946.50
SEBASTIAN	\$160.00	\$16,834.50	\$6,526.00	\$18,122.00	\$643,211.00	\$2,524.00	\$78,067.00	\$17,428.00	\$139,969.00	\$922,841.50
SEVIER	\$15.00	\$3,747.00	\$653.00	\$3,172.00	\$124,958.00	\$306.00	\$7,756.00	\$1,299.00	\$12,504.00	\$154,410.00
SHARP	\$35.00	\$613.00	\$136.00	\$16,628.00	\$184,420.00	\$274.00	\$8,830.00	\$3,752.00	\$17,392.00	\$232,080.00
STONE	\$0.00	\$698.50	\$329.00	\$5,585.00	\$72,147.00	\$334.00	\$5,073.00	\$1,982.00	\$9,235.00	\$95,383.50
UNION	\$80.00	\$47,758.50	\$22,725.00	\$14,644.00	\$752,700.00	\$762.00	\$27,441.00	\$6,627.00	\$49,662.00	\$922,399.50
VAN BUREN	\$5.00	\$1,304.50	\$307.00	\$6,543.00	\$145,567.00	\$378.00	\$9,174.00	\$2,873.00	\$14,430.00	\$180,581.50
WASHINGTON	\$265.00	\$16,247.00	\$5,367.50	\$44,417.00	\$1,284,322.00	\$3,796.00	\$113,697.00	\$24,569.00	\$195,641.00	\$1,688,321.50
WHITE	\$80.00	\$4,364.00	\$2,504.50	\$50,589.00	\$976,768.00	\$2,324.00	\$41,195.00	\$13,912.00	\$70,815.00	\$1,162,551.50
WOODRUFF	\$5.00	\$3,843.00	\$520.50	\$1,151.00	\$96,262.00	\$218.00	\$4,697.00	\$1,399.00	\$7,869.00	\$115,964.50
YELL	\$20.00	\$458.00	\$58.00	\$6,210.00	\$181,508.00	\$446.00	\$9,145.00	\$3,247.00	\$16,512.00	\$217,604.00

GRAND TOTALS	*Arkansas 50/50	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Totals
	\$3,485.00	\$550,873.00	\$333,044.00	\$1,233,552.00	\$29,066,923.00	\$68,048.00	\$1,716,453.00	\$492,310.00	\$3,011,905.00	\$36,476,593.00

*Estimates

**Arkansas Lottery Commission
Statement of Net Position
January 31, 2015**

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 3,266,833.86
Restricted Assets:	
Cash and cash equivalents	28,144,929.88
Accounts receivable	10,977,953.50
Prepaid items	<u>84,539.49</u>
Total current assets	<u>42,474,256.73</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,109,413.96
Deposits with Multi-State Lottery Association	1,711,431.19
Capital assets:	
Equipment	648,832.23
Leasehold Improvements	498,416.68
Less accumulated depreciation	<u>(954,395.10)</u>
Total non-current assets	<u>22,013,698.96</u>
Total assets	<u>\$ 64,487,955.69</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 1,129,782.93
Prizes payable	20,933,552.89
Accrued and other liabilities	1,568,263.24
Due to other funds of the State	427,913.33
Payable to Arkansas Department of Higher Education	24,336,918.68
Compensated absences	288,945.71
Unearned revenue	<u>244,209.84</u>
Total current liabilities	<u>48,929,586.62</u>
Long-Term liabilities:	
Net other post employment benefits	<u>1,501,507.76</u>
Total long-term liabilities	<u>1,501,507.76</u>
Total liabilities	<u>50,431,094.38</u>

NET POSITION

Net position:	
Invested in capital assets	192,853.81
Restricted for:	
Scholarship shortfall reserve trust fund	20,000,000.00
Retailer fidelity fund	109,413.96
Deposits with Multi-State Lottery Assn.	1,711,431.19
Unclaimed prizes reserve	3,808,011.20
Unrestricted	<u>(11,764,848.85)</u>
Total net position	<u>14,056,861.31</u>
Total liabilities & net position	<u>\$ 64,487,955.69</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Change in Net Position
For Seven Months Ended January 31, 2015

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 27,977,486.00	\$ 185,222,650.50
Online ticket sales	7,413,589.00	41,162,738.00
Retailer application, fidelity and service fees	41,984.67	323,378.32
Other revenue	560.00	16,574.80
	<u>35,433,619.67</u>	<u>226,725,341.62</u>
Total operating revenues	<u>35,433,619.67</u>	<u>226,725,341.62</u>
Operating expenses:		
Instant game prizes	20,588,387.56	133,211,422.96
Online game prizes	4,073,090.20	21,409,049.90
Retailer commissions	1,979,800.10	12,721,644.19
Gaming contract costs	1,882,893.68	11,574,938.24
Compensation and benefits	596,988.41	3,394,271.30
Marketing, advertising and promotions	481,014.24	2,830,597.04
General and administrative expenses	98,737.97	818,801.74
Services provided by ADHE	62,500.00	437,500.00
Services provided by Legislative Audit Agency	19,493.33	90,973.33
Legal and professional services	(400.00)	5,174.68
Depreciation	11,421.20	99,415.08
	<u>29,793,926.69</u>	<u>186,593,788.46</u>
Total operating expenses	<u>29,793,926.69</u>	<u>186,593,788.46</u>
Operating income	5,639,692.98	40,131,553.16
Non-operating revenue (expense):		
Interest income	21,075.84	144,064.50
	<u>21,075.84</u>	<u>144,064.50</u>
Income before transfers	5,660,768.82	40,275,617.66
Transfers to:		
Education Trust Account	(7,287,773.28)	(39,821,393.69)
Arkansas Department of Human Services	<u>(200,000.00)</u>	<u>(200,000.00)</u>
Change in net position	<u>\$ (1,627,004.46)</u>	254,223.97
Total net position - beginning		<u>13,802,637.34</u>
Total net position - ending		<u>\$ 14,056,861.31</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Change in Net Position
For Seven Months Ended January 31, 2015

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating Revenues										
Instant Games	\$ 27,977,486.00	78.96	\$ 25,522,223.74	77.97	\$ 2,455,262.26	\$ 185,222,650.50	81.69	\$ 181,479,986.96	79.07	\$ 3,742,663.54
OnLine Games	7,413,589.00	20.92	7,164,321.26	21.89	249,267.74	41,162,738.00	18.16	47,716,641.04	20.79	(6,553,903.04)
Retailer application, fidelity	41,984.67	0.12	46,000.00	0.14	(4,015.33)	323,378.32	0.14	326,000.00	0.14	(2,621.68)
Other Revenue	560.00	0.00	800.00	0.00	(240.00)	16,574.80	0.01	5,800.00	0.00	10,774.80
Total Operating Revenues	35,433,619.67	100.00	32,733,345.00	100.00	2,700,274.67	226,725,341.62	100.00	229,528,428.00	100.00	(2,803,086.38)
Operating Expenses										
Instant Game Prizes	20,588,387.56	58.10	18,153,860.21	55.46	2,434,527.35	133,211,422.96	58.75	129,047,037.01	56.22	4,164,385.95
On-Line Game Prizes	4,073,090.20	11.49	3,801,230.79	11.61	271,859.41	21,409,049.90	9.44	25,209,576.99	10.98	(3,800,527.09)
Retailer Commissions	1,979,800.10	5.59	1,830,451.00	5.59	149,349.10	12,721,644.19	5.61	12,835,046.00	5.59	(113,401.81)
Gaming Contract Costs	1,882,893.68	5.31	1,610,058.00	4.92	272,835.68	11,574,938.24	5.11	11,289,660.00	4.92	285,278.24
Staff Compensation & Benefits	596,988.41	1.68	534,962.00	1.63	62,026.41	3,394,271.30	1.50	3,684,734.00	1.61	(290,462.70)
Marketing, Advertising & Promo	481,014.24	1.36	416,666.00	1.27	64,348.24	2,830,597.04	1.25	2,916,666.00	1.27	(86,068.96)
General and administrative ex	98,737.97	0.28	139,166.00	0.43	(40,428.03)	818,801.74	0.36	824,166.00	0.36	(5,364.26)
Services Provided by Other Age	81,993.33	0.23	66,666.00	0.20	15,327.33	528,473.33	0.23	466,666.00	0.20	61,807.33
Legal and Professional Service	(400.00)	(0.00)	900.00	0.00	(1,300.00)	5,174.68	0.00	5,900.00	0.00	(725.32)
Capital asset depreciation	11,421.20	0.03	17,600.00	0.05	(6,178.80)	99,415.08	0.04	122,000.00	0.05	(22,584.92)
Total Operating Expenses	29,793,926.69	84.08	26,571,560.00	81.18	3,222,366.69	186,593,788.46	82.30	186,401,452.00	81.21	192,336.46
Operating Income	5,639,692.98	15.92	6,161,785.00	18.82	(522,092.02)	40,131,553.16	17.70	43,126,976.00	18.79	(2,995,422.84)
Interest Income	21,075.84	0.06	11,666.00	0.04	9,409.84	144,064.50	0.06	81,666.00	0.04	62,398.50
Non-Operating Revenue (Expense)	-				-	-				-
Income before transfers	\$ 5,660,768.82	15.98	\$ 6,173,451.00	18.86	\$ (512,682.18)	\$ 40,275,617.66	17.76	\$ 43,208,642.00	18.82	\$ (2,933,024.34)

**Arkansas Scholarship Commission
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For Seven Months Ended January 31, 2015**

	Year to date	
Operating revenues:		
Instant ticket SETTLEMENTS	\$ 184,708,018.50	
Online ticket sales	41,162,738.00	
Retailer application, fidelity and service fees	323,378.32	
Other revenue	<u>16,574.80</u>	
 Total operating revenues	 <u>226,210,709.62</u>	
 Operating expenses:		
Instant game prizes SETTLEMENTS	130,435,630.00	
Online game prizes	21,409,049.90	
Retailer commissions	12,721,644.19	
Gaming contract costs	11,574,938.24	
Compensation and benefits	3,394,271.30	
Marketing, advertising and promotions	2,830,597.04	
General and administrative expenses	818,801.74	
Services provided by ADHE	437,500.00	
Services provided by Legislative Audit Agency	90,973.33	
Legal and professional services	5,174.68	
Current year Capital Asset cost	<u>46,155.88</u>	
Total operating expenses	<u>183,764,736.30</u>	
 Change in net proceeds from operations	 42,445,973.32	
 Nonoperating revenue (expense):		
Interest Income	144,064.50	
Other Non Operating Income	0.00	
EDUCATION TRUST FUNDING-Current Year	(32,533,620.41)	
Less Act 1180 Unclaimed Prizes	(2,808,011.20)	
Less Transfer to ADHS	(200,000.00)	
Less Current year Fidelity Fund fees	(18,280.94)	restricted fund
Less Current year MUSL Reserves (additions) / reductions	82,648.01	see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>175,000.00</u>	

NET PROCEEDS EARNED-Current Month

\$ 7,287,773.28

Totals	Transfer	Interest	Total
	\$ 23,446,259.81	\$ 890,658.87	\$ 24,336,918.68
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
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

Arkansas Lottery Commission
Unclaimed Prizes
January 31, 2015

	Monthly	Year to Date
Reserve Balance July 1, 2014		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 375,935.08	3,026,176.13
2. Expenditures from unclaimed lottery prize money:		218,164.93
3. Reserved for future prizes, promotions or reserves:	375,935.08	2,808,011.20
4. Deposits to net lottery proceeds from unclaimed Lottery prize money:		
Reserve Balance January 31, 2015		\$3,808,011.20

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

January 1 through January 31, 2015

Vendors	Goods or Services	Diversity Classification	January 2015	FY 2015 Total
A-Absolute Moving & Hauling	Trucking/Hauling	Minority-owned	\$439.95	\$669.90
Goddess Products	Office Furniture/Supplies	Minority-owned	\$3,123.81	\$24,483.50
Government Supply Services	Office Products	Minority-owned	\$69.42	\$826.59
Northeast Arkansas Cleaning Service	Janitorial Services	Female-owned		\$1,215.35
Ride N Shine Detail	Auto Servicing	Minority-owned		\$54.50
Trivia Marketing	Advertising/Public Relations	Female-owned		\$253.05
Totals			\$3,633.18	\$27,502.89

INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT

January 1 through January 31, 2015

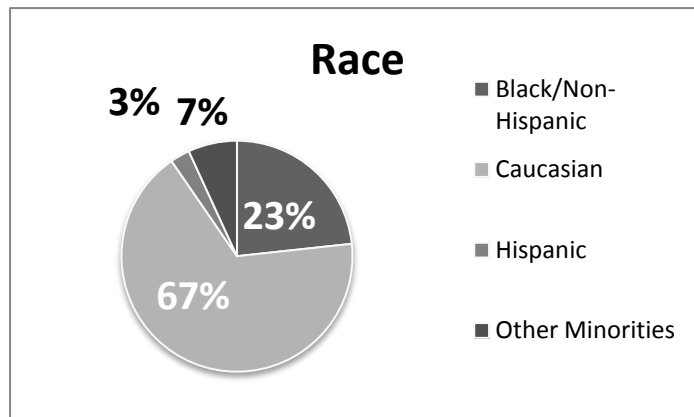
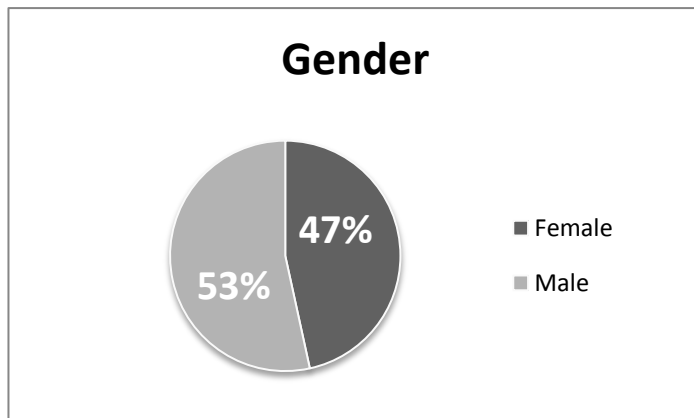
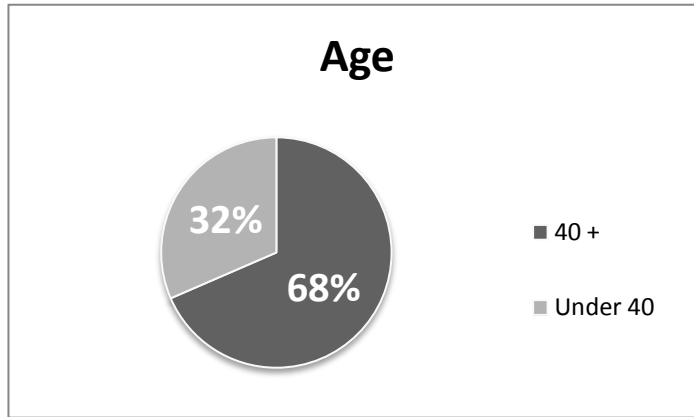
Vendors	Goods or Services	Diversity Classification	January 2015	FY 2015 Total
Goddess Products	Office Furniture/Supplies	Minority-owned		\$1,454.60
J Kelly Referrals and Information Services	Call Center/Information Services	Minority-owned	\$10,194.42	\$72,963.73
Totals			\$10,194.42	\$74,418.33

SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT

January 1 through January 31, 2015

Vendors	Goods or Services	Diversity Classification	January 2015	FY 2015 Total
Expedited Transportation Service	Transportation Services	Female-owned	\$2,158.11	\$14,454.83
Mr. Klean Carpet and Janitorial Service	Janitorial Services	Minority-owned	\$363.30	\$2,543.10
Premier Staffing	Staffing Services	Female-owned	\$2,019.78	\$20,795.09
Totals			\$4,541.19	\$37,793.02

**Arkansas Lottery Commission
Demographics – January 2015**



Total Number of Employees as of January 31, 2015: 73

Gender:

Females – 34
Males – 39

Age:

Under 40 – 23
40 + – 50

Race:

Black/Non-Hispanic – 17
Female – 10
Male - 7

Caucasian – 49
Female - 20
Male - 29

Hispanic – 2
Female - 2
Male - 0

Other – 5
Female - 2
Male - 3

Arkansas Lottery Commission – Internal Audit
Arkansas Lottery Commission Legislative Oversight Committee Monthly Report
February 10, 2015

On January 21, 2015, the Arkansas Lottery Commission Internal Auditor (Internal Audit) presented results of the Building & Facility Maintenance and Record Retention Audits to members of the Arkansas Lottery Commission (ALC).

Building & Facility Maintenance Audit

The audit centered on controls, processes, and procedures designed to assure that ALC building and facilities are adequately maintained. Due to the Arkansas Lottery Commission's decision on August 20, 2014 to close the ALC's Claim Centers in Springdale, Jonesboro, and Camden, evaluation of the locations were not included within the scope of this audit. Fieldwork included review of documentation and information generated through November 6, 2014.

The following observation was reported to members of the ALC:

- No formal process of tracking status of maintenance requests made to lessor, and use of certain small indoor equipment in a manner inconsistent with ALC policy.

The policy noted was developed in December 2013 as a result of an inspection performed by the Arkansas Insurance Department (AID). Without formal tracking of maintenance requests and without specific identification of ALC employee(s) with overall responsibility for facility maintenance matters, facilities could be poorly maintained. Internal Audit recommended that ALC Management concentrate facility maintenance oversight to a specific ALC employee, adopt a formal tracking process used to monitor lessor response to maintenance issues referred for action under the ALC's building lease, and perform an inspection to determine such equipment is used in accordance with ALC policy. ALC Management responded stating concurrence with all recommendations, noting that several attempts have been made to address facility maintenance responsibilities, which have been made more difficult by complying with State employment laws and policies.

Record Retention Audit

The audit centered on controls, processes, and procedures designed to assure that the ALC has developed a record retention policy and document retention schedule, and that such policies and schedules are consistent with any legal requirements set forth in the Arkansas Freedom of Information Act (FOIA). Fieldwork included review of documentation and information generated through November 20, 2014.

The following observations were reported to members of the ALC:

- No update of the ALC's Records Retention Policy and related Records Retention Schedule since start-up of ALC operations.
- No log or other form of tracking FOIA requests and related disposition.

Specific to the first observation, without regular review and maintenance of a records retention policy and accompanying schedules, the ALC cannot ensure that its policy remains relevant, is specific, and reflective of current business practices. ALC Management indicates that a review and update (as necessary) of the policy and retention schedule documentation was underway prior to the start of the audit, and is expected to be complete by June 30, 2015.

Arkansas Lottery Commission – Internal Audit
Arkansas Lottery Commission Legislative Oversight Committee Monthly Report
February 10, 2015

Internal Audit recommended that Management continue its review and tailor its policies and procedures to specifically address the records the ALC is known to produce, reflecting any necessary changes in the policy documentation no later than June 30, 2015. Management responded stating concurrence with the recommendation.

Specific to the second observation, without a log and related organizational system to file supporting documentation related to valid FOIA requests, it is difficult to demonstrate the ALC's full compliance with the FOIA. Internal Audit recommended that ALC Management develop a process to track FOIA requests received, including date received, requesting party, disposition, date of response, and reference to documentation or records that were provided in response to any such request. ALC Management responded stating concurrence with the recommendation.

For the 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.

Division of Legislative Audit Findings Update

Per Arkansas Code Annotated § 23-115-212 (c) (1) (B), the Arkansas Lottery Commission Internal Auditor is required to update the Arkansas Lottery Commission Legislative Oversight Committee regarding resolution of the Division of Legislative Audit's findings included in the annual financial report for the Commission. On December 29, 2014, the Division of Legislative Audit (DLA) released its report for the fiscal year ended June 30, 2014 under early release procedures. The report has not yet been formally presented to the Legislative Joint Auditing Committee.

DLA's Report on Internal Control over Financial Reporting and on Compliance and Other Matters includes the following findings:

DLA Finding 2014-1:	<p>During review of payroll and other related items, we noted seven employees working schedules that fall outside the Agency's normal business hours. Six employees had either an offer letter or some other form in their personnel file documenting their scheduled working hours; however, there was no documented working schedule for the Agency Director. We also noted that the Agency does not have a Commission approved policy for alternate work schedules, and none of the alternate working schedules appear to have been approved by the Governor. Governor's Policy Directive #5 states, "All State offices shall be open for business between 8:00 a.m. and 4:30 p.m. However, department directors shall have flexibility to establish other working hours for their department personnel so long as all employees work an eight-hour day. Deviations from the five day, 40-hour work week shall be approved by the Governor."</p> <p>We recommend the Agency seek an Attorney General's opinion as to whether the Agency is exempt from Governor's Policy Directive #5. We further recommend the Agency adopt a written policy regarding alternate working schedules and obtain approval from the Commission and/or the Governor.</p>
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Arkansas Lottery Commission – Internal Audit
Arkansas Lottery Commission Legislative Oversight Committee Monthly Report
February 10, 2015

ALC Management Response:	The ALC will review the finding and determine whether to change policy to conform with the finding or to seek an Attorney General's opinion.
ALC Internal Audit Update:	<p>On January 21, 2015, members of the Arkansas Lottery Commission voted to adopt a formal, written "Hours of Work Policy" and "Flexible Work Hours Policy" that were modeled after similar policies in place at other State of Arkansas agencies, and are designed to conform with the spirit of Governor's Policy Directive #5, that was cited in the DLA's finding. The policies establish normal working hours for the ALC to be 8:00 a.m. to 4:30 p.m. and identify specific steps to be taken when variations to this policy are necessary, based on functional needs within the ALC in order to accomplish its mission. Additionally, the policies outline the protocol for reporting time out of the office (both work and non-work related purposes) for the Commission's two direct reports, the ALC Director and Internal Auditor.</p> <p>Internal Audit considers adoption of the policies noted to effectively address DLA's finding and related recommendation, and will discuss the policies with DLA to seek their agreement before deeming the finding to be resolved.</p>
DLA Finding 2014-2:	<p>Travel regulation R1-19-4-903 states that when privately-owned motor vehicles are used for official business travel, the traveler may claim reimbursement at the rate per mile established by the Chief Fiscal Officer (CFO) of the State in effect during the time the travel occurred. On January 15, 2014, the Commission authorized an increase in the mileage reimbursement rate for Agency employees from \$0.42 per mile to \$0.56 per mile. During review of travel reimbursements, we selected five marketing sales representatives for testing. For those five employees, the increased rate in mileage reimbursement for the period of January 15 - June 27, 2014, resulted in a total additional cost to the Agency of \$6,535.</p> <p>We recommend the Agency seek an Attorney General's opinion as to whether the Agency is exempt from the reimbursement rate per mile established by the CFO of the State. If the Attorney General opines that travel regulation R1-19-4-903 applies to the Agency, we recommend the Agency reduce the mileage reimbursement rate to \$0.42 per mile, as established by the CFO of the State. We further recommend the Agency seek reimbursement from all affected employees for all amounts reimbursed above the authorized rate.</p>
ALC Management Response:	The ALC will review the finding and determine whether to change policy to conform with the finding or to seek an Attorney General's opinion.

Arkansas Lottery Commission – Internal Audit
Arkansas Lottery Commission Legislative Oversight Committee Monthly Report
February 10, 2015

ALC Internal Audit Update:	<p>On January 21, 2015, members of the Arkansas Lottery Commission voted to empower the ALC Director to seek an opinion from the Attorney General regarding the issue raised in the DLA's finding. On January 27, 2015, ALC Management submitted the request for an opinion to the Attorney General's office, and receipt of such request was acknowledged by Attorney General Leslie Rutledge on January 29, 2015. As of the date of this report, no opinion has been issued by the Attorney General related to this matter.</p> <p>Internal Audit will continue to monitor the pending opinion request and any necessary actions that will be required after its issuance before concluding on resolution of the issue raised in DLA's finding.</p>
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No additional issues or problems resulting from internal audits have been reported to the Arkansas Lottery Commission since the previous report submitted to the Arkansas Lottery Commission Legislative Oversight Committee on January 10, 2015.

Arkansas Lottery Commission
Instant & Fast Play Games
January 2015

Sales for the following instant games began January 06, 2015. No ending dates have been determined for these games.

\$1 \$50 Frenzy

\$2 \$200 Frenzy

\$5 \$500 Frenzy

\$20 5th Anniversary Millions

Sales for the following Fast Play games began January 5, 2015. No ending dates have been determined for these games.

\$1 Jumbo Bucks

\$5 BlackJack