



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>

November 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 October 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



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November 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 October 2014. The report contains 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
October 1 through October 31, 2014**

The Arkansas Lottery Commission (as the Arkansas Scholarship Lottery) recently entered into the **Lucky for Life Licensee Lottery Participation Agreement** with fourteen (14) *Lucky for Life* Licensee Lotteries. The following information is provided:

- a. Date of Agreement: October 8, 2014.
- b. Terms of Agreement: The agreement will continue until (a) the expiration or termination of the Participation Agreement; (b) the expiration or termination of the Sublicensor's license as to the Licensed Patents under the Participation Agreement; or (c) the Sublicensor ceases to operate the Game *Lucky for Life* in its jurisdiction for any reason.
- c. Vendor or other parties to the Agreement: Collectively, the "Licensee Lotteries," and individually a "Licensee Lottery," each as follows: The Connecticut Lottery Corporation; the Massachusetts State Lottery Commission; the Maine State Liquor and Lottery Commission; the New Hampshire Lottery Commission; the Vermont Lottery Commission; the Rhode Island Division of Lotteries; the Minnesota State Lottery; the Idaho Lottery; the D.C. Lottery & Charitable Games Board; the Arkansas Scholarship Lottery; the Iowa Lottery Authority; the Michigan Lottery; the Missouri Lottery; the South Carolina Education Lottery; and the Montana Lottery.
- d. Value: Value (cost or cost savings projected for the agreement): Each Party Lottery will share in and be liable for the costs associated with operating the Game, including but not limited to the costs and/or fees related to the drawings, the fees payable to an actuary or other financial professional in connection with annuitized prizes, and the fees payable to MUSL.

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

1. Debt Set-Off:

a.	Department of Finance and Administration	\$20,719.99
b.	Office of Child Support Enforcement - Child Support	<u>\$ 13,216.65</u>
	Total Debt Set-Off:	\$33,936.64

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

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	MONOPOLY	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$5.00	\$7,546.50	\$7,758.00	\$668.00	\$20,614.00	\$421,439.00	\$15,561.00	\$825.00	\$6,306.00	\$16,573.00	\$497,295.50
ASHLEY	\$15.00	\$15,332.00	\$10,766.00	\$486.00	\$4,279.00	\$113,864.00	\$8,567.00	\$480.00	\$2,473.00	\$13,047.00	\$169,309.00
BAXTER	\$140.00	\$2,632.50	\$1,251.00	\$1,794.00	\$9,384.00	\$320,364.00	\$23,335.00	\$1,625.00	\$9,063.00	\$28,094.00	\$397,682.50
BENTON	\$120.00	\$4,047.50	\$2,758.00	\$3,800.00	\$20,731.00	\$800,887.00	\$114,185.00	\$4,235.00	\$17,639.00	\$112,563.00	\$1,080,965.50
BOONE	\$30.00	\$1,731.00	\$1,738.50	\$504.00	\$7,759.00	\$359,437.00	\$21,109.00	\$1,440.00	\$5,131.00	\$23,048.00	\$421,927.50
BRADLEY	\$5.00	\$1,763.50	\$1,323.00	\$230.00	\$3,397.00	\$127,800.00	\$4,221.00	\$360.00	\$1,728.00	\$4,537.00	\$145,364.50
CALHOUN	\$0.00	\$1,132.00	\$669.00	\$228.00	\$1,821.00	\$39,300.00	\$1,790.00	\$115.00	\$834.00	\$1,818.00	\$47,707.00
CARROLL	\$70.00	\$1,131.00	\$1,491.00	\$658.00	\$8,814.00	\$217,545.00	\$17,097.00	\$855.00	\$3,209.00	\$17,411.00	\$268,281.00
CHICOT	\$100.00	\$7,053.00	\$5,522.50	\$1,064.00	\$1,195.00	\$143,860.00	\$27,421.00	\$1,340.00	\$5,091.00	\$33,335.00	\$225,981.50
CLARK	\$10.00	\$4,214.00	\$2,610.00	\$432.00	\$10,197.00	\$250,964.00	\$14,648.00	\$650.00	\$3,699.00	\$15,594.00	\$303,018.00
CLAY	\$15.00	\$366.50	\$51.00	\$264.00	\$767.00	\$82,651.00	\$3,304.00	\$125.00	\$854.00	\$4,061.00	\$92,458.50
CLEBURNE	\$65.00	\$1,033.00	\$710.50	\$986.00	\$9,177.00	\$242,111.00	\$19,166.00	\$965.00	\$9,169.00	\$19,974.00	\$303,356.50
CLEVELAND	\$0.00	\$504.00	\$438.00	\$106.00	\$2,345.00	\$41,700.00	\$2,865.00	\$120.00	\$676.00	\$2,963.00	\$51,717.00
COLUMBIA	\$30.00	\$10,830.00	\$10,949.50	\$512.00	\$29,558.00	\$198,464.00	\$8,402.00	\$545.00	\$2,529.00	\$10,393.00	\$272,212.50
CONWAY	\$70.00	\$5,571.50	\$3,647.00	\$830.00	\$9,810.00	\$454,785.00	\$18,975.00	\$850.00	\$7,173.00	\$21,073.00	\$522,784.50
CRAIGHEAD	\$155.00	\$10,175.50	\$4,752.50	\$1,876.00	\$27,088.00	\$1,022,176.00	\$56,771.00	\$2,155.00	\$12,479.00	\$59,801.00	\$1,197,429.00
CRAWFORD	\$25.00	\$2,641.50	\$858.00	\$1,074.00	\$9,514.00	\$264,081.00	\$34,689.00	\$2,000.00	\$8,717.00	\$34,356.00	\$357,955.50
CRITTENDEN	\$55.00	\$14,654.00	\$12,182.50	\$1,876.00	\$7,127.00	\$458,362.00	\$51,392.00	\$1,695.00	\$8,870.00	\$58,276.00	\$614,489.50
CROSS	\$5.00	\$1,250.50	\$1,423.00	\$254.00	\$8,104.00	\$169,115.00	\$8,484.00	\$315.00	\$3,312.00	\$8,602.00	\$200,864.50
DALLAS	\$10.00	\$2,308.50	\$840.50	\$162.00	\$3,275.00	\$116,029.00	\$5,025.00	\$190.00	\$1,747.00	\$5,560.00	\$135,147.00
DESHA	\$15.00	\$1,825.50	\$823.50	\$310.00	\$33,727.00	\$134,120.00	\$9,206.00	\$280.00	\$3,470.00	\$11,044.00	\$194,821.00
DREW	\$20.00	\$963.50	\$983.00	\$1,162.00	\$3,516.00	\$169,500.00	\$9,413.00	\$490.00	\$2,999.00	\$12,237.00	\$201,283.50
FAULKNER	\$170.00	\$9,100.50	\$7,268.50	\$3,028.00	\$23,185.00	\$963,822.00	\$66,817.00	\$3,695.00	\$20,748.00	\$72,166.00	\$1,170,000.00
FRANKLIN	\$20.00	\$512.50	\$78.50	\$372.00	\$3,710.00	\$114,057.00	\$12,169.00	\$520.00	\$2,866.00	\$12,358.00	\$146,663.00
FULTON	\$10.00	\$386.50	\$258.00	\$150.00	\$1,347.00	\$48,314.00	\$3,691.00	\$185.00	\$870.00	\$4,373.00	\$59,584.50
GARLAND	\$255.00	\$5,813.00	\$6,334.00	\$4,250.00	\$37,290.00	\$742,730.00	\$80,628.00	\$3,915.00	\$36,585.00	\$85,277.00	\$1,003,077.00
GRANT	\$5.00	\$348.00	\$184.50	\$364.00	\$3,704.00	\$129,793.00	\$8,023.00	\$490.00	\$3,192.00	\$9,061.00	\$155,164.50
GREENE	\$75.00	\$1,588.00	\$939.00	\$748.00	\$7,290.00	\$472,505.00	\$23,675.00	\$915.00	\$5,838.00	\$24,827.00	\$538,400.00
HEMPSTEAD	\$45.00	\$24,372.00	\$8,413.50	\$328.00	\$5,810.00	\$265,057.00	\$12,469.00	\$450.00	\$2,742.00	\$11,243.00	\$330,929.50
HOT SPRING	\$45.00	\$1,282.50	\$493.50	\$926.00	\$6,081.00	\$255,525.00	\$16,504.00	\$860.00	\$7,015.00	\$17,957.00	\$306,689.00

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	MONOPOLY	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$15.00	\$18,135.00	\$7,569.00	\$280.00	\$2,706.00	\$130,422.00	\$7,555.00	\$555.00	\$2,725.00	\$7,329.00	\$177,291.00
INDEPENDENCE	\$50.00	\$5,350.50	\$735.50	\$848.00	\$27,141.00	\$498,355.00	\$21,710.00	\$1,325.00	\$8,291.00	\$25,039.00	\$588,845.00
IZARD	\$5.00	\$235.50	\$166.50	\$324.00	\$9,304.00	\$66,201.00	\$5,237.00	\$225.00	\$2,008.00	\$5,722.00	\$89,428.00
JACKSON	\$15.00	\$7,547.00	\$4,572.00	\$852.00	\$7,026.00	\$240,600.00	\$12,039.00	\$645.00	\$5,758.00	\$12,535.00	\$291,589.00
JEFFERSON	\$75.00	\$33,906.50	\$23,472.00	\$3,720.00	\$35,975.00	\$1,227,786.00	\$51,954.00	\$3,395.00	\$25,029.00	\$58,131.00	\$1,463,443.50
JOHNSON	\$10.00	\$513.50	\$444.00	\$528.00	\$7,504.00	\$221,710.00	\$12,950.00	\$745.00	\$3,674.00	\$14,281.00	\$262,359.50
LAFAYETTE	\$0.00	\$3,621.00	\$1,526.50	\$170.00	\$3,292.00	\$51,600.00	\$2,223.00	\$75.00	\$915.00	\$2,923.00	\$66,345.50
LAWRENCE	\$20.00	\$1,021.50	\$325.50	\$306.00	\$2,174.00	\$179,251.00	\$5,949.00	\$365.00	\$1,517.00	\$6,687.00	\$197,616.00
LEE	\$0.00	\$2,405.50	\$1,753.00	\$138.00	\$3,636.00	\$69,393.00	\$2,935.00	\$130.00	\$485.00	\$2,929.00	\$83,804.50
LINCOLN	\$0.00	\$790.00	\$283.50	\$206.00	\$1,098.00	\$78,729.00	\$3,827.00	\$190.00	\$2,535.00	\$4,596.00	\$92,254.50
LITTLE RIVER	\$35.00	\$3,337.00	\$2,366.50	\$324.00	\$2,940.00	\$79,939.00	\$6,022.00	\$85.00	\$1,119.00	\$4,874.00	\$101,041.50
LOGAN	\$55.00	\$460.00	\$102.50	\$516.00	\$12,632.00	\$156,900.00	\$10,396.00	\$600.00	\$3,339.00	\$12,922.00	\$197,922.50
LONOKE	\$90.00	\$6,943.50	\$5,087.50	\$3,222.00	\$22,603.00	\$831,206.00	\$55,259.00	\$2,475.00	\$18,036.00	\$56,611.00	\$1,001,533.00
MADISON	\$5.00	\$164.00	\$146.50	\$162.00	\$1,536.00	\$72,022.00	\$5,862.00	\$180.00	\$1,149.00	\$6,625.00	\$87,851.50
MARION	\$20.00	\$2,228.50	\$293.50	\$672.00	\$5,402.00	\$141,271.00	\$7,818.00	\$840.00	\$3,843.00	\$10,060.00	\$172,448.00
MILLER	\$20.00	\$21,429.50	\$8,967.50	\$784.00	\$6,901.00	\$363,889.00	\$21,335.00	\$1,020.00	\$3,593.00	\$18,308.00	\$446,247.00
MISSISSIPPI	\$65.00	\$51,060.00	\$27,307.00	\$804.00	\$6,857.00	\$508,099.00	\$23,077.00	\$1,315.00	\$5,080.00	\$22,813.00	\$646,477.00
MONROE	\$10.00	\$1,904.50	\$752.50	\$170.00	\$2,055.00	\$114,804.00	\$7,693.00	\$300.00	\$1,927.00	\$8,518.00	\$138,134.00
MONTGOMERY	\$0.00	\$2.00	\$10.50	\$92.00	\$4,092.00	\$27,085.00	\$2,498.00	\$155.00	\$740.00	\$3,005.00	\$37,679.50
NEVADA	\$20.00	\$3,024.00	\$860.00	\$446.00	\$4,165.00	\$158,766.00	\$5,829.00	\$400.00	\$1,382.00	\$6,265.00	\$181,157.00
NEWTON	\$5.00	\$64.00	\$16.00	\$164.00	\$2,043.00	\$50,078.00	\$2,063.00	\$305.00	\$1,118.00	\$2,646.00	\$58,502.00
OUACHITA	\$40.00	\$9,128.00	\$4,970.50	\$864.00	\$15,352.00	\$441,258.00	\$14,584.00	\$1,020.00	\$5,492.00	\$15,346.00	\$508,054.50
PERRY	\$5.00	\$313.00	\$180.00	\$204.00	\$3,032.00	\$84,600.00	\$6,282.00	\$200.00	\$1,337.00	\$6,794.00	\$102,947.00
PHILLIPS	\$50.00	\$6,986.00	\$4,669.50	\$520.00	\$1,677.00	\$165,663.00	\$19,720.00	\$625.00	\$2,314.00	\$22,634.00	\$224,858.50
PIKE	\$10.00	\$209.00	\$99.50	\$198.00	\$5,676.00	\$75,782.00	\$5,095.00	\$170.00	\$2,281.00	\$6,454.00	\$95,974.50
POINSETT	\$55.00	\$4,742.00	\$1,079.50	\$398.00	\$13,472.00	\$357,212.00	\$15,550.00	\$815.00	\$5,179.00	\$14,991.00	\$413,493.50
POLK	\$10.00	\$367.50	\$110.00	\$384.00	\$3,837.00	\$111,377.00	\$9,327.00	\$360.00	\$2,364.00	\$10,551.00	\$138,687.50
POPE	\$45.00	\$4,849.50	\$1,845.00	\$1,500.00	\$12,556.00	\$705,922.00	\$42,278.00	\$1,960.00	\$12,895.00	\$44,099.00	\$827,949.50
PRAIRIE	\$0.00	\$1,401.00	\$346.00	\$482.00	\$5,091.00	\$147,153.00	\$6,274.00	\$285.00	\$1,609.00	\$6,267.00	\$168,908.00
PULASKI	\$750.00	\$101,039.00	\$66,191.00	\$21,218.00	\$162,878.00	\$5,280,697.00	\$358,078.00	\$20,445.00	\$129,983.00	\$350,543.00	\$6,491,822.00
RANDOLPH	\$45.00	\$127.50	\$123.50	\$472.00	\$3,791.00	\$121,200.00	\$5,465.00	\$270.00	\$1,719.00	\$6,775.00	\$139,988.00

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	MONOPOLY	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
SAINT FRANCIS	\$45.00	\$7,128.00	\$6,572.50	\$342.00	\$2,211.00	\$223,206.00	\$14,537.00	\$540.00	\$3,379.00	\$15,534.00	\$273,494.50
SALINE	\$195.00	\$7,592.50	\$3,548.00	\$3,320.00	\$42,331.00	\$894,979.00	\$69,375.00	\$3,360.00	\$24,147.00	\$73,276.00	\$1,122,123.50
SCOTT	\$5.00	\$98.00	\$53.00	\$160.00	\$2,805.00	\$80,700.00	\$5,591.00	\$245.00	\$1,310.00	\$5,291.00	\$96,258.00
SEARCY	\$0.00	\$263.00	\$350.00	\$166.00	\$2,952.00	\$83,543.00	\$3,550.00	\$95.00	\$1,171.00	\$4,320.00	\$96,410.00
SEBASTIAN	\$340.00	\$17,283.00	\$6,946.50	\$2,814.00	\$12,659.00	\$649,460.00	\$89,785.00	\$4,040.00	\$21,073.00	\$89,307.00	\$893,707.50
SEVIER	\$0.00	\$2,753.50	\$579.50	\$354.00	\$1,466.00	\$102,560.00	\$7,610.00	\$230.00	\$1,579.00	\$7,573.00	\$124,705.00
SHARP	\$50.00	\$699.50	\$218.50	\$514.00	\$14,978.00	\$186,232.00	\$8,875.00	\$860.00	\$3,930.00	\$11,423.00	\$227,780.00
STONE	\$20.00	\$1,188.50	\$320.50	\$330.00	\$6,178.00	\$74,949.00	\$5,743.00	\$450.00	\$2,118.00	\$6,518.00	\$97,815.00
UNION	\$55.00	\$50,950.50	\$21,857.50	\$1,020.00	\$12,290.00	\$834,196.00	\$29,730.00	\$1,350.00	\$6,943.00	\$33,203.00	\$991,595.00
VAN BUREN	\$10.00	\$1,614.00	\$392.50	\$412.00	\$6,612.00	\$139,014.00	\$8,796.00	\$530.00	\$3,120.00	\$10,127.00	\$170,627.50
WASHINGTON	\$305.00	\$13,954.00	\$6,647.00	\$5,156.00	\$36,286.00	\$1,141,770.00	\$137,583.00	\$4,060.00	\$27,651.00	\$125,761.00	\$1,499,173.00
WHITE	\$50.00	\$5,060.00	\$3,494.00	\$1,880.00	\$28,941.00	\$985,738.00	\$42,572.00	\$2,620.00	\$15,054.00	\$47,469.00	\$1,132,878.00
WOODRUFF	\$0.00	\$2,975.50	\$520.50	\$166.00	\$1,142.00	\$87,761.00	\$4,004.00	\$235.00	\$1,659.00	\$4,799.00	\$103,262.00
YELL	\$15.00	\$435.00	\$68.00	\$278.00	\$4,239.00	\$151,114.00	\$10,247.00	\$560.00	\$3,964.00	\$11,004.00	\$181,924.00

GRAND TOTALS	*Arkansas 50/50	*Cash 3	*Cash 4	*Decades of Dollars	*Fast Play	*Instant	*Mega Millions	*Monopoly	*Natural State Jackpot	*Powerball	*Totals
	\$4,200.00	\$547,410.50	\$315,455.50	\$87,322.00	\$894,150.00	\$27,534,549.00	\$1,894,484.00	\$93,3335.00	\$573,558.00	\$1,974,500.00	\$33,918,964.00

*Estimates

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

There were 1,882 active retailers as of October 31, 2014.

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

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 2,103,472.38
Restricted Assets:	
Cash and cash equivalents	8,901,324.78
Accounts receivable	10,601,949.72
Prepaid items	<u>61,652.80</u>
Total current assets	21,668,399.68
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,104,307.43
Deposits with Multi-State Lottery Association	1,708,593.66
Capital assets:	
Equipment	648,832.23
Leasehold Improvements	498,416.68
Less accumulated depreciation	<u>(916,894.49)</u>
Total non-current assets	<u>22,043,255.51</u>
Total assets	<u>\$ 43,711,655.19</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 56,829.55
Prizes payable	18,299,031.77
Accrued and other liabilities	1,309,488.13
Due to other funds of the State	329,260.00
Payable to Arkansas Department of Higher Education	5,997,791.47
Compensated absences	309,081.29
Unearned revenue	<u>352,303.80</u>
Total current liabilities	<u>26,653,786.01</u>
Long-Term liabilities:	
Net other post employment benefits	<u>1,326,507.76</u>
Total long-term liabilities	<u>1,326,507.76</u>
Total liabilities	<u>27,980,293.77</u>

NET POSITION

Net position:	
Invested in capital assets	230,354.42
Restricted for:	
Scholarship shortfall reserve trust fund	20,000,000.00
Retailer fidelity fund	104,307.43
Deposits with Multi-State Lottery Assn.	1,708,593.66
Unclaimed prizes reserve	2,903,533.31
Unrestricted	<u>(9,215,427.40)</u>
Total net position	<u>15,731,361.42</u>
Total liabilities & net position	<u>\$ 43,711,655.19</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For Four Months Ended October 31, 2014

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 26,579,882.00	\$ 103,175,968.50
Online ticket sales	6,336,002.50	22,789,642.00
Retailer application, fidelity and service fees	43,137.79	186,637.84
Other revenue	<u>717.00</u>	<u>14,463.79</u>
 Total operating revenues	 <u>32,959,739.29</u>	 <u>126,166,712.13</u>
 Operating expenses:		
Instant game prizes	19,007,065.92	73,794,380.51
Online game prizes	2,634,568.68	11,296,392.78
Retailer commissions	1,845,604.77	7,087,375.36
Gaming contract costs	1,692,417.00	6,479,711.56
Compensation and benefits	499,103.73	1,888,267.35
Marketing, advertising and promotions	427,819.34	1,218,457.77
General and administrative expenses	146,399.21	519,218.94
Services provided by ADHE	62,500.00	250,000.00
Services provided by Legislative Audit Agency	11,500.00	48,480.00
Legal and professional services	276.96	534.08
Depreciation	<u>13,609.73</u>	<u>61,914.47</u>
 Total operating expenses	 <u>26,340,865.34</u>	 <u>102,644,732.82</u>
 Operating income	 6,618,873.95	 23,521,979.31
 Non-operating revenue (expense):		
Interest income	<u>14,158.48</u>	<u>89,011.25</u>
 Income before transfers	 6,633,032.43	 23,610,990.56
 Transfers to:		
Education Trust Account	(5,939,625.59)	(21,482,266.48)
Arkansas Department of Human Services	<u>(200,000.00)</u>	<u>(200,000.00)</u>
 Change in net position	 <u>\$ 693,406.84</u>	 1,928,724.08
 Total net position - beginning		 <u>13,802,637.34</u>
Total net position - ending		<u>\$ 15,731,361.42</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For Four Months Ended October 31, 2014

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating Revenues										
Instant Games	\$ 26,579,882.00	80.64	\$ 27,300,055.37	79.65	\$ (720,173.37)	\$ 103,175,968.50	81.78	\$ 104,963,774.48	79.63	\$ (1,787,805.98)
OnLine Games	6,336,002.50	19.22	6,930,019.63	20.22	(594,017.13)	22,789,642.00	18.06	26,660,712.52	20.23	(3,871,070.52)
Retailer application, fidelity	43,137.79	0.13	46,000.00	0.13	(2,862.21)	186,637.84	0.15	186,000.00	0.14	637.84
Other Revenue	717.00	0.00	800.00	0.00	(83.00)	14,463.79	0.01	3,300.00	0.00	11,163.79
Total Operating Revenues	32,959,739.29	100.00	34,276,875.00	100.00	(1,317,135.71)	126,166,712.13	100.00	131,813,787.00	100.00	(5,647,074.87)
Operating Expenses										
Instant Game Prizes	19,007,065.92	57.67	19,435,027.43	56.70	(427,961.51)	73,794,380.51	58.49	74,630,794.27	56.62	(836,413.76)
On-Line Game Prizes	2,634,568.68	7.99	3,665,418.57	10.69	(1,030,849.89)	11,296,392.78	8.95	14,081,112.73	10.68	(2,784,719.95)
Retailer Commissions	1,845,604.77	5.60	1,916,889.00	5.59	(71,284.23)	7,087,375.36	5.62	7,370,991.00	5.59	(283,615.64)
Gaming Contract Costs	1,692,417.00	5.13	1,686,089.00	4.92	6,328.00	6,479,711.56	5.14	6,483,498.00	4.92	(3,786.44)
Staff Compensation & Benefits	499,103.73	1.51	553,142.00	1.61	(54,038.27)	1,888,267.35	1.50	2,103,028.00	1.60	(214,760.65)
Marketing, Advertising & Promo	427,819.34	1.30	416,666.00	1.22	11,153.34	1,218,457.77	0.97	1,666,666.00	1.26	(448,208.23)
General and administrative ex	146,399.21	0.44	114,166.00	0.33	32,233.21	519,218.94	0.41	456,666.00	0.35	62,552.94
Services Provided by Other Age	74,000.00	0.22	66,666.00	0.19	7,334.00	298,480.00	0.24	266,666.00	0.20	31,814.00
Legal and Professional Service	276.96	0.00	900.00	0.00	(623.04)	534.08	0.00	3,400.00	0.00	(2,865.92)
Capital asset depreciation	13,609.73	0.04	17,600.00	0.05	(3,990.27)	61,914.47	0.05	69,200.00	0.05	(7,285.53)
Total Operating Expenses	26,340,865.34	79.92	27,872,564.00	81.32	(1,531,698.66)	102,644,732.82	81.36	107,132,022.00	81.28	(4,487,289.18)
Operating Income	6,618,873.95	20.08	6,404,311.00	18.68	214,562.95	23,521,979.31	18.64	24,681,765.00	18.72	(1,159,785.69)
Interest Income	14,158.48	0.04	11,666.00	0.03	2,492.48	89,011.25	0.07	46,666.00	0.04	42,345.25
Non-Operating Revenue (Expense)	-				-	-				-
Income before transfers	\$ 6,633,032.43	20.12	\$ 6,415,977.00	18.72	\$ 217,055.43	\$ 23,610,990.56	18.71	\$ 24,728,431.00	18.76	\$ (1,117,440.44)

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

	Year to date
Operating revenues:	
Instant ticket SETTLEMENTS	\$ 102,701,799.50
Online ticket sales	22,789,642.00
Retailer application, fidelity and service fees	186,637.84
Other revenue	<u>14,463.79</u>
 Total operating revenues	 <u>125,692,543.13</u>
 Operating expenses:	
Instant game prizes SETTLEMENTS	73,433,472.00
Online game prizes	11,296,392.78
Retailer commissions	7,087,375.36
Gaming contract costs	6,479,711.56
Compensation and benefits	1,888,267.35
Marketing, advertising and promotions	1,218,457.77
General and administrative expenses	519,218.94
Services provided by ADHE	250,000.00
Services provided by Legislative Audit Agency	48,480.00
Legal and professional services	534.08
Current year Capital Asset cost	46,155.88
Total operating expenses	<u>102,268,065.72</u>
 Change in net proceeds from operations	 23,424,477.41
 Nonoperating revenue (expense):	
Interest Income	89,011.25
Other Non Operating Income	0.00
EDUCATION TRUST FUNDING-Current Year	(15,542,640.89)
Less Act 1180 Unclaimed Prizes	(1,903,533.31)
Less Transfer to ADHS	(200,000.00)
Less Current year Fidelity Fund fees	(13,174.41) restricted fund
Less Current year MUSL Reserves additions	85,485.54 see 23-115-103(17) and (19)(A)&(B)

NET PROCEEDS EARNED-Current Month

\$ 5,939,625.59

Totals	Transfer	Interest	Total
\$	\$	\$	\$
	5,120,394.84	877,396.63	5,997,791.47
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

Arkansas Lottery Commission
Unclaimed Prizes
October 31, 2014

	Monthly	Year to Date
Reserve Balance July 1, 2014		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 582,801.83	\$1,903,533.31
2. Expenditures from unclaimed lottery prize money:	0.00	0.00
3. Reserved for future prizes, promotions or reserves:	\$ 582,801.83	\$1,903,533.31
4. Deposits to net lottery proceeds from unclaimed Lottery prize money:	\$ 0.00	\$ 0.00
Reserve Balance October 31, 2014		\$2,903,533.31

**ARKANSAS LOTTERY COMMISSION MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
October 1 through October 31, 2014**

Vendors	Goods or Services	Diversity Classification	October 2014	FY 2015 Total
Goddess Products	Office Furniture/Supplies	Minority-owned	\$15,177.16	\$16,291.22
Government Supply Services	Office Products	Minority-owned		\$373.54
Northeast Arkansas Cleaning Service	Janitorial Services	Female-owned	\$539.55	\$1,215.35
Ride N Shine Detail	Auto Servicing	Minority-owned		\$54.50
Trivia Marketing	Advertising/Public Relations	Female-owned		\$237.79
Totals			\$15,716.71	\$18,172.40

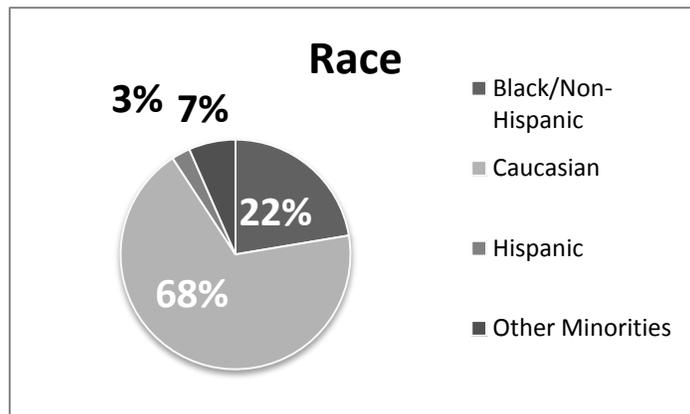
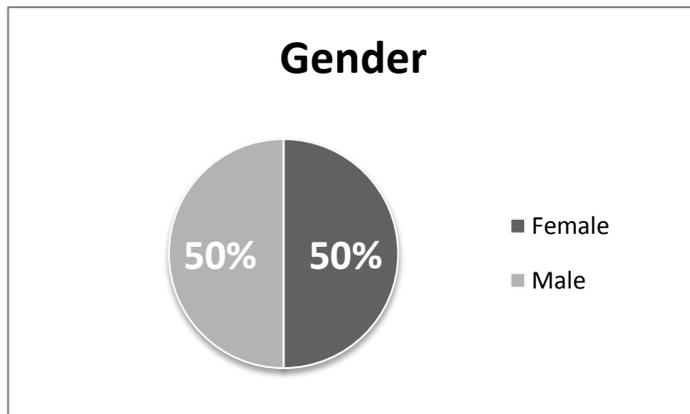
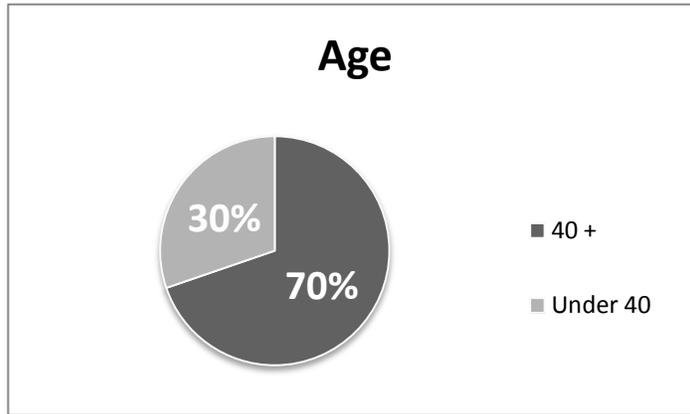
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
October 1 through October 31, 2014**

Vendors	Goods or Services	Diversity Classification	October 2014	FY 2015 Total
Goddess Products	Office Furniture/Supplies	Minority-owned		\$1,390.50
J Kelly Referrals and Information Services	Call Center/Information Services	Minority-owned	\$14,338.62	\$29,312.48
Totals			\$14,338.62	\$45,041.60

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
October 1 through October 31, 2014**

Vendors	Goods or Services	Diversity Classification	October 2014	FY 2015 Total
Expedited Transportation Service	Transportation Services	Female-owned	\$4,781.41	\$9,002.12
Mr. Klean Carpet and Janitorial Service	Janitorial Services	Minority-owned	\$363.30	\$1,453.20
Premier Staffing	Staffing Services	Female-owned	\$3,429.54	\$12,916.62
Totals			\$8,574.25	\$23,371.94

**Arkansas Lottery Commission
Demographics – October 2014**



Total Number of Employees as of October 31, 2014: 76

Gender:

Females – 38
Males – 38

Age:

Under 40 – 23
40 + – 53

Race:

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

Caucasian – 52
Female - 23
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
November 10, 2014

On October 15, 2014, the Arkansas Lottery Commission Internal Auditor (Internal Audit) presented results of the Background Checks and Federal & State Tax Withholding & Reporting Follow-Up Audits to members of the Arkansas Lottery Commission (ALC).

Background Checks Audit

The audit centered on controls, processes, and procedures associated with conducting background checks required by law for prospective ALC employees. Fieldwork included review of documentation and information generated during all years of the ALC's existence.

The following observation was reported to members of the ALC:

- Incomplete documentation regarding background checks for two current ALC employees, hired in 2009.

Arkansas Code Annotated (ACA) § 23-115-303 requires the ALC to perform background checks of prospective employees and prohibits the ALC from employing anyone who has been convicted of a felony or gambling offense at the state or federal level, been convicted of a crime involving moral turpitude, or entered into a plea agreement to avoid felony prosecution. Without complete retention of documents associated with the background check process, the ALC cannot demonstrate it has complied with ACA § 23-115-303 (f) (1) through (3). Internal Audit recommended that ALC Management complete the actions necessary to ensure that complete documentation regarding background checks for the employees noted be completed and that such documentation is retained in applicable employee files going forward. ALC Management responded stating concurrence with the recommendation, and performed actions necessary to ensure complete documentation was placed in the employee files noted prior to completion of the audit. Internal Audit validated that such documentation was retained within the applicable employee background check files that demonstrates the ALC's compliance with applicable statute.

Federal & State Tax Withholding & Reporting Audit

Follow-up procedures centered on ALC Management's implementation of controls, procedures, and / or processes to address the observations noted in the initial audit of the Federal & State Tax Withholding & Reporting process. Results of the initial audit performed were reported to the Arkansas Lottery Commission Legislative Oversight Committee in the February 10, 2014 monthly report. Fieldwork included review of documentation and information generated through August 26, 2014.

Internal Audit considers observations from the initial audit regarding submission of Form 1099 for retailers that should have received them for tax years 2012 and prior and addressing the IRS penalties from 2010 to be cleared, based on ALC Management's action since the initial audit. Internal Audit will continue follow-up work relative to the status of the IRS penalties noted since the IRS has notified it needs additional time to respond to the ALC's request for waiver of a portion of the penalty assessed and paid.

The following observation was reported to members of the ALC:

- One retailer that received a Form 1099 for 2013 that overstated the retailer's earnings of commissions from the ALC and six retailers that did not receive a Form 1099 for 2013 that should have.

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

The conditions noted resulted from inaccurate or incomplete retailer records. Based on the conditions noted, the ALC could be subject to penalties from the IRS for failure to file or failure to include all information required in an information return (in this case, Form 1099). Further, it should be noted that the procedures performed by Internal Audit were limited to the current data within ALC systems at the time of testing, and as such, Internal Audit cannot provide assurance as to whether other inaccuracies in the data may exist that would impact past or future tax reporting requirements. Internal Audit affirmed its recommended action from the initial audit - that ALC Management begins requiring prospective retailers to provide documentation of legal entity type upon application or next renewal for a license from the ALC – as a result of the follow-up procedures. Further, Internal Audit recommended that ALC Management issue Form 1099 to those retailers impacted and file such forms with the IRS for all years noted in the follow-up work.

ALC Management responded stating that a check using the Arkansas Secretary of State's website will be performed at the time of initial application and at renewal to affirm prospective or current retailers' legal entity type, in order to assure that the ALC's retailer records are accurate for tax reporting purposes. If such confirmation cannot be gathered from the Arkansas Secretary of State's website, prospective licensees will be required to furnish such information prior to issuance or reissuance of a license from the ALC. Further, ALC Management responded stating that new or revised 1099s will be issued to the retailers impacted and that it will amend applicable filings with the IRS.

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.

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 October 10, 2014.

Arkansas Lottery Commission
Instant & Fast Play Games
October 2014

There were no new Instant games that started sales in October, 2014.

Sales for the following Fast Play games began October 6, 2014. No ending dates have been determined for these games.

\$1 Beat the Dealer

\$2 Smokin Hot Dice