



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

OFFICE OF THE ARKANSAS LOTTERY

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

September 12, 2016

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

RE: Monthly Disclosure Reports

Dear Governor Hutchinson:

On behalf of the Arkansas Department of Finance and Administration and the Office of the Arkansas Lottery, please accept the attached monthly disclosure reports for the month of August 2016, pursuant to A.C.A. §§ 23-115-206 and 23-115-302. The reports contain the following information:

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

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

Respectfully submitted,

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

Bishop Woosley
Director

Enclosures

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



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**Department of Finance
and Administration**

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September 12, 2016

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

RE: Monthly Disclosure Reports

Gentlemen:

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Bishop Woosley
Director

Enclosures

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

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Term Contracts for Goods and Services
August 1 through August 31, 2016

On July 28, 2016, the Department of Finance and Administration Office of the Arkansas Lottery and Scientific Games International (SGI) entered into a Non-Exclusive Licensing Agreement. The Non-Exclusive Licensing Agreement grants to OAL the non-exclusive right in the state of Arkansas to reproduce, use, and make copies of the Property in association with the sale, marketing, advertising, and promotion of a scratch-off instant win lottery game to be conducted by the OAL and identified as AR-359 Monopoly™ (the "Game"). Notice of Execution of the Licensing Agreement was provided to the Arkansas Legislative Council Lottery Oversight Subcommittee on August 1, 2016. The following information is provided:

- a. Date of Agreement: July 28, 2016.
- b. Term of Agreement: The term of this agreement shall commence on the date the Working Papers for the Game are signed and shall expire on the last day for claiming Game prizes as established by the OAL.
- c. Vendor or other parties to the Agreement: Scientific Games International.
- d. Value (cost or cost savings projected for the agreement): The base instant game contract price is 1.30% of net sales. There is a price of \$1.89 per 1000 tickets for FailSafe Barcode Services and a price of 1.35% of the prize fund for Points for Prizes Rewards/Merchandise Prizes and Fulfillment. The preceding costs are standard for OAL instant games and there are no additional costs for the use of Monopoly™.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Debt Set-Off and Retailer Losses
August 2016**

1. Debt Set-Off:

| | | |
|----|--|----------------|
| a. | Arkansas Department of Finance and Administration | \$14,460.27 |
| b. | Arkansas Office of Child Support Enforcement - Child Support | <u>\$67.17</u> |
| | Total Debt Set-Off: | \$14,527.44 |

2. Retailer losses for period August 1 through August 31, 2016: None.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
August 1 through August 31, 2016

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANT SETTLEMENTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|------------|-------------|-------------|-------------|---------------------|----------------|---------------|-----------------------|--------------|------------------------|
| ARKANSAS | \$7,744.50 | \$6,280.00 | \$10,755.00 | \$390,851.00 | \$2,022.00 | \$8,375.00 | \$3,657.00 | \$18,091.00 | \$447,775.50 |
| ASHLEY | \$10,541.00 | \$10,907.50 | \$2,904.00 | \$95,920.00 | \$1,686.00 | \$4,779.00 | \$1,484.00 | \$11,511.00 | \$139,732.50 |
| BAXTER | \$3,313.50 | \$2,129.50 | \$13,584.00 | \$337,788.00 | \$7,454.00 | \$14,086.00 | \$9,976.00 | \$30,710.00 | \$419,041.00 |
| BENTON | \$5,139.50 | \$2,207.00 | \$31,092.00 | \$865,086.00 | \$12,810.00 | \$55,634.00 | \$20,988.00 | \$123,880.00 | \$1,116,836.50 |
| BOONE | \$2,853.50 | \$3,005.50 | \$10,984.00 | \$435,834.00 | \$2,332.00 | \$11,356.00 | \$3,966.00 | \$24,981.00 | \$495,312.00 |
| BRADLEY | \$1,810.50 | \$2,517.50 | \$2,182.00 | \$110,100.00 | \$1,398.00 | \$2,702.00 | \$1,674.00 | \$8,252.00 | \$130,636.00 |
| CALHOUN | \$2,977.00 | \$843.00 | \$1,277.00 | \$44,259.00 | \$348.00 | \$1,289.00 | \$646.00 | \$2,315.00 | \$53,954.00 |
| CARROLL | \$765.00 | \$961.00 | \$5,254.00 | \$256,431.00 | \$2,000.00 | \$7,759.00 | \$2,311.00 | \$17,367.00 | \$292,848.00 |
| CHICOT | \$10,203.50 | \$6,139.00 | \$2,893.00 | \$123,534.00 | \$3,520.00 | \$17,402.00 | \$4,765.00 | \$38,458.00 | \$206,914.50 |
| CLARK | \$2,498.00 | \$1,636.00 | \$15,822.00 | \$263,153.00 | \$1,906.00 | \$7,159.00 | \$3,608.00 | \$16,500.00 | \$312,282.00 |
| CLAY | \$79.00 | \$3.00 | \$773.00 | \$70,073.00 | \$488.00 | \$1,834.00 | \$1,092.00 | \$4,369.00 | \$78,711.00 |
| CLEBURNE | \$1,069.50 | \$1,629.00 | \$21,351.00 | \$247,287.00 | \$3,018.00 | \$10,935.00 | \$8,636.00 | \$22,171.00 | \$316,096.50 |
| CLEVELAND | \$456.00 | \$385.00 | \$683.00 | \$53,360.00 | \$148.00 | \$1,052.00 | \$771.00 | \$2,693.00 | \$59,548.00 |
| COLUMBIA | \$14,700.50 | \$7,615.50 | \$18,542.00 | \$227,337.00 | \$2,082.00 | \$6,449.00 | \$2,197.00 | \$12,975.00 | \$291,898.00 |
| CONWAY | \$5,318.00 | \$1,945.00 | \$24,548.00 | \$405,569.00 | \$2,052.00 | \$10,594.00 | \$5,673.00 | \$22,480.00 | \$478,179.00 |
| CRAIGHEAD | \$8,153.00 | \$4,575.00 | \$23,767.00 | \$1,034,444.00 | \$5,900.00 | \$27,354.00 | \$12,133.00 | \$63,307.00 | \$1,179,633.00 |
| CRAWFORD | \$1,298.50 | \$765.00 | \$10,255.00 | \$290,466.00 | \$3,010.00 | \$17,510.00 | \$8,030.00 | \$35,788.00 | \$367,122.50 |
| CRITTENDEN | \$15,605.50 | \$11,882.00 | \$6,249.00 | \$449,989.00 | \$5,992.00 | \$24,613.00 | \$8,347.00 | \$58,357.00 | \$581,034.50 |
| CROSS | \$2,970.50 | \$2,802.50 | \$12,253.00 | \$202,495.00 | \$854.00 | \$4,776.00 | \$1,907.00 | \$9,589.00 | \$237,647.00 |
| DALLAS | \$1,422.50 | \$541.00 | \$3,745.00 | \$128,407.00 | \$518.00 | \$2,788.00 | \$1,402.00 | \$5,609.00 | \$144,432.50 |
| DESHA | \$1,962.00 | \$1,527.00 | \$3,465.00 | \$126,086.00 | \$960.00 | \$6,077.00 | \$3,334.00 | \$12,388.00 | \$155,799.00 |
| DREW | \$1,778.50 | \$1,363.50 | \$4,918.00 | \$150,477.00 | \$2,390.00 | \$5,822.00 | \$2,778.00 | \$13,488.00 | \$183,015.00 |
| FAULKNER | \$8,562.00 | \$4,180.00 | \$36,929.00 | \$919,699.00 | \$8,942.00 | \$38,666.00 | \$23,579.00 | \$81,799.00 | \$1,122,356.00 |
| FRANKLIN | \$461.00 | \$222.50 | \$19,299.00 | \$150,609.00 | \$1,104.00 | \$6,379.00 | \$2,520.00 | \$12,641.00 | \$193,235.50 |
| FULTON | \$425.50 | \$201.00 | \$3,461.00 | \$74,852.00 | \$524.00 | \$1,652.00 | \$1,053.00 | \$3,978.00 | \$86,146.50 |
| GARLAND | \$6,525.50 | \$4,903.00 | \$41,686.00 | \$823,910.00 | \$12,372.00 | \$44,232.00 | \$31,009.00 | \$88,867.00 | \$1,053,504.50 |
| GRANT | \$571.50 | \$244.00 | \$3,070.00 | \$116,780.00 | \$1,834.00 | \$4,274.00 | \$2,807.00 | \$10,188.00 | \$139,768.50 |
| GREENE | \$899.00 | \$562.50 | \$17,238.00 | \$443,058.00 | \$3,450.00 | \$12,561.00 | \$6,052.00 | \$27,874.00 | \$511,694.50 |
| HEMPSTEAD | \$30,205.00 | \$10,910.50 | \$8,479.00 | \$329,616.00 | \$1,930.00 | \$6,366.00 | \$3,243.00 | \$12,311.00 | \$403,060.50 |
| HOT SPRING | \$1,247.00 | \$1,104.00 | \$5,620.00 | \$257,090.00 | \$2,708.00 | \$9,837.00 | \$5,680.00 | \$19,030.00 | \$302,316.00 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
August 1 through August 31, 2016**

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANT SETTLEMENTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|--------------|--------------|-------------|--------------|---------------------|----------------|---------------|-----------------------|--------------|------------------------|
| HOWARD | \$22,360.50 | \$9,561.00 | \$7,181.00 | \$176,308.00 | \$1,224.00 | \$4,262.00 | \$2,239.00 | \$8,524.00 | \$231,659.50 |
| INDEPENDENCE | \$4,333.50 | \$1,096.00 | \$50,970.00 | \$473,007.00 | \$2,576.00 | \$12,685.00 | \$8,164.00 | \$26,191.00 | \$579,022.50 |
| IZARD | \$169.50 | \$198.00 | \$7,199.00 | \$72,641.00 | \$716.00 | \$3,601.00 | \$2,111.00 | \$6,390.00 | \$93,025.50 |
| JACKSON | \$10,246.00 | \$4,230.00 | \$13,514.00 | \$260,176.00 | \$2,194.00 | \$6,436.00 | \$4,125.00 | \$12,853.00 | \$313,774.00 |
| JEFFERSON | \$41,933.50 | \$34,136.00 | \$39,105.00 | \$1,254,535.00 | \$8,324.00 | \$33,443.00 | \$21,867.00 | \$66,118.00 | \$1,499,461.50 |
| JOHNSON | \$752.00 | \$577.50 | \$5,403.00 | \$202,924.00 | \$1,690.00 | \$6,365.00 | \$3,864.00 | \$14,807.00 | \$236,382.50 |
| LAFAYETTE | \$4,532.50 | \$1,539.00 | \$1,669.00 | \$61,922.00 | \$606.00 | \$1,345.00 | \$578.00 | \$2,888.00 | \$75,079.50 |
| LAWRENCE | \$1,391.50 | \$290.50 | \$7,306.00 | \$199,574.00 | \$964.00 | \$3,822.00 | \$1,896.00 | \$8,386.00 | \$223,630.00 |
| LEE | \$2,545.00 | \$2,700.50 | \$523.00 | \$52,500.00 | \$380.00 | \$1,553.00 | \$295.00 | \$2,937.00 | \$63,433.50 |
| LINCOLN | \$129.50 | \$262.50 | \$5,358.00 | \$80,253.00 | \$540.00 | \$2,659.00 | \$2,397.00 | \$5,368.00 | \$96,967.00 |
| LITTLE RIVER | \$5,198.50 | \$3,291.00 | \$2,695.00 | \$90,508.00 | \$470.00 | \$3,235.00 | \$989.00 | \$5,532.00 | \$111,918.50 |
| LOGAN | \$1,198.50 | \$264.00 | \$11,982.00 | \$194,898.00 | \$1,384.00 | \$7,184.00 | \$3,142.00 | \$14,281.00 | \$234,333.50 |
| LONOKE | \$9,626.00 | \$5,104.50 | \$31,360.00 | \$801,469.00 | \$7,260.00 | \$27,526.00 | \$16,099.00 | \$59,313.00 | \$957,757.50 |
| MADISON | \$400.50 | \$79.00 | \$1,313.00 | \$63,484.00 | \$832.00 | \$3,057.00 | \$1,186.00 | \$6,948.00 | \$77,299.50 |
| MARION | \$1,728.00 | \$389.50 | \$4,946.00 | \$128,733.00 | \$2,584.00 | \$5,267.00 | \$3,626.00 | \$11,204.00 | \$158,477.50 |
| MILLER | \$19,889.00 | \$10,787.00 | \$15,172.00 | \$432,116.00 | \$2,814.00 | \$11,096.00 | \$4,599.00 | \$21,439.00 | \$517,912.00 |
| MISSISSIPPI | \$43,069.00 | \$15,089.00 | \$7,255.00 | \$428,782.00 | \$2,312.00 | \$9,863.00 | \$4,217.00 | \$24,447.00 | \$535,034.00 |
| MONROE | \$2,055.00 | \$1,196.00 | \$1,190.00 | \$125,076.00 | \$812.00 | \$4,078.00 | \$1,770.00 | \$10,097.00 | \$146,274.00 |
| MONTGOMERY | \$19.00 | \$0.00 | \$1,503.00 | \$22,776.00 | \$550.00 | \$1,928.00 | \$890.00 | \$4,057.00 | \$31,723.00 |
| NEVADA | \$1,397.00 | \$1,403.00 | \$2,303.00 | \$168,911.00 | \$982.00 | \$3,126.00 | \$1,248.00 | \$5,441.00 | \$184,811.00 |
| NEWTON | \$69.00 | \$3.00 | \$2,571.00 | \$47,104.00 | \$270.00 | \$1,643.00 | \$909.00 | \$2,333.00 | \$54,902.00 |
| OUACHITA | \$10,952.50 | \$5,430.00 | \$8,396.00 | \$451,487.00 | \$1,886.00 | \$7,838.00 | \$4,519.00 | \$17,599.00 | \$508,107.50 |
| PERRY | \$788.00 | \$601.00 | \$727.00 | \$72,300.00 | \$432.00 | \$3,996.00 | \$1,208.00 | \$7,464.00 | \$87,516.00 |
| PHILLIPS | \$10,962.00 | \$3,175.00 | \$1,439.00 | \$150,220.00 | \$1,758.00 | \$10,781.00 | \$2,648.00 | \$24,329.00 | \$205,312.00 |
| PIKE | \$558.00 | \$72.50 | \$15,312.00 | \$87,140.00 | \$650.00 | \$3,533.00 | \$1,996.00 | \$7,094.00 | \$116,355.50 |
| POINSETT | \$5,385.50 | \$1,007.00 | \$7,885.00 | \$353,887.00 | \$1,468.00 | \$7,794.00 | \$3,896.00 | \$16,269.00 | \$397,591.50 |
| POLK | \$1,298.50 | \$93.00 | \$15,730.00 | \$99,440.00 | \$1,610.00 | \$6,348.00 | \$2,702.00 | \$13,042.00 | \$140,263.50 |
| POPE | \$2,910.50 | \$1,570.00 | \$10,086.00 | \$643,701.00 | \$4,762.00 | \$21,347.00 | \$11,573.00 | \$48,379.00 | \$744,328.50 |
| PRAIRIE | \$1,698.50 | \$1,139.50 | \$7,313.00 | \$140,231.00 | \$522.00 | \$2,523.00 | \$1,564.00 | \$6,395.00 | \$161,386.00 |
| PULASKI | \$106,678.50 | \$87,791.50 | \$194,492.00 | \$5,450,807.00 | \$53,454.00 | \$192,192.00 | \$115,471.00 | \$372,200.00 | \$6,573,086.00 |
| RANDOLPH | \$291.00 | \$468.00 | \$5,797.00 | \$189,300.00 | \$1,566.00 | \$4,105.00 | \$2,036.00 | \$8,826.00 | \$212,389.00 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
August 1 through August 31, 2016**

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANT SETTLEMENTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|---------------|-------------|-------------|-------------|---------------------|----------------|---------------|-----------------------|--------------|------------------------|
| SAINT FRANCIS | \$10,483.00 | \$7,971.50 | \$3,117.00 | \$225,025.00 | \$1,652.00 | \$8,202.00 | \$2,826.00 | \$18,188.00 | \$277,464.50 |
| SALINE | \$8,890.50 | \$5,351.00 | \$58,636.00 | \$927,126.00 | \$10,434.00 | \$39,708.00 | \$25,281.00 | \$83,752.00 | \$1,159,178.50 |
| SCOTT | \$131.00 | \$54.00 | \$3,236.00 | \$74,054.00 | \$846.00 | \$3,470.00 | \$1,204.00 | \$6,937.00 | \$89,932.00 |
| SEARCY | \$233.00 | \$583.00 | \$3,485.00 | \$108,487.00 | \$718.00 | \$2,149.00 | \$1,063.00 | \$4,722.00 | \$121,440.00 |
| SEBASTIAN | \$18,714.00 | \$6,388.00 | \$16,751.00 | \$674,656.00 | \$10,956.00 | \$47,079.00 | \$20,186.00 | \$98,854.00 | \$893,584.00 |
| SEVIER | \$2,416.00 | \$886.00 | \$1,659.00 | \$103,870.00 | \$762.00 | \$4,317.00 | \$895.00 | \$8,629.00 | \$123,434.00 |
| SHARP | \$956.00 | \$446.50 | \$16,419.00 | \$200,755.00 | \$1,396.00 | \$6,615.00 | \$4,070.00 | \$13,654.00 | \$244,311.50 |
| STONE | \$1,797.50 | \$386.00 | \$3,427.00 | \$86,180.00 | \$1,068.00 | \$3,148.00 | \$2,789.00 | \$6,845.00 | \$105,640.50 |
| UNION | \$48,303.00 | \$25,346.50 | \$15,246.00 | \$724,957.00 | \$4,842.00 | \$15,269.00 | \$7,520.00 | \$31,304.00 | \$872,787.50 |
| VAN BUREN | \$809.00 | \$465.50 | \$9,115.00 | \$137,024.00 | \$1,274.00 | \$5,417.00 | \$3,881.00 | \$11,704.00 | \$169,689.50 |
| WASHINGTON | \$14,160.50 | \$6,279.50 | \$26,700.00 | \$1,140,810.00 | \$13,712.00 | \$62,927.00 | \$26,603.00 | \$130,687.00 | \$1,421,879.00 |
| WHITE | \$5,478.50 | \$3,561.50 | \$32,338.00 | \$930,347.00 | \$6,050.00 | \$24,897.00 | \$14,068.00 | \$51,446.00 | \$1,068,186.00 |
| WOODRUFF | \$2,277.50 | \$1,388.50 | \$773.00 | \$74,380.00 | \$468.00 | \$2,148.00 | \$1,239.00 | \$5,015.00 | \$87,689.00 |
| YELL | \$950.00 | \$179.50 | \$6,329.00 | \$224,145.00 | \$1,188.00 | \$6,274.00 | \$3,634.00 | \$13,152.00 | \$255,851.50 |

| | | | | | | | | | |
|---------------------|----------------|----------------|-------------------|-----------------------------|------------------------|-----------------------|-------------------------------|-------------------|---------------------|
| GRAND TOTALS | *Cash 3 | *Cash 4 | *Fast Play | *Instant Settlements | *Lucky for Life | *Mega Millions | *Natural State Jackpot | *Powerball | *Total Sales |
| | \$581,721.50 | \$346,818.50 | \$1,048,004.00 | \$28,032,586.00 | \$258,710.00 | \$1,020,563.00 | \$534,401.00 | \$2,138,007.00 | \$33,960,811.00 |

*Estimates

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Total Number of Active Retailers
August 2016**

There were 1,915 active retailers as of August 31, 2016.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
August 31, 2016**

ASSETS

| | |
|---|-------------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 2,817,660.90 |
| Restricted assets: | |
| Cash and cash equivalents | 47,634,085.40 |
| Accounts receivable | 12,736,446.87 |
| Prepaid items | 65,280.99 |
| Total current assets | <u>63,253,474.16</u> |
| Non-current assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 20,138,998.45 |
| Deposits with Multi-State Lottery Association | 1,807,184.80 |
| Capital assets: | |
| Assets under construction | 68,452.00 |
| Equipment | 801,038.94 |
| Leasehold improvements | 492,795.71 |
| Less accumulated depreciation | <u>(1,001,900.89)</u> |
| Total non-current assets | <u>22,306,569.01</u> |
| Deferred outflows of resources: | |
| Related to pension | <u>1,133,723.38</u> |
| Total assets and deferred outflows of resources | <u>\$ 86,693,766.55</u> |

LIABILITIES

| | |
|---|----------------------|
| Current liabilities: | |
| Accounts payable | \$ 524,126.61 |
| Prizes payable | 17,602,566.43 |
| Accrued and other liabilities | 2,344,796.17 |
| Due to other funds of the State | 548,603.31 |
| Payable to Arkansas Department of Higher Education | 45,018,285.07 |
| Compensated absences | 324,340.76 |
| Unearned revenue | 241,556.03 |
| Total current liabilities | <u>66,604,274.38</u> |
| Long-Term liabilities: | |
| Net other post employment benefits | 1,722,278.58 |
| Net pension liability | <u>4,144,582.00</u> |
| Total long-term liabilities | <u>5,866,860.58</u> |
| Deferred inflows of resources: | |
| Related to pension | <u>665,543.75</u> |
| Total liabilities and deferred inflows of resources | <u>73,136,678.71</u> |

NET POSITION

| | |
|---|-------------------------|
| Net position: | |
| Invested in capital assets | 360,385.76 |
| Restricted for: | |
| Scholarship shortfall reserve | 20,000,000.00 |
| Retailer fidelity reserve | 138,998.45 |
| Retailer bond reserve | 184,167.55 |
| Deposits with Multi-State Lottery Assn. | 1,807,184.80 |
| Unclaimed prizes reserve | 2,615,800.33 |
| Unrestricted (deficit) | <u>(11,549,449.05)</u> |
| Total net position | <u>13,557,087.84</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 86,693,766.55</u> |

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses
For Month Ended August 31, 2016

| | CM Actual | % | CM Budget | % | CM Variance | YTD Actual | % | YTD Budget | % | YTD Variance |
|-------------------------------------|------------------------|----------|------------------------|----------|------------------------|-------------------------|----------|-------------------------|----------|------------------------|
| Operating revenues: | | | | | | | | | | |
| Instant games | \$ 29,041,535.00 | 82.76 | \$ 27,730,000.00 | 81.29 | \$ 1,311,535.00 | \$ 56,894,428.00 | 77.59 | \$ 55,210,000.00 | 81.19 | \$ 1,684,428.00 |
| Online games | 5,989,557.50 | 17.07 | 6,322,000.00 | 18.53 | (332,442.50) | 16,315,775.50 | 22.25 | 12,675,000.00 | 18.64 | 3,640,775.50 |
| Retailer fees | 59,542.64 | 0.17 | 58,000.00 | 0.17 | 1,542.64 | 117,305.49 | 0.16 | 116,000.00 | 0.17 | 1,305.49 |
| Other revenue | <u>386.95</u> | 0.00 | <u>1,000.00</u> | 0.00 | <u>(613.05)</u> | <u>807.02</u> | 0.00 | <u>2,000.00</u> | 0.00 | <u>(1,192.98)</u> |
| Total operating revenues | <u>35,091,022.09</u> | 100.00 | <u>34,111,000.00</u> | 100.00 | <u>980,022.09</u> | <u>73,328,316.01</u> | 100.00 | <u>68,003,000.00</u> | 100.00 | <u>5,325,316.01</u> |
| Operating expenses: | | | | | | | | | | |
| Instant game prizes | 20,879,331.72 | 59.50 | 19,854,997.00 | 58.21 | 1,024,334.72 | 40,406,873.31 | 55.10 | 39,528,367.00 | 58.13 | 878,506.31 |
| Online game prizes | 3,491,981.08 | 9.95 | 3,377,403.00 | 9.90 | 114,578.08 | 8,250,355.80 | 11.25 | 6,776,033.00 | 9.96 | 1,474,322.80 |
| Retailer commissions | 1,973,018.72 | 5.62 | 1,943,400.00 | 5.70 | 29,618.72 | 4,076,769.57 | 5.56 | 3,874,300.00 | 5.70 | 202,469.57 |
| Gaming contract costs | 1,820,757.15 | 5.19 | 1,591,300.00 | 4.67 | 229,457.15 | 3,323,391.41 | 4.53 | 3,168,200.00 | 4.66 | 155,191.41 |
| Compensation & benefits | 438,097.08 | 1.25 | 458,200.00 | 1.34 | (20,102.92) | 777,485.72 | 1.06 | 876,600.00 | 1.29 | (99,114.28) |
| Marketing, advertising & promotions | 508,178.08 | 1.45 | 474,500.00 | 1.39 | 33,678.08 | 939,410.08 | 1.28 | 748,500.00 | 1.10 | 190,910.08 |
| General and administrative expenses | 82,771.24 | 0.24 | 343,500.00 | 1.01 | (260,728.76) | 685,366.72 | 0.93 | 685,800.00 | 1.01 | (433.28) |
| Services provided by other agencies | 48,666.00 | 0.14 | 61,000.00 | 0.18 | (12,334.00) | 97,332.00 | 0.13 | 122,000.00 | 0.18 | (24,668.00) |
| Legal and professional service | (154.72) | (0.00) | 1,700.00 | 0.00 | (1,854.72) | - | 0.00 | 3,300.00 | 0.00 | (3,300.00) |
| Depreciation | <u>8,015.80</u> | 0.02 | <u>8,400.00</u> | 0.02 | <u>(384.20)</u> | <u>16,031.50</u> | 0.02 | <u>16,400.00</u> | 0.02 | <u>(368.50)</u> |
| Total operating expenses | <u>29,250,662.15</u> | 83.36 | <u>28,114,400.00</u> | 82.42 | <u>1,136,262.15</u> | <u>58,573,016.11</u> | 79.88 | <u>55,799,500.00</u> | 82.05 | <u>2,773,516.11</u> |
| Operating income | 5,840,359.94 | 16.64 | 5,996,600.00 | 17.58 | (156,240.06) | 14,755,299.90 | 20.12 | 12,203,500.00 | 17.95 | 2,551,799.90 |
| Non-operating revenue: | | | | | | | | | | |
| Interest income | <u>34,225.23</u> | 0.10 | <u>13,300.00</u> | 0.04 | <u>20,925.23</u> | <u>61,198.05</u> | 0.08 | <u>25,100.00</u> | 0.04 | <u>36,098.05</u> |
| Income before transfers | <u>\$ 5,874,585.17</u> | 16.74 | <u>\$ 6,009,900.00</u> | 17.62 | <u>\$ (135,314.83)</u> | <u>\$ 14,816,497.95</u> | 20.21 | <u>\$ 12,228,600.00</u> | 17.98 | <u>\$ 2,587,897.95</u> |

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For Month Ended August 31, 2016**

| | Year to date | | | |
|--|-------------------------------|------------------------------------|-----------|----------------------|
| Operating revenues: | | | | |
| Instant ticket SETTLEMENTS | \$ 57,244,777.00 | | | |
| Online ticket sales | 16,315,775.50 | | | |
| Retailer application, fidelity and service fees | 117,305.49 | | | |
| Other revenue | <u>807.02</u> | | | |
| Total operating revenues | <u>73,678,665.01</u> | | | |
| Operating expenses: | | | | |
| Instant game prizes SETTLEMENTS | 39,807,883.00 | | | |
| Online game prizes | 8,250,355.80 | | | |
| Retailer commissions | 4,076,769.57 | | | |
| Gaming contract costs | 3,323,391.41 | | | |
| Compensation and benefits | 777,485.72 | | | |
| Marketing, advertising and promotions | 939,410.08 | | | |
| General and administrative expenses | 685,366.72 | | | |
| Services provided by ADHE | 73,332.00 | | | |
| Services provided by Legislative Audit Agency | 24,000.00 | | | |
| Legal and professional services | 0.00 | | | |
| Current year Capital Asset cost | <u>0.00</u> | | | |
| Total operating expenses | <u>57,957,994.30</u> | | | |
| Change in net proceeds from operations | 15,720,670.71 | | | |
| Nonoperating revenue (expense): | | | | |
| Interest Income | 61,198.05 | | | |
| Other Non-Operating Income | 0.00 | | | |
| EDUCATION TRUST FUNDING-Current Year | (8,714,386.39) | | | |
| Less Act 1180 Unclaimed Prizes | (1,615,800.33) | | | |
| Less Current year Fidelity Reserve Fees | (2,098.27) | restricted reserves | | |
| Less Current year Bond Reserve Fees | (20,295.00) | restricted reserves | | |
| Less Current year MUSL Reserves (additions) / reductions | 40,426.09 | see 23-115-103(17) and (19)(A)&(B) | | |
| Add OPEB expense in Comp and Benefits | <u>29,000.00</u> | | | |
| NET PROCEEDS EARNED-Current Month | <u>\$ 5,498,714.86</u> | | | |
| | | Transfer | Interest | Total |
| Totals | \$ 44,030,483.71 | \$ 987,801.36 | \$ | 45,018,285.07 |
| July 2015 funding - 8/15/15 | \$ 5,776,292.31 | \$ 8,390.78 | \$ | 5,784,683.09 |
| June 2015 Audit Adjustments - funding 9/15/15 | \$ (31,903.86) | | \$ | (31,903.86) |
| August 2015 funding - 9/15/15 | \$ 5,478,001.52 | \$ 12,092.48 | \$ | 5,490,094.00 |
| September transfer to ADHE 9/11/15 | \$ (33,000,000.00) | | \$ | (33,000,000.00) |
| Transfer from Shortfall Reserve 9/28/15 | \$ 9,000,000.00 | | \$ | 9,000,000.00 |
| September transfer to ADHE 9/30/15 | \$ (9,000,000.00) | | \$ | (9,000,000.00) |
| September 2015 funding - 10/15/15 | \$ 6,620,285.47 | \$ 4,681.64 | \$ | 6,624,967.11 |
| June 2015 Final Adjustment - funding 10/15/15 | \$ 201,027.87 | | \$ | 201,027.87 |
| Transfer to Shortfall Reserve 10/15/15 | \$ (7,034,638.82) | | \$ | (7,034,638.82) |
| October 2015 funding - 11/15/15 | \$ 6,020,616.60 | \$ 25.72 | \$ | 6,020,642.32 |
| ADHE Refund for excess funding 11//14 | \$ 286,177.97 | | \$ | 286,177.97 |
| Transfer to Shortfall Reserve 11/15/15 | (1,965,361.18) | | \$ | (1,965,361.18) |
| November 2015 funding - 12/15/15 | \$ 5,723,851.53 | \$ 1,287.56 | \$ | 5,725,139.09 |
| December 2015 funding - 1/15/16 | \$ 6,421,742.32 | \$ 4,012.34 | \$ | 6,425,754.66 |
| January 2016 funding - 2/15/16 | \$ 13,825,217.24 | \$ 6,142.51 | \$ | 13,831,359.75 |
| Transfer From Shortfall Reserve 2/8/16 | \$ 4,676,287.39 | | \$ | 4,676,287.39 |
| Transfer to ADHE 2/9/16 | \$ (35,000,000.00) | | \$ | (35,000,000.00) |
| February 2016 funding - 3/15/16 | \$ 4,471,591.20 | \$ 2,764.86 | \$ | 4,474,356.06 |
| Transfer to Shortfall Reserve - 3/15/16 | \$ (4,474,356.06) | | \$ | (4,474,356.06) |
| March 2016 funding - 4/15/16 | \$ 5,758,892.51 | \$ 0.33 | \$ | 5,758,892.84 |
| Transfer to Shortfall Reserve - 4/15/16 | \$ (201,931.33) | | \$ | (201,931.33) |
| April 2016 funding - 5/15/16 | \$ 7,391,329.77 | \$ 1,507.23 | \$ | 7,392,837.00 |
| May 2016 funding - 6/15/16 | \$ 6,601,034.42 | \$ 5,130.52 | \$ | 6,606,164.94 |
| June 2016 funding - 7/15/16 | \$ 11,241,076.28 | \$ 8,144.09 | \$ | 11,249,220.37 |
| July 2016 funding - 8/15/16 | \$ 8,702,788.19 | \$ 11,598.20 | \$ | 8,714,386.39 |
| August 2016 funding - 9/15/16 | \$ 5,480,243.59 | \$ 18,471.27 | \$ | 5,498,714.86 |

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
August 31, 2016

| | Monthly | Year to Date |
|---|---------------|--------------------|
| Reserve Balance July 1, 2016 | | \$1,000,000.00 |
| 1. Unclaimed lottery prize money: | \$ 109,870.00 | 1,615,800.33 |
| 2. Expenditures from unclaimed lottery prize money: | | |
| 3. Reserved for future prizes, promotions or reserves: | \$ 109,870.00 | 1,615,800.33 |
| 4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money: | | |
| Reserve Balance August 31, 2016 | | \$2,615,800.33 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
August 1 through August 31, 2016**

| Vendors | Goods or Services | Diversity Classification | August 2016 | FY 2017 Total |
|-----------------------------|---------------------------|---------------------------------|--------------------|----------------------|
| A-Absolute Moving & Hauling | Moving/Hauling | Minority-Owned | | \$344.45 |
| Goddess Products | Office Furniture/Supplies | Minority-owned | \$3,400.34 | \$4,031.74 |
| Government Supply Services | Office Products | Minority-owned | \$216.71 | \$294.35 |
| Totals | | | \$3,617.05 | \$4,670.54 |

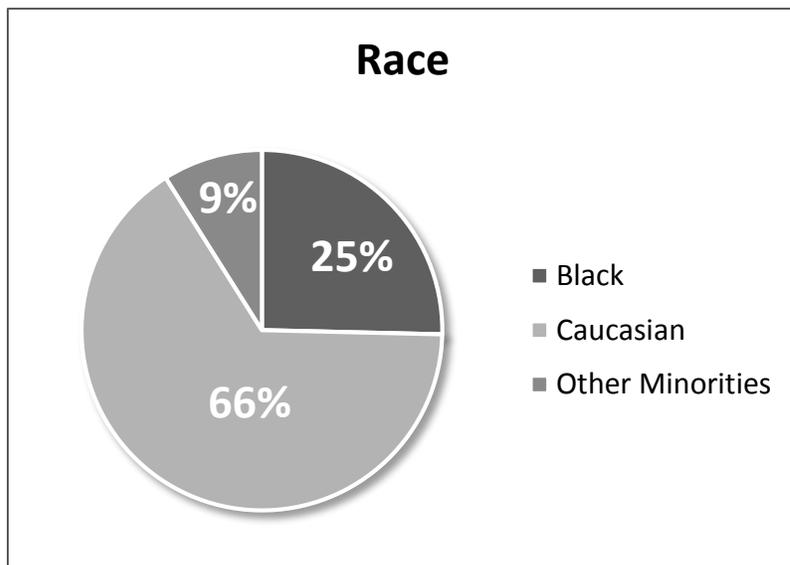
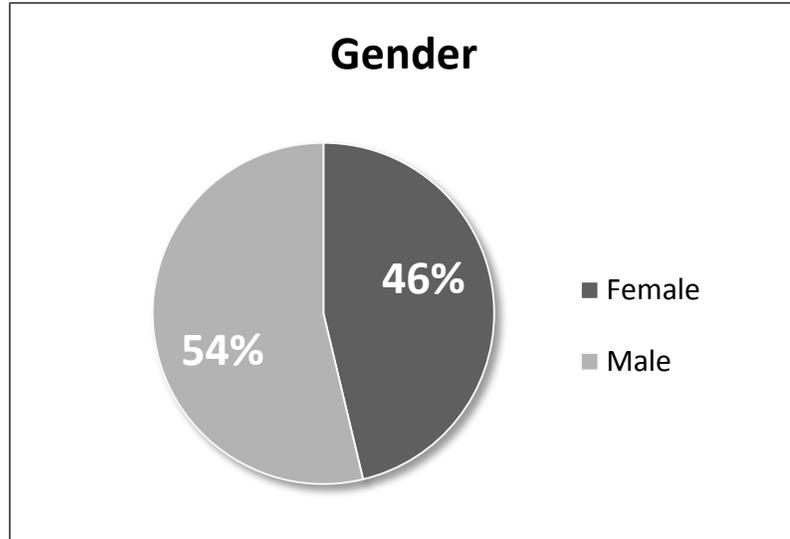
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
August 1 through August 31, 2016**

| Vendors | Goods or Services | Diversity Classification | August 2016 | FY 2017 Total |
|--|----------------------------------|---------------------------------|--------------------|----------------------|
| J Kelly Referrals and Information Services | Call Center/Information Services | Minority-owned | \$12,693.00 | \$21,155.00 |
| Totals | | | \$12,693.00 | \$21,155.00 |

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
August 1 through August 31, 2016**

| Vendors | Goods or Services | Diversity Classification | August 2016 | FY 2017 Total |
|---|--------------------------|---------------------------------|--------------------|----------------------|
| Expedited Transportation Services | Transportation Services | Female-owned | \$1,343.80 | \$5,283.79 |
| Mr. Klean's Carpet and Janitorial Service | Janitorial Services | Minority-owned | \$396.00 | \$792.00 |
| Totals | | | \$1,739.80 | \$6,075.79 |

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Demographics – August 2016**



Total Number of Employees as of August 31, 2016: 67

Gender:

Females – 31
Males – 36

Race:

Black – 17
Caucasian – 44
Other – 6

| | |
|--------------|------------|
| Female -- 11 | Male -- 6 |
| Female -- 17 | Male -- 27 |
| Female -- 3 | Male -- 3 |

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

On August 24, 2016, the Office of the Arkansas Lottery (OAL) Internal Auditor (Internal Audit) issued a report to the Director of the Department of Finance and Administration (DFA Director) as follows:

Back Office System (BOS) Administration Audit

The audit centered on controls and procedures used to grant, monitor, and remove user access in the OAL's BOS. BOS is provided to the OAL under its contract with Intralot, Inc. for Online Lottery Game Services and Lottery Gaming System and Services. BOS is utilized in processing player claims, serves as the basis for tax reporting relative to player winnings, is key in administering and ensuring maintenance of retailer licenses, serves as the basis for the recording of instant and online ticket sales in the OAL's accounting systems, and is utilized to generate multiple sales and operational reports. Fieldwork included review of documentation and information generated through July 20, 2016.

The following observation and recommendation was reported:

- *Timeliness of Follow-Up on Monthly Access Review Requests* - On a monthly basis, OAL personnel generate BOS user lists for organizations outside the OAL such as its gaming vendors and Legislative Audit. The lists detail BOS users from these outside organizations, and are provided to appropriate personnel at these organizations for confirmation that the individuals listed should continue to hold access to BOS based on the duties the employees perform at each organization. For one month during fiscal year 2016, IA noted a lack of timely follow-up when a response from a vendor regarding their organization's BOS users was not received until a month after the initial request.

Internal Audit recommended that OAL personnel follow-up with outside organizations when timely response to the request for confirmation of access is not received going forward, and that other additional enhancements to existing control procedures be made so that timeliness of response can be assured by OAL Management.

OAL Management stated that the suggested additional enhancements will be made to the process so that timeliness can be assured going forward.

Additional follow-up procedures are necessary for Internal Audit to consider the observation cleared. The DFA Director and the Lottery Oversight Subcommittee will be apprised of the results of follow-up procedures, once they are completed.

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

DFA/Office of the Arkansas Lottery
Instant & Fast Play Games
August 2016

Sales for the following instant games began August 2, 2016. No ending dates have been determined for these games.

\$1 Hot \$50's
\$2 Easy 10X
\$3 Winning 7's
\$5 \$125,000 Jackpot

Sales for the following instant games began August 30, 2016. No ending dates have been determined for these games.

\$1 5X The Bucks
\$2 Super 7-11-21
\$5 Diamond Doubler
\$20 Neon 200X

Sales for the following Fast Play games began August 1, 2016. No ending dates have been determined for these games.

\$1 Jumbo Bucks
\$2 Hot Dice

Sales for the following Fast Play games began August 29, 2016. No ending dates have been determined for these games.

\$1 Quick Cards
\$2 Shopping Spree