



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

OFFICE OF THE ARKANSAS LOTTERY

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

October 10, 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 September 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 Woodsley".

Bishop Woodsley
Director

Enclosures

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



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**Department of Finance
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October 10, 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:

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

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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
Contracts for Goods and Services
September 1 through September 30, 2016

1. On March 15, 2016, the Department of Finance and Administration Office of the Arkansas Lottery and Advent Systems, Inc. entered into a one year extension of Lottery RFQ-130001, Arkansas Lottery Security System. The purpose of the extension was to ensure the continuity of security system equipment maintenance and service, pursuant to the agreement entered into between the parties (the Contract) on June 4, 2013. The following information is provided:
 - a. Date of Agreement: March 15, 2016
 - b. Terms of Agreement: One (1) year, effective as of September 1, 2016, with an option for renewal at a mutually agreed-upon price up to four (4) times in one (1) year increments or a portion thereof
 - c. Vendor or other parties to the Agreement: Advent Systems, Inc. and Department of Finance and Administration Office of the Arkansas Lottery
 - d. Value (cost or cost savings projected for the agreement): Service Agreement cost from September 1, 2016, through August 31, 2017, is \$18,624.83. Service calls for items not listed on the Equipment List or Service Calls that are due to OAL designated representative error or neglect will be billed at \$65.00 per hour. Advent will charge the after-hours rate of \$97.50 per hour for all work performed between the hours of 5:30 p.m. and 7:00 a.m., Monday through Friday and between 8:00 a.m. and 4:30 p.m. Saturday with a minimum charge per call of \$195.00.

2. On June 30, 2016, the Department of Finance and Administration Office of the Arkansas Lottery and Bank of the Ozarks entered into a First Amendment to the Agreement for Contractual Services for Comprehensive Banking Service. The following information is provided:
 - a. Date of Agreement: June 30, 2016
 - b. Terms of Agreement: One (1) year, effective as of September 2, 2016
 - c. Terms of Compensation: Interest shall be paid at the Federal Funds Rate plus .20 (or 20 Basis points) with a start rate and floor of .55%
 - d. Value (cost or cost savings projected for the agreement): The estimated net value is one dollar (\$1.00)

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

1. Debt Set-Off:

a.	Arkansas Department of Finance and Administration	\$3,190.00
b.	Arkansas Office of Child Support Enforcement - Child Support	<u>\$1,000.00</u>
	Total Debt Set-Off:	\$4,190.00

2. Retailer losses for period September 1 through September 30, 2016: None.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 2016

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$7,135.50	\$5,204.50	\$8,588.00	\$382,986.00	\$1,860.00	\$8,768.00	\$5,771.00	\$17,525.00	\$437,838.00
ASHLEY	\$11,315.50	\$14,329.00	\$2,795.00	\$109,528.00	\$1,726.00	\$5,496.00	\$2,322.00	\$11,896.00	\$159,407.50
BAXTER	\$3,000.00	\$2,641.00	\$9,434.00	\$322,926.00	\$6,968.00	\$13,811.00	\$11,969.00	\$30,405.00	\$401,154.00
BENTON	\$4,577.00	\$2,514.00	\$19,197.00	\$875,520.00	\$11,882.00	\$55,828.00	\$28,642.00	\$130,794.00	\$1,128,954.00
BOONE	\$2,062.00	\$1,536.00	\$7,693.00	\$404,125.00	\$2,142.00	\$11,269.00	\$4,680.00	\$25,632.00	\$459,139.00
BRADLEY	\$1,210.00	\$2,160.50	\$1,115.00	\$108,300.00	\$1,190.00	\$2,349.00	\$2,131.00	\$7,761.00	\$126,216.50
CALHOUN	\$2,791.50	\$971.50	\$708.00	\$41,195.00	\$352.00	\$1,235.00	\$728.00	\$2,120.00	\$50,101.00
CARROLL	\$634.00	\$594.00	\$4,718.00	\$226,518.00	\$1,798.00	\$7,709.00	\$2,843.00	\$17,242.00	\$262,056.00
CHICOT	\$10,996.00	\$8,110.00	\$4,224.00	\$120,300.00	\$3,604.00	\$17,366.00	\$6,734.00	\$40,364.00	\$211,698.00
CLARK	\$2,883.00	\$1,600.00	\$15,379.00	\$265,818.00	\$1,860.00	\$7,081.00	\$4,713.00	\$16,477.00	\$315,811.00
CLAY	\$142.00	\$10.00	\$633.00	\$64,882.00	\$400.00	\$1,959.00	\$1,306.00	\$4,811.00	\$74,143.00
CLEBURNE	\$1,172.50	\$1,067.50	\$14,052.00	\$258,487.00	\$2,612.00	\$11,681.00	\$12,349.00	\$22,556.00	\$323,977.00
CLEVELAND	\$358.00	\$467.00	\$639.00	\$51,296.00	\$164.00	\$995.00	\$1,091.00	\$2,452.00	\$57,462.00
COLUMBIA	\$13,082.50	\$6,896.50	\$18,165.00	\$229,557.00	\$1,842.00	\$6,172.00	\$2,599.00	\$12,029.00	\$290,343.00
CONWAY	\$5,953.00	\$1,933.50	\$11,549.00	\$442,271.00	\$1,644.00	\$10,224.00	\$8,006.00	\$22,983.00	\$504,563.50
CRAIGHEAD	\$8,019.00	\$5,173.00	\$19,918.00	\$1,073,307.00	\$5,830.00	\$27,833.00	\$17,511.00	\$63,116.00	\$1,220,707.00
CRAWFORD	\$1,547.00	\$1,065.00	\$10,650.00	\$290,486.00	\$3,166.00	\$17,837.00	\$12,936.00	\$37,556.00	\$375,243.00
CRITTENDEN	\$18,396.00	\$12,549.50	\$5,513.00	\$441,723.00	\$6,140.00	\$25,136.00	\$11,923.00	\$58,211.00	\$579,591.50
CROSS	\$2,934.50	\$2,461.00	\$5,320.00	\$212,137.00	\$860.00	\$4,709.00	\$2,832.00	\$9,738.00	\$240,991.50
DALLAS	\$958.00	\$382.50	\$2,647.00	\$129,821.00	\$502.00	\$2,892.00	\$1,839.00	\$5,404.00	\$144,445.50
DESHA	\$2,015.50	\$1,737.00	\$1,838.00	\$131,637.00	\$962.00	\$5,984.00	\$4,242.00	\$12,425.00	\$160,840.50
DREW	\$1,973.00	\$1,460.50	\$4,099.00	\$156,291.00	\$2,454.00	\$6,400.00	\$3,816.00	\$13,657.00	\$190,150.50
FAULKNER	\$7,349.00	\$4,590.50	\$35,222.00	\$934,015.00	\$8,114.00	\$37,723.00	\$35,098.00	\$81,923.00	\$1,144,034.50
FRANKLIN	\$454.50	\$382.50	\$10,265.00	\$140,329.00	\$1,056.00	\$6,242.00	\$4,319.00	\$14,010.00	\$177,058.00
FULTON	\$295.00	\$157.50	\$4,794.00	\$85,211.00	\$460.00	\$1,507.00	\$1,108.00	\$3,788.00	\$97,320.50
GARLAND	\$7,453.00	\$4,591.00	\$34,710.00	\$831,670.00	\$11,204.00	\$45,126.00	\$41,217.00	\$93,876.00	\$1,069,847.00
GRANT	\$743.50	\$174.50	\$3,362.00	\$126,644.00	\$1,666.00	\$4,403.00	\$3,517.00	\$10,825.00	\$151,335.00
GREENE	\$1,135.50	\$586.50	\$8,633.00	\$468,327.00	\$2,998.00	\$12,869.00	\$8,807.00	\$27,918.00	\$531,274.00
HEMPSTEAD	\$29,565.50	\$10,671.00	\$7,034.00	\$297,935.00	\$1,630.00	\$6,400.00	\$3,184.00	\$11,704.00	\$368,123.50
HOT SPRING	\$1,076.00	\$893.50	\$8,169.00	\$277,877.00	\$2,364.00	\$9,866.00	\$7,614.00	\$19,443.00	\$327,302.50

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 2016**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$19,821.50	\$8,319.50	\$3,222.00	\$175,886.00	\$1,032.00	\$4,017.00	\$2,332.00	\$7,755.00	\$222,385.00
INDEPENDENCE	\$4,054.00	\$924.50	\$43,501.00	\$497,902.00	\$2,448.00	\$12,295.00	\$9,911.00	\$25,669.00	\$596,704.50
IZARD	\$159.50	\$83.50	\$6,577.00	\$61,896.00	\$610.00	\$3,540.00	\$2,824.00	\$6,923.00	\$82,613.00
JACKSON	\$10,092.00	\$3,997.50	\$10,650.00	\$267,126.00	\$2,042.00	\$6,020.00	\$5,191.00	\$12,670.00	\$317,788.50
JEFFERSON	\$43,684.00	\$35,147.00	\$35,889.00	\$1,292,355.00	\$8,524.00	\$33,349.00	\$29,161.00	\$65,107.00	\$1,543,216.00
JOHNSON	\$679.50	\$282.50	\$4,795.00	\$200,433.00	\$1,506.00	\$7,278.00	\$8,202.00	\$14,863.00	\$238,039.00
LAFAYETTE	\$4,312.00	\$1,874.00	\$1,211.00	\$66,000.00	\$560.00	\$1,441.00	\$786.00	\$2,749.00	\$78,933.00
LAWRENCE	\$1,424.00	\$143.00	\$3,794.00	\$181,200.00	\$816.00	\$3,893.00	\$2,670.00	\$8,517.00	\$202,457.00
LEE	\$2,922.50	\$3,529.00	\$887.00	\$59,933.00	\$354.00	\$1,914.00	\$593.00	\$3,998.00	\$74,130.50
LINCOLN	\$270.00	\$243.00	\$3,806.00	\$84,245.00	\$480.00	\$2,659.00	\$3,112.00	\$5,908.00	\$100,723.00
LITTLE RIVER	\$4,086.00	\$3,290.50	\$1,574.00	\$85,462.00	\$462.00	\$3,064.00	\$1,349.00	\$5,036.00	\$104,323.50
LOGAN	\$1,179.50	\$259.00	\$5,690.00	\$185,620.00	\$1,098.00	\$6,767.00	\$4,610.00	\$15,084.00	\$220,307.50
LONOKE	\$11,215.50	\$8,028.00	\$21,081.00	\$835,797.00	\$6,470.00	\$28,408.00	\$23,292.00	\$60,466.00	\$994,757.50
MADISON	\$213.00	\$7.50	\$899.00	\$70,869.00	\$856.00	\$3,575.00	\$1,338.00	\$7,552.00	\$85,309.50
MARION	\$1,695.00	\$362.50	\$4,197.00	\$129,249.00	\$2,622.00	\$4,787.00	\$4,255.00	\$11,171.00	\$158,338.50
MILLER	\$19,540.00	\$10,941.00	\$9,117.00	\$452,090.00	\$3,038.00	\$11,616.00	\$4,965.00	\$20,979.00	\$532,286.00
MISSISSIPPI	\$43,089.50	\$15,679.50	\$5,836.00	\$416,710.00	\$2,068.00	\$10,842.00	\$5,062.00	\$24,203.00	\$523,490.00
MONROE	\$2,692.00	\$1,626.00	\$1,243.00	\$108,381.00	\$534.00	\$3,821.00	\$2,722.00	\$9,493.00	\$130,512.00
MONTGOMERY	\$18.00	\$6.00	\$1,668.00	\$24,600.00	\$558.00	\$1,769.00	\$1,338.00	\$4,265.00	\$34,222.00
NEVADA	\$1,512.00	\$1,311.00	\$2,636.00	\$163,528.00	\$994.00	\$3,190.00	\$1,602.00	\$5,943.00	\$180,716.00
NEWTON	\$48.00	\$17.00	\$1,902.00	\$46,769.00	\$184.00	\$1,237.00	\$907.00	\$2,288.00	\$53,352.00
OUACHITA	\$10,726.50	\$4,798.50	\$6,371.00	\$422,690.00	\$1,772.00	\$7,707.00	\$6,211.00	\$16,434.00	\$476,710.00
PERRY	\$567.00	\$571.50	\$808.00	\$73,123.00	\$356.00	\$3,511.00	\$2,056.00	\$6,270.00	\$87,262.50
PHILLIPS	\$9,591.00	\$3,120.00	\$734.00	\$140,626.00	\$1,392.00	\$12,348.00	\$2,613.00	\$23,643.00	\$194,067.00
PIKE	\$1,178.00	\$43.00	\$10,769.00	\$78,465.00	\$612.00	\$3,404.00	\$2,611.00	\$7,094.00	\$104,176.00
POINSETT	\$5,468.00	\$1,197.50	\$7,420.00	\$350,579.00	\$1,330.00	\$7,468.00	\$5,076.00	\$16,715.00	\$395,253.50
POLK	\$941.50	\$122.50	\$8,311.00	\$100,233.00	\$1,494.00	\$5,874.00	\$3,365.00	\$13,478.00	\$133,819.00
POPE	\$3,262.50	\$1,265.00	\$9,047.00	\$647,268.00	\$4,814.00	\$22,246.00	\$16,215.00	\$49,248.00	\$753,365.50
PRAIRIE	\$1,414.50	\$815.50	\$7,405.00	\$164,965.00	\$520.00	\$2,849.00	\$1,813.00	\$6,511.00	\$186,293.00
PULASKI	\$106,256.00	\$85,033.50	\$162,453.00	\$5,521,595.00	\$50,240.00	\$187,496.00	\$154,166.00	\$373,767.00	\$6,641,006.50
RANDOLPH	\$209.00	\$308.00	\$3,588.00	\$166,116.00	\$1,284.00	\$4,062.00	\$2,491.00	\$9,411.00	\$187,469.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
September 1 through September 30, 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	\$10,566.50	\$9,214.00	\$2,334.00	\$237,107.00	\$1,888.00	\$7,606.00	\$3,681.00	\$17,522.00	\$289,918.50
SALINE	\$8,736.50	\$4,870.50	\$43,990.00	\$940,078.00	\$10,132.00	\$39,683.00	\$33,275.00	\$85,472.00	\$1,166,237.00
SCOTT	\$77.50	\$72.50	\$2,037.00	\$80,513.00	\$652.00	\$3,130.00	\$1,457.00	\$7,135.00	\$95,074.00
SEARCY	\$168.50	\$556.00	\$2,162.00	\$107,372.00	\$708.00	\$2,033.00	\$1,475.00	\$5,091.00	\$119,565.50
SEBASTIAN	\$17,995.50	\$7,257.00	\$11,496.00	\$641,940.00	\$9,456.00	\$47,584.00	\$27,528.00	\$102,313.00	\$865,569.50
SEVIER	\$2,872.00	\$911.50	\$657.00	\$100,103.00	\$750.00	\$3,897.00	\$1,035.00	\$7,643.00	\$117,868.50
SHARP	\$800.50	\$352.50	\$12,566.00	\$192,596.00	\$1,366.00	\$6,296.00	\$4,922.00	\$13,406.00	\$232,305.00
STONE	\$1,584.50	\$405.00	\$2,704.00	\$82,765.00	\$974.00	\$3,332.00	\$3,242.00	\$7,645.00	\$102,651.50
UNION	\$53,490.00	\$24,778.00	\$13,965.00	\$758,603.00	\$4,180.00	\$15,279.00	\$8,221.00	\$30,900.00	\$909,416.00
VAN BUREN	\$890.50	\$593.50	\$7,488.00	\$141,682.00	\$1,446.00	\$5,431.00	\$4,587.00	\$11,747.00	\$173,865.00
WASHINGTON	\$14,896.50	\$6,535.50	\$22,458.00	\$1,152,962.00	\$12,950.00	\$61,407.00	\$36,678.00	\$135,860.00	\$1,443,747.00
WHITE	\$6,019.00	\$3,574.00	\$26,769.00	\$945,216.00	\$6,072.00	\$23,910.00	\$18,904.00	\$50,973.00	\$1,081,437.00
WOODRUFF	\$2,572.00	\$1,392.50	\$717.00	\$79,321.00	\$436.00	\$2,145.00	\$1,718.00	\$5,208.00	\$93,509.50
YELL	\$815.50	\$175.50	\$5,524.00	\$214,245.00	\$1,090.00	\$6,511.00	\$4,489.00	\$13,008.00	\$245,858.00

GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$585,034.00	\$350,945.00	\$823,011.00	\$28,247,333.00	\$242,620.00	\$1,017,561.00	\$719,898.00	\$2,165,774.00	\$34,152,176.00

*Estimates

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

There were 1,919 active retailers as of September 30, 2016.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
September 30, 2016**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 3,994,217.95
Restricted assets:	
Cash and cash equivalents	18,241,858.01
Accounts receivable	9,905,556.78
Prepaid items	64,585.54
Total current assets	<u>32,206,218.28</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,144,301.36
Deposits with Multi-State Lottery Association	1,811,701.85
Capital assets:	
Equipment	933,022.69
Leasehold improvements	492,795.71
Less accumulated depreciation	(987,491.46)
Total non-current assets	<u>22,394,330.15</u>
Deferred outflows of resources:	
Related to pension	<u>1,130,744.92</u>
Total assets and deferred outflows of resources	<u>\$ 55,731,293.35</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 102,545.01
Prizes payable	16,524,406.60
Accrued and other liabilities	2,109,720.27
Due to other funds of the State	240,859.25
Payable to Arkansas Department of Higher Education	15,224,374.99
Compensated absences	328,626.93
Unearned revenue	305,743.39
Total current liabilities	<u>34,836,276.44</u>
Long-Term liabilities:	
Net other post employment benefits	2,054,550.19
Net pension liability	4,144,582.00
Total long-term liabilities	<u>6,199,132.19</u>
Deferred inflows of resources:	
Related to pension	<u>665,543.75</u>
Total liabilities and deferred inflows of resources	<u>41,700,952.38</u>

NET POSITION

Net position:	
Invested in capital assets	438,326.94
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer fidelity reserve	144,301.36
Retailer bond reserve	246,592.55
Deposits with Multi-State Lottery Association	1,811,701.85
Unclaimed prizes reserve	3,450,496.52
Unrestricted (deficit)	<u>(12,061,078.25)</u>
Total net position	<u>14,030,340.97</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 55,731,293.35</u>

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For Three Months Ended September 30, 2016**

	Year to date	
Operating revenues:		
Instant ticket SETTLEMENTS	\$	85,493,560.00
Online ticket sales		22,155,326.50
Retailer application, fidelity and service fees		227,093.13
Other revenue		<u>1,103.02</u>
 Total operating revenues		 <u>107,877,082.65</u>
 Operating expenses:		
Instant game prizes SETTLEMENTS		59,699,564.00
Online game prizes		11,366,801.07
Retailer commissions		5,940,016.14
Gaming contract costs		4,722,882.91
Compensation and benefits		1,214,958.68
Marketing, advertising and promotions		1,443,545.80
General and administrative expenses		923,113.23
Services provided by ADHE		109,998.00
Services provided by Legislative Audit Agency		36,000.00
Legal and professional services		0.00
Current year Capital Asset cost		<u>86,020.75</u>
Total operating expenses		<u>85,542,900.58</u>
 Change in net proceeds from operations		 22,334,182.07
 Nonoperating revenue (expense):		
Interest Income		83,361.26
Other Non-Operating Income		0.00
EDUCATION TRUST FUNDING-Current Year	(14,213,101.25)	
Less Act 1180 Unclaimed Prizes	(2,450,496.52)	
Less Current year Fidelity Reserve Fees	(7,401.18)	restricted reserves
Less Current year Bond Reserve Fees	(82,720.00)	restricted reserves
Less Current year MUSL Reserves (additions) / reductions	35,909.04	see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits		<u>73,343.00</u>
 NET PROCEEDS EARNED-Current Month	 \$	 <u>5,773,076.42</u>
	Totals	
	\$	13,796,052.01
		\$ 995,309.48
		\$ 14,791,361.49
July 2015 funding - 8/15/15	\$	5,776,292.31
June 2015 Audit Adjustments - funding 9/15/15	\$	(31,903.86)
August 2015 funding - 9/15/15	\$	5,478,001.52
September transfer to ADHE 9/11/15	\$	(33,000,000.00)
Transfer from Shortfall Reserve 9/28/15	\$	9,000,000.00
September transfer to ADHE 9/30/15	\$	(9,000,000.00)
September 2015 funding - 10/15/15	\$	6,620,285.47
June 2015 Final Adjustment - funding 10/15/15	\$	201,027.87
Transfer to Shortfall Reserve 10/15/15	\$	(7,034,638.82)
October 2015 funding - 11/15/15	\$	6,020,616.60
ADHE Refund for excess funding 11//14	\$	286,177.97
Transfer to Shortfall Reserve 11/15/15	\$	(1,965,361.18)
November 2015 funding - 12/15/15	\$	5,723,851.53
December 2015 funding - 1/15/16	\$	6,421,742.32
January 2016 funding - 2/15/16	\$	13,825,217.24
Transfer From Shortfall Reserve 2/8/16	\$	4,676,287.39
Transfer to ADHE 2/9/16	\$	(35,000,000.00)
February 2016 funding - 3/15/16	\$	4,471,591.20
Transfer to Shortfall Reserve - 3/15/16	\$	(4,474,356.06)
March 2016 funding - 4/15/16	\$	5,758,892.51
Transfer to Shortfall Reserve - 4/15/16	\$	(201,931.33)
April 2016 funding - 5/15/16	\$	7,391,329.77
May 2016 funding - 6/15/16	\$	6,601,034.42
June 2016 funding - 7/15/16	\$	11,241,076.28
July 2016 funding - 8/15/16	\$	8,702,788.19
August 2016 funding - 9/15/16	\$	5,480,243.59
Transfer to ADHE 9/9/16	\$	(36,000,000.00)
September 2016 funding - 10/15/16	\$	5,765,568.30

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses
For Three Months Ended September 30, 2016

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 27,163,757.00	82.03	\$ 31,100,000.00	82.83	\$ (3,936,243.00)	\$ 84,058,185.00	78.97	\$ 86,310,000.00	81.77	\$ (2,251,815.00)
Online games	5,839,551.00	17.64	6,361,000.00	16.94	(521,449.00)	22,155,326.50	20.81	19,036,000.00	18.04	3,119,326.50
Retailer fees	109,787.64	0.33	85,000.00	0.23	24,787.64	227,093.13	0.21	201,000.00	0.19	26,093.13
Other revenue	<u>296.00</u>	0.00	<u>1,000.00</u>	0.00	<u>(704.00)</u>	<u>1,103.02</u>	0.00	<u>3,000.00</u>	0.00	<u>(1,896.98)</u>
Total operating revenues	<u>33,113,391.64</u>	100.00	<u>37,547,000.00</u>	100.00	<u>(4,433,608.36)</u>	<u>106,441,707.65</u>	100.00	<u>105,550,000.00</u>	100.00	<u>891,707.65</u>
Operating expenses:										
Instant game prizes	19,092,486.59	57.66	22,309,077.00	59.42	(3,216,590.41)	59,499,359.90	55.90	61,837,444.00	58.59	(2,338,084.10)
Online game prizes	3,116,445.27	9.41	3,407,923.00	9.08	(291,477.73)	11,366,801.07	10.68	10,183,956.00	9.65	1,182,845.07
Retailer commissions	1,863,246.57	5.63	2,137,800.00	5.69	(274,553.43)	5,940,016.14	5.58	6,012,100.00	5.70	(72,083.86)
Gaming contract costs	1,399,491.50	4.23	1,784,700.00	4.75	(385,208.50)	4,722,882.91	4.44	4,952,900.00	4.69	(230,017.09)
Compensation & benefits	437,472.96	1.32	438,300.00	1.17	(827.04)	1,214,958.68	1.14	1,314,900.00	1.25	(99,941.32)
Marketing, advertising & promotions	504,135.72	1.52	518,900.00	1.38	(14,764.28)	1,443,545.80	1.36	1,267,400.00	1.20	176,145.80
General and administrative expenses	237,746.51	0.72	362,400.00	0.97	(124,653.49)	923,113.23	0.87	1,048,200.00	0.99	(125,086.77)
Services provided by other agencies	48,666.00	0.15	61,000.00	0.16	(12,334.00)	145,998.00	0.14	183,000.00	0.17	(37,002.00)
Legal and professional service	-	-	1,700.00	0.00	(1,700.00)	-	0.00	5,000.00	0.00	(5,000.00)
Depreciation	<u>8,079.57</u>	0.02	<u>8,400.00</u>	0.02	<u>(320.43)</u>	<u>24,111.07</u>	0.02	<u>24,800.00</u>	0.02	<u>(688.93)</u>
Total operating expenses	<u>26,707,770.69</u>	80.66	<u>31,030,200.00</u>	82.64	<u>(4,322,429.31)</u>	<u>85,280,786.80</u>	80.12	<u>86,829,700.00</u>	82.26	<u>(1,548,913.20)</u>
Operating income	6,405,620.95	19.34	6,516,800.00	17.36	(111,179.05)	21,160,920.85	19.88	18,720,300.00	17.74	2,440,620.85
Non-operating revenue:										
Interest income	<u>22,163.21</u>	0.07	<u>9,200.00</u>	0.02	<u>12,963.21</u>	<u>83,361.26</u>	0.08	<u>34,300.00</u>	0.03	<u>49,061.26</u>
Income before transfers	<u>\$ 6,427,784.16</u>	19.41	<u>\$ 6,526,000.00</u>	17.38	<u>\$ (98,215.84)</u>	<u>\$ 21,244,282.11</u>	19.96	<u>\$ 18,754,600.00</u>	17.77	<u>\$ 2,489,682.11</u>

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
September 30, 2016

	Monthly	Year to Date
Reserve Balance July 1, 2016		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 834,696.19	2,450,496.52
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	\$ 834,696.19	2,450,496.52
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
 Reserve Balance September 30, 2016		 \$3,450,496.52

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2016**

Vendors	Goods or Services	Diversity Classification	September 2016	FY 2017 Total
A-Absolute Moving & Hauling	Moving/Hauling	CMBE		\$344.45
BSW Advertising	fob	FOB	\$26,882.13	\$26,882.13
Goddess Products	Office Furniture/Supplies	CMBE	\$1,276.62	\$5,308.36
Government Supply Services	Office Products	MBE		\$294.35
Party Prints	Advertising/Public Relations	CMBE	\$16,824.15	\$16,824.15
Totals			\$44,982.90	\$49,653.44

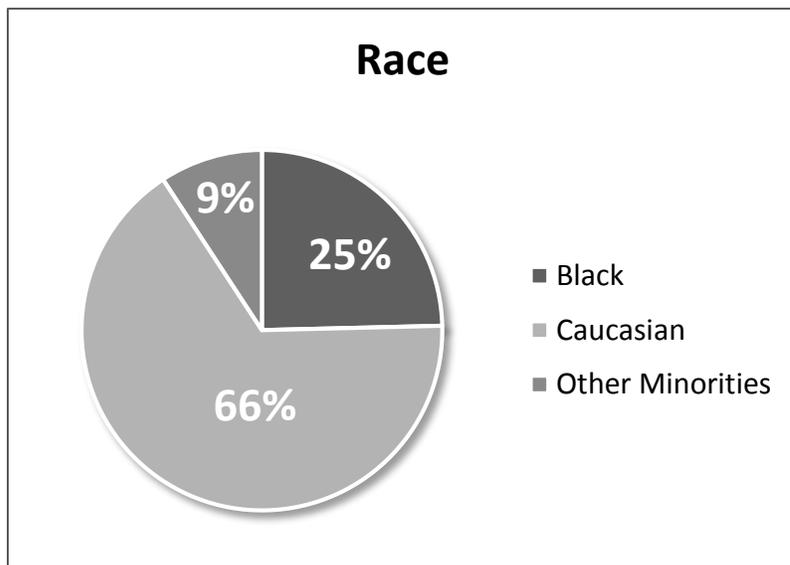
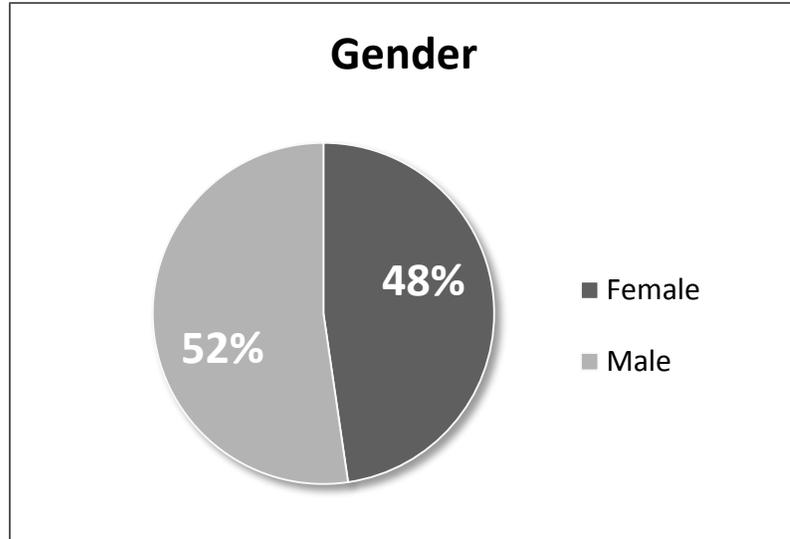
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2016**

Vendors	Goods or Services	Diversity Classification	September 2016	FY 2017 Total
J Kelly Referrals and Information Services	Call Center/Information Services	CMBE	\$8,462.00	\$29,617.00
Totals			\$8,462.00	\$29,617.00

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
September 1 through September 30, 2016**

Vendors	Goods or Services	Diversity Classification	September 2016	FY 2017 Total
Expedited Transportation Services	Transportation Services	FOB	\$1,343.80	\$6,627.59
Ingage, LLC	Fulfillment Services and Prizes	FOB	\$32,268.99	\$32,268.99
Mr. Klean's Carpet and Janitorial Service	Janitorial Services	MBE	\$396.00	\$1,188.00
Totals			\$34,008.79	\$40,084.58

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



Total Number of Employees as of September 30, 2016: 65

Gender:

Females – 31
Males – 34

Race:

Black – 16
Caucasian – 43
Other – 6

Female -- 10	Male -- 6
Female -- 18	Male -- 25
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 September 1, 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:

Retailer Settlement and Collection Follow-Up Audit

Follow-up audit procedures were performed relative to Internal Audit observations reported to the Lottery Oversight Subcommittee on September 10, 2015. Follow-up procedures centered on OAL Management's implementation of controls, procedures, and / or processes to address the observations noted in the fiscal year 2016 audit of the Retailer Settlement and Collection process, and included generation of system reports to independently identify retailers with credit balances at the end of each calendar quarter starting with December 2015, identification of retail locations with credit balances that meet the OAL Management-defined criteria for consideration of refund, comparison of expected credit balance refunds to amounts actually refunded, and tracing of refund amounts to Automated Clearing House (ACH) transfer documentation maintained by the OAL through June 26, 2016. Internal Audit concluded that OAL Management has effectively implemented updates and changes to retailer settlement processes since the fiscal year 2016 audit and now considers the observations noted in that audit to be cleared.

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

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

There were no new Instant games that started sales in September, 2016.

There were no new Fast Play games that started sales in September, 2016.