



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>

March 10, 2017

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 February 2017, 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 Wopsley".

Bishop Wopsley
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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March 10, 2017

Ms. Rebeca Haley
Legislative Analyst
Arkansas Legislative Council Lottery Oversight Subcommittee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Ms. Haley:

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 February 2017, pursuant to A.C.A. §§ 23-115-206 and 23-115-302. The reports contain the following information:

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Respectfully submitted,

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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
February 1 through February 28, 2017

1. On February 16, 2017, Cranford Johnson Robinson Woods (“CJRW”) and Department of Finance & Administration Office of the Arkansas Lottery (“OAL”) entered into an Agreement for Contractual Services for Advertising, Marketing, and Public Relations Services. The Agreement was reviewed by the Joint Budget Committee-Peer Review on January 24, 2017, and by the Joint Budget Committee on January 26, 2017. The following information is provided:
 - a. Date of Agreement: February 16, 2017
 - b. Terms of Agreement: For a period of five (5) years, with the option to be renewed up to two (2) additional one (1) year increments or a portion thereof, if mutually agreed upon by CJRW and OAL.
 - c. Vendor or other parties to the Agreement: Cranford Johnson Robinson Woods
 - d. Value (cost or cost savings projected for the agreement): The total projected cost is \$34,500,000.00.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Debt Set-Off and Retailer Losses
February 2017**

1. Debt Set-Off:

a.	Arkansas Department of Finance and Administration	\$13,402.20
b.	Arkansas Office of Child Support Enforcement - Child Support	<u>\$9,531.03</u>
	Total Debt Set-Off:	\$22,933.23

2. Retailer losses for period February 1 through February 28, 2017: None.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
February 1 through February 28, 2017

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$7,146.50	\$7,258.00	\$17,501.00	\$455,601.00	\$1,848.00	\$12,574.00	\$3,967.00	\$42,954.00	\$548,849.50
ASHLEY	\$10,661.00	\$14,469.00	\$9,494.00	\$136,800.00	\$1,586.00	\$5,940.00	\$1,538.00	\$20,396.00	\$200,884.00
BAXTER	\$1,762.00	\$2,088.50	\$10,241.00	\$333,266.00	\$5,472.00	\$13,229.00	\$7,827.00	\$46,336.00	\$420,221.50
BENTON	\$4,863.00	\$3,009.50	\$38,527.00	\$917,805.00	\$11,084.00	\$64,504.00	\$18,267.00	\$267,438.00	\$1,325,497.50
BOONE	\$2,362.50	\$2,424.00	\$17,978.00	\$423,342.00	\$2,118.00	\$10,811.00	\$3,650.00	\$37,905.00	\$500,590.50
BRADLEY	\$1,003.00	\$2,388.50	\$2,619.00	\$113,400.00	\$440.00	\$2,912.00	\$1,376.00	\$13,034.00	\$137,172.50
CALHOUN	\$3,550.00	\$829.00	\$1,456.00	\$44,700.00	\$292.00	\$1,439.00	\$591.00	\$4,225.00	\$57,082.00
CARROLL	\$406.00	\$391.50	\$7,896.00	\$254,430.00	\$1,222.00	\$6,207.00	\$2,095.00	\$24,176.00	\$296,823.50
CHICOT	\$8,943.50	\$5,825.50	\$5,605.00	\$153,600.00	\$4,364.00	\$18,863.00	\$5,600.00	\$73,446.00	\$276,247.00
CLARK	\$4,271.00	\$2,410.50	\$16,251.00	\$322,564.00	\$1,476.00	\$9,430.00	\$3,872.00	\$36,743.00	\$397,017.50
CLAY	\$227.00	\$28.00	\$519.00	\$84,000.00	\$412.00	\$2,685.00	\$1,331.00	\$10,628.00	\$99,830.00
CLEBURNE	\$680.00	\$568.50	\$19,699.00	\$256,779.00	\$2,140.00	\$14,730.00	\$7,731.00	\$48,924.00	\$351,251.50
CLEVELAND	\$162.50	\$207.00	\$523.00	\$46,604.00	\$106.00	\$1,544.00	\$479.00	\$5,700.00	\$55,325.50
COLUMBIA	\$12,366.50	\$7,054.00	\$16,948.00	\$335,159.00	\$1,688.00	\$5,940.00	\$2,266.00	\$22,408.00	\$403,829.50
CONWAY	\$4,189.00	\$1,621.50	\$12,490.00	\$456,695.00	\$1,524.00	\$13,277.00	\$5,106.00	\$47,071.00	\$541,973.50
CRAIGHEAD	\$8,986.50	\$4,917.00	\$38,807.00	\$1,274,286.00	\$4,422.00	\$33,723.00	\$12,167.00	\$140,438.00	\$1,517,746.50
CRAWFORD	\$1,445.50	\$644.50	\$17,412.00	\$376,324.00	\$2,880.00	\$22,981.00	\$7,505.00	\$76,310.00	\$505,502.00
CRITTENDEN	\$17,370.00	\$10,288.00	\$9,088.00	\$528,323.00	\$4,690.00	\$23,693.00	\$8,028.00	\$108,821.00	\$710,301.00
CROSS	\$2,999.00	\$1,784.50	\$11,600.00	\$234,874.00	\$748.00	\$5,320.00	\$2,279.00	\$20,658.00	\$280,262.50
DALLAS	\$1,281.00	\$658.00	\$2,783.00	\$155,242.00	\$364.00	\$4,166.00	\$1,632.00	\$12,146.00	\$178,272.00
DESHA	\$1,826.00	\$1,468.00	\$25,882.00	\$165,000.00	\$936.00	\$7,104.00	\$2,839.00	\$23,730.00	\$228,785.00
DREW	\$1,612.50	\$1,180.00	\$9,425.00	\$194,338.00	\$2,290.00	\$8,063.00	\$2,825.00	\$28,774.00	\$248,507.50
FAULKNER	\$11,056.00	\$4,938.00	\$60,205.00	\$1,089,494.00	\$7,940.00	\$50,929.00	\$21,037.00	\$183,891.00	\$1,429,490.00
FRANKLIN	\$620.50	\$229.50	\$30,355.00	\$156,650.00	\$1,124.00	\$7,979.00	\$2,276.00	\$26,639.00	\$225,873.00
FULTON	\$254.00	\$163.00	\$2,882.00	\$65,400.00	\$302.00	\$1,650.00	\$592.00	\$6,485.00	\$77,728.00
GARLAND	\$8,599.50	\$4,492.50	\$64,433.00	\$906,852.00	\$10,034.00	\$57,301.00	\$28,064.00	\$206,577.00	\$1,286,353.00
GRANT	\$581.50	\$142.00	\$5,720.00	\$124,800.00	\$1,216.00	\$6,828.00	\$2,708.00	\$23,178.00	\$165,173.50
GREENE	\$841.00	\$576.50	\$56,017.00	\$563,543.00	\$2,656.00	\$17,210.00	\$6,862.00	\$63,759.00	\$711,464.50
HEMPSTEAD	\$36,524.50	\$11,841.50	\$7,512.00	\$392,067.00	\$1,134.00	\$6,369.00	\$2,262.00	\$22,723.00	\$480,433.00
HOT SPRING	\$947.00	\$559.50	\$10,149.00	\$304,146.00	\$2,172.00	\$12,975.00	\$5,465.00	\$43,089.00	\$379,502.50

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
February 1 through February 28, 2017**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$18,290.50	\$9,246.50	\$5,824.00	\$215,003.00	\$938.00	\$4,965.00	\$1,885.00	\$14,579.00	\$270,731.00
INDEPENDENCE	\$3,865.50	\$989.50	\$47,978.00	\$508,460.00	\$1,894.00	\$16,737.00	\$5,718.00	\$55,401.00	\$641,043.00
IZARD	\$382.50	\$71.50	\$11,684.00	\$81,271.00	\$448.00	\$3,623.00	\$2,200.00	\$12,301.00	\$111,981.00
JACKSON	\$11,995.00	\$6,648.00	\$13,380.00	\$309,000.00	\$1,648.00	\$9,100.00	\$4,008.00	\$30,239.00	\$386,018.00
JEFFERSON	\$41,165.50	\$28,976.50	\$46,482.00	\$1,472,292.00	\$7,136.00	\$41,188.00	\$19,794.00	\$134,839.00	\$1,791,873.00
JOHNSON	\$531.00	\$243.00	\$8,533.00	\$242,936.00	\$1,280.00	\$8,560.00	\$3,382.00	\$27,413.00	\$292,878.00
LAFAYETTE	\$6,307.50	\$2,332.50	\$1,915.00	\$69,000.00	\$686.00	\$1,438.00	\$487.00	\$4,967.00	\$87,133.00
LAWRENCE	\$1,063.50	\$324.00	\$8,016.00	\$206,100.00	\$790.00	\$5,523.00	\$1,563.00	\$23,627.00	\$247,006.50
LEE	\$2,252.50	\$3,366.50	\$1,269.00	\$68,400.00	\$298.00	\$1,920.00	\$529.00	\$7,102.00	\$85,137.00
LINCOLN	\$207.00	\$317.00	\$7,289.00	\$100,500.00	\$532.00	\$3,874.00	\$1,941.00	\$12,676.00	\$127,336.00
LITTLE RIVER	\$4,008.00	\$2,873.50	\$4,294.00	\$99,348.00	\$436.00	\$3,358.00	\$834.00	\$11,189.00	\$126,340.50
LOGAN	\$1,059.50	\$345.00	\$7,110.00	\$193,997.00	\$1,010.00	\$8,655.00	\$2,762.00	\$27,491.00	\$242,429.50
LONOKE	\$9,715.00	\$5,997.50	\$31,119.00	\$909,800.00	\$6,436.00	\$36,435.00	\$14,717.00	\$127,582.00	\$1,141,801.50
MADISON	\$180.00	\$32.00	\$1,101.00	\$67,466.00	\$596.00	\$4,773.00	\$1,129.00	\$15,449.00	\$90,726.00
MARION	\$1,712.00	\$405.50	\$7,474.00	\$140,624.00	\$1,914.00	\$4,805.00	\$2,943.00	\$15,289.00	\$175,166.50
MILLER	\$17,163.50	\$9,608.50	\$17,547.00	\$470,575.00	\$2,532.00	\$10,918.00	\$4,914.00	\$36,108.00	\$569,366.00
MISSISSIPPI	\$37,716.50	\$15,114.50	\$7,984.00	\$481,269.00	\$1,702.00	\$10,228.00	\$3,378.00	\$49,454.00	\$606,846.00
MONROE	\$2,055.50	\$1,223.00	\$2,566.00	\$122,037.00	\$374.00	\$4,589.00	\$1,456.00	\$18,208.00	\$152,508.50
MONTGOMERY	\$4.00	\$1.00	\$2,280.00	\$25,238.00	\$444.00	\$2,096.00	\$633.00	\$8,274.00	\$38,970.00
NEVADA	\$2,415.00	\$1,952.00	\$2,861.00	\$192,152.00	\$694.00	\$3,123.00	\$1,093.00	\$12,209.00	\$216,499.00
NEWTON	\$33.00	\$23.00	\$3,773.00	\$45,600.00	\$170.00	\$1,506.00	\$671.00	\$4,298.00	\$56,074.00
OUACHITA	\$9,278.50	\$5,803.50	\$19,271.00	\$543,707.00	\$1,624.00	\$10,930.00	\$4,383.00	\$39,395.00	\$634,392.00
PERRY	\$555.50	\$508.00	\$1,042.00	\$79,135.00	\$348.00	\$3,972.00	\$1,244.00	\$12,855.00	\$99,659.50
PHILLIPS	\$7,147.00	\$4,407.50	\$958.00	\$171,572.00	\$1,882.00	\$12,242.00	\$2,375.00	\$48,170.00	\$248,753.50
PIKE	\$372.00	\$83.50	\$16,801.00	\$87,660.00	\$720.00	\$4,901.00	\$2,071.00	\$15,883.00	\$128,491.50
POINSETT	\$5,288.50	\$1,137.50	\$14,507.00	\$410,835.00	\$998.00	\$9,401.00	\$3,596.00	\$37,024.00	\$482,787.00
POLK	\$703.50	\$18.00	\$7,437.00	\$97,895.00	\$1,356.00	\$7,085.00	\$2,263.00	\$23,822.00	\$140,579.50
POPE	\$2,953.00	\$1,435.50	\$22,188.00	\$722,281.00	\$4,106.00	\$27,420.00	\$10,544.00	\$105,151.00	\$896,078.50
PRAIRIE	\$1,808.00	\$902.00	\$9,351.00	\$196,765.00	\$512.00	\$4,152.00	\$1,139.00	\$16,946.00	\$231,575.00
PULASKI	\$94,674.00	\$82,708.50	\$245,321.00	\$5,960,386.00	\$46,380.00	\$222,053.00	\$104,088.00	\$793,991.00	\$7,549,601.50
RANDOLPH	\$115.50	\$263.50	\$5,407.00	\$182,400.00	\$1,490.00	\$6,072.00	\$1,391.00	\$18,966.00	\$216,105.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
February 1 through February 28, 2017**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
SAINT FRANCIS	\$10,777.50	\$11,825.00	\$4,514.00	\$314,123.00	\$1,808.00	\$9,036.00	\$2,544.00	\$34,333.00	\$388,960.50
SALINE	\$9,167.00	\$4,480.00	\$57,338.00	\$1,076,650.00	\$8,936.00	\$51,098.00	\$21,773.00	\$187,712.00	\$1,417,154.00
SCOTT	\$121.50	\$89.50	\$2,168.00	\$81,300.00	\$554.00	\$3,979.00	\$1,036.00	\$12,773.00	\$102,021.00
SEARCY	\$21.00	\$169.00	\$532.00	\$81,312.00	\$580.00	\$2,482.00	\$985.00	\$8,989.00	\$95,070.00
SEBASTIAN	\$18,231.50	\$6,814.00	\$14,857.00	\$720,128.00	\$8,218.00	\$55,510.00	\$19,859.00	\$195,098.00	\$1,038,715.50
SEVIER	\$2,268.50	\$882.50	\$2,201.00	\$109,529.00	\$578.00	\$4,678.00	\$954.00	\$12,821.00	\$133,912.00
SHARP	\$645.00	\$259.00	\$26,559.00	\$210,474.00	\$1,242.00	\$7,844.00	\$3,411.00	\$26,487.00	\$276,921.00
STONE	\$1,760.50	\$440.50	\$6,233.00	\$82,188.00	\$786.00	\$4,421.00	\$3,023.00	\$15,008.00	\$113,860.00
UNION	\$52,496.50	\$22,096.50	\$32,234.00	\$832,947.00	\$4,008.00	\$15,673.00	\$6,058.00	\$57,684.00	\$1,023,197.00
VAN BUREN	\$820.50	\$854.00	\$13,952.00	\$155,847.00	\$1,146.00	\$7,596.00	\$2,645.00	\$24,291.00	\$207,151.50
WASHINGTON	\$14,704.00	\$5,973.00	\$30,241.00	\$1,297,042.00	\$11,690.00	\$69,572.00	\$21,536.00	\$265,926.00	\$1,716,684.00
WHITE	\$6,918.50	\$4,057.50	\$81,880.00	\$1,064,569.00	\$4,726.00	\$32,534.00	\$13,976.00	\$114,709.00	\$1,323,370.00
WOODRUFF	\$2,861.50	\$1,151.00	\$841.00	\$89,257.00	\$404.00	\$2,918.00	\$1,097.00	\$10,509.00	\$109,038.50
YELL	\$908.00	\$131.00	\$23,299.00	\$246,650.00	\$1,080.00	\$8,367.00	\$2,961.00	\$28,280.00	\$311,676.00

GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$564,257.50	\$341,036.00	\$1,409,628.00	\$31,701,804.00	\$215,810.00	\$1,221,726.00	\$483,226.00	\$4,444,120.00	\$40,381,607.50

*Estimates

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Total Number of Active Retailers
February 2017**

There were 1,927 active retailers as of February 28, 2017.

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
February 28, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,553,770.48
Restricted assets:	
Cash and cash equivalents	17,256,640.36
Accounts receivable	14,742,427.85
Prepaid items	26,143.22
Total current assets	<u>34,578,981.91</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,153,651.44
Deposits with Multi-State Lottery Association	1,920,772.19
Capital assets (Net of accumulated depreciation)	398,297.21
Total non-current assets	<u>22,472,720.84</u>
 Total assets	 57,051,702.75
Deferred outflows of resources:	
Related to pension	<u>1,130,744.92</u>
 Total assets and deferred outflows of resources	 <u>\$ 58,182,447.67</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 81,340.34
Prizes payable	18,146,092.63
Accrued and other liabilities	2,863,876.45
Due to other funds of the State	448,513.21
Payable to ADHE for Education Trust Account	11,202,573.09
Compensated absences	333,837.11
Unearned revenue	349,461.69
Total current liabilities	<u>33,425,694.52</u>
Long-Term liabilities:	
Net other post employment benefits	2,276,265.19
Net pension liability	4,144,582.00
Total long-term liabilities	<u>6,420,847.19</u>
 Total liabilities	 39,846,541.71
Deferred inflows of resources:	
Related to pension	<u>665,543.75</u>
 Total liabilities and deferred inflows of resources	 <u>40,512,085.46</u>

NET POSITION

Net position:	
Invested in capital assets	398,297.21
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer fidelity reserve	153,651.44
Retailer bond reserve	333,012.55
Deposits with Multi-State Lottery Association	1,920,772.19
Unclaimed prizes reserve	6,054,067.27
Unrestricted (deficit)	<u>(11,189,438.45)</u>
 Total net position	 <u>17,670,362.21</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 58,182,447.67</u>

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues, Expenses and Change in Net Position
For the Eight Months Ended February 28, 2017

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 32,424,625.00	\$ 235,283,011.00
Online ticket sales	8,696,876.50	55,301,077.00
Retailer application, fidelity, bond and service fees	56,044.10	550,228.83
Other revenue	<u>(691.00)</u>	<u>2,769.02</u>
 Total operating revenues	 <u>41,176,854.60</u>	 <u>291,137,085.85</u>
 Operating expenses:		
Instant game prizes	22,936,734.72	167,313,154.10
Online game prizes	4,848,582.33	29,194,824.58
Retailer commissions	2,322,462.00	16,348,386.69
Gaming contract costs	1,677,023.16	12,346,207.93
Compensation and benefits	418,289.03	3,382,903.58
Marketing, advertising and promotions	574,501.79	4,070,517.56
General and administrative expenses	516,098.39	2,425,176.48
Services provided by Arkansas Department of Higher Education	36,666.00	293,328.00
Audit services provided by Arkansas Legislative Audit	12,000.00	96,000.00
Legal and professional services	0.00	1,124.44
Depreciation	<u>7,965.83</u>	<u>64,140.80</u>
 Total operating expenses	 <u>33,350,323.25</u>	 <u>235,535,764.16</u>
 Operating income (1)	 7,826,531.35	 55,601,321.69
 Non-operating revenue:		
Interest income	<u>35,325.43</u>	<u>261,179.76</u>
 Income before transfers	 7,861,856.78	 55,862,501.45
 Transfers to:		
Education Trust Account (2)	(6,698,099.62)	(50,964,375.77)
Shortfall Account to Education Trust Account	<u></u>	<u></u>
 Change in net position	 <u>\$ 1,163,757.16</u>	 4,898,125.68
 Total net position - beginning		 12,772,236.53
Total net position - ending		<u>\$ 17,670,362.21</u>

1) Includes all GAAP related accounting items including unclaimed prizes.

2) Reflects adjustment of sales and prizes expense to a modified cash basis and does not include unclaimed prizes.

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses Budget Comparisons
For the Eight Months Ended February 28, 2017

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 32,424,625.00	78.74	\$ 36,500,000.00	84.21	\$ (4,075,375.00)	\$ 235,283,011.00	80.82	\$ 250,310,000.00	82.63	\$ (15,026,989.00)
Online games	8,696,876.50	21.12	6,783,000.00	15.65	1,913,876.50	55,301,077.00	18.99	52,051,000.00	17.18	3,250,077.00
Retailer fees	56,044.10	0.14	59,000.00	0.14	(2,955.90)	550,228.83	0.19	552,000.00	0.18	(1,771.17)
Other revenue	<u>(691.00)</u>	(0.00)	<u>1,000.00</u>	0.00	<u>(1,691.00)</u>	<u>2,769.02</u>	0.00	<u>8,000.00</u>	0.00	<u>(5,230.98)</u>
Total operating revenues	<u>41,176,854.60</u>	100.00	<u>43,343,000.00</u>	100.00	<u>(2,166,145.40)</u>	<u>291,137,085.85</u>	100.00	<u>302,921,000.00</u>	100.00	<u>(11,783,914.15)</u>
Operating expenses:										
Instant game prizes	22,936,734.72	55.70	26,246,086.00	60.55	(3,309,351.28)	167,313,154.10	57.47	179,584,051.00	59.28	(12,270,896.90)
Online game prizes	4,848,582.33	11.78	3,651,214.00	8.42	1,197,368.33	29,194,824.58	10.03	27,914,849.00	9.22	1,279,975.58
Retailer commissions	2,322,462.00	5.64	2,469,900.00	5.70	(147,438.00)	16,348,386.69	5.62	17,255,000.00	5.70	(906,613.31)
Gaming contract costs	1,677,023.16	4.07	2,094,500.00	4.83	(417,476.84)	12,346,207.93	4.24	14,363,900.00	4.74	(2,017,692.07)
Compensation & benefits	418,289.03	1.02	398,500.00	0.92	19,789.03	3,382,903.58	1.16	3,446,700.00	1.14	(63,796.42)
Marketing, advertising & promotions	574,501.79	1.40	335,700.00	0.77	238,801.79	4,070,517.56	1.40	4,004,500.00	1.32	66,017.56
General and administrative expenses	516,098.39	1.25	394,400.00	0.91	121,698.39	2,425,176.48	0.83	2,913,300.00	0.96	(488,123.52)
Services provided by other agencies	48,666.00	0.12	35,000.00	0.08	13,666.00	389,328.00	0.13	410,000.00	0.14	(20,672.00)
Legal and professional service	-	-	1,700.00	0.00	(1,700.00)	1,124.44	0.00	13,300.00	0.00	(12,175.56)
Depreciation	<u>7,965.83</u>	0.02	<u>10,600.00</u>	0.02	<u>(2,634.17)</u>	<u>64,140.80</u>	0.02	<u>74,600.00</u>	0.02	<u>(10,459.20)</u>
Total operating expenses	<u>33,350,323.25</u>	80.99	<u>35,637,600.00</u>	82.22	<u>(2,287,276.75)</u>	<u>235,535,764.16</u>	80.90	<u>249,980,200.00</u>	82.52	<u>(14,444,435.84)</u>
Operating income	7,826,531.35	19.01	7,705,400.00	17.78	121,131.35	55,601,321.69	19.10	52,940,800.00	17.48	2,660,521.69
Non-operating revenue:										
Interest income	<u>35,325.43</u>	0.09	<u>9,400.00</u>	0.02	<u>25,925.43</u>	<u>261,179.76</u>	0.09	<u>79,000.00</u>	0.03	<u>182,179.76</u>
Income before transfers	<u>\$ 7,861,856.78</u>	19.09	<u>\$ 7,714,800.00</u>	17.80	<u>\$ 147,056.78</u>	<u>\$ 55,862,501.45</u>	19.19	<u>\$ 53,019,800.00</u>	17.50	<u>\$ 2,842,701.45</u>

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For the Eight Months Ended February 28, 2017**

	Year to date
Operating revenues:	
Instant ticket SETTLEMENTS	\$ 234,532,006.00
Online ticket sales	55,301,077.00
Retailer application, fidelity and service fees	550,228.83
Other revenue	<u>2,769.02</u>
 Total operating revenues	 <u>290,386,080.85</u>

Operating expenses:	
Instant game prizes SETTLEMENTS	166,420,333.00
Online game prizes	29,194,824.58
Retailer commissions	16,348,386.69
Gaming contract costs	12,346,207.93
Compensation and benefits	3,382,903.58
Marketing, advertising and promotions	4,070,517.56
General and administrative expenses	2,425,176.48
Services provided by ADHE	293,328.00
Services provided by Legislative Audit Agency	96,000.00
Legal and professional services	1,124.44
Current year Capital Asset cost	86,020.75
Total operating expenses	<u>234,664,823.01</u>

Change in net proceeds from operations 55,721,257.84

Nonoperating revenue (expense):		
Interest Income	261,179.76	
Other Non-Operating Income	0.00	
EDUCATION TRUST FUNDING-Current Year	(44,266,276.15)	
Less Act 1180 Unclaimed Prizes	(5,054,067.27)	
Less Current year Fidelity Reserve Fees	(16,751.26)	restricted reserves
Less Current year Bond Reserve Fees	(169,140.00)	restricted reserves
Less Current year MUSL Reserves (additions) / reductions	(73,161.30)	see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>295,058.00</u>	

NET PROCEEDS EARNED-Current Month \$ 6,698,099.62

	Transfer	Interest	Total
Totals	\$ 10,137,715.80	\$ 1,064,857.29	\$ 11,202,573.09
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 scholarship 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
Transfer to ADHE 9/9/16	\$ (36,000,000.00)		\$ (36,000,000.00)
September 2016 funding - 10/15/16	\$ 5,765,568.30	\$ 7,508.12	\$ 5,773,076.42
ADHE Refund for excess scholarship funding for FY 2016	\$ 542,198.00		\$ 542,198.00
Transfer from ADHE (final 2016 Adj) -10/28/16	\$ (109,184.50)		\$ (109,184.50)
October 2016 funding - 11/15/16	\$ 5,158,748.07	\$ 6,292.47	\$ 5,165,040.54
November 2016 funding - 12/15/16	\$ 6,562,384.25	\$ 8,595.26	\$ 6,570,979.51
December 2016 funding - 1/15/17	\$ 4,576,676.57	\$ 19,855.65	\$ 4,596,532.22
January 2017 funding - 2/15/17	\$ 7,922,573.49	\$ 24,972.72	\$ 7,947,546.21
Transfer to ADHE 2/10/16	\$ (35,000,000.00)		\$ (35,000,000.00)
February 2017 funding - 3/15/17	\$ 6,688,267.91	\$ 9,831.71	\$ 6,698,099.62

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
February 28, 2017

	Monthly	Year to Date
Reserve Balance July 1, 2016		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 802,147.04	5,054,067.27
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	\$ 802,147.04	5,054,067.27
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
 Reserve Balance February 28, 2017		 \$6,054,067.27

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2017**

Vendors	Goods or Services	Diversity Classification	February 2017	FY 2017 Total
A-Absolute Moving & Hauling	Moving/Hauling	CMBE		\$1,073.35
Allegra Print & Imaging	Advertising/Public Relations	FOB		\$1,916.15
BSW Advertising	Advertising/Public Relations	FOB		\$36,561.33
Goddess Products	Office Furniture/Supplies	CMBE	\$105.97	\$15,110.13
Government Supply Services	Office Products	MBE	\$338.47	\$1,174.15
Party Prints	Advertising/Public Relations	CMBE	\$12,006.35	\$32,492.90
Trivia Marketing	Advertising/Public Relations	WBE		\$681.25
Totals			\$12,450.79	\$89,009.26

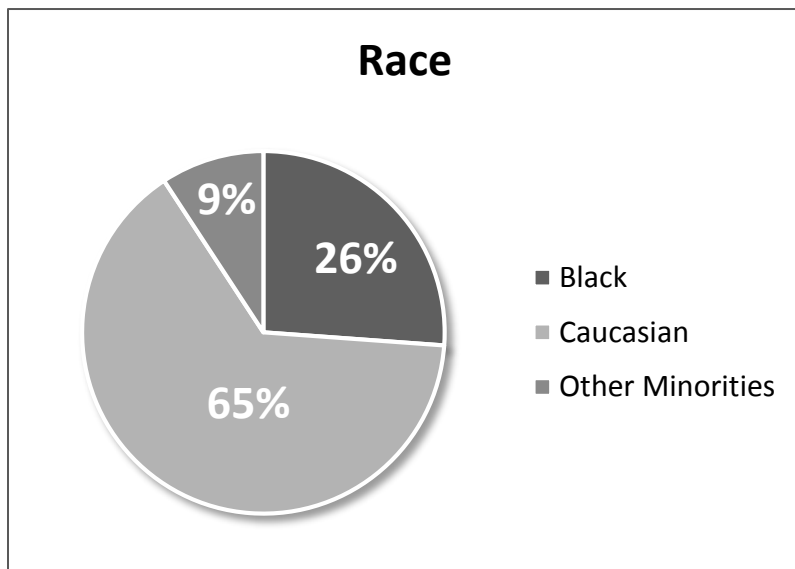
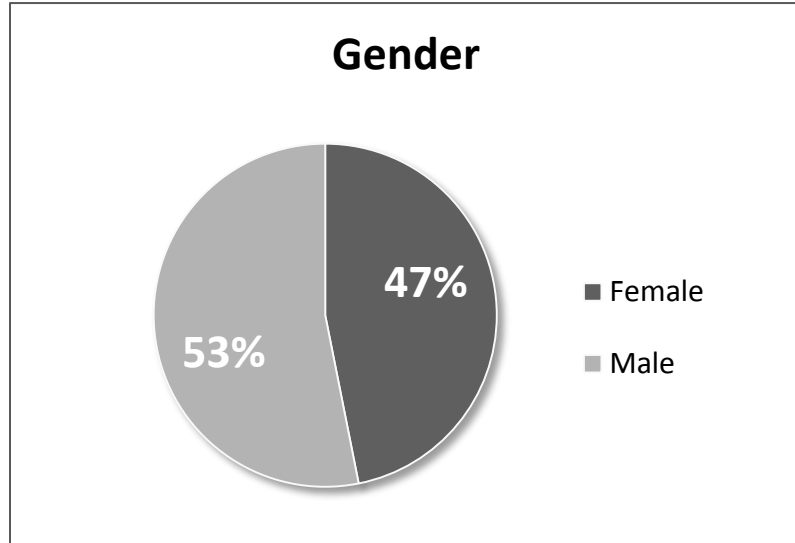
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2017**

Vendors	Goods or Services	Diversity Classification	February 2017	FY 2017 Total
J Kelly Referrals and Information Services	Call Center/Information Services	CMBE	\$16,924.00 (includes \$8,462.00, 01/17)	\$71,927.00
Totals			\$16,924.00	\$71,927.00

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2017**

Vendors	Goods or Services	Diversity Classification	February 2017	FY 2017 Total
Central Copiers, Inc.	Office Products/Supplies	Not classified	\$111.18	\$111.18
Expedited Transportation Services	Transportation Services	FOB		\$17,290.59
Ingage, LLC	Fulfillment Services and Prizes	FOB	\$18,934.58	\$178,509.72
Mr. Klean's Carpet and Janitorial Service	Janitorial Services	MBE	\$396.00	\$3,168.00
Totals			\$19,441.75	\$199,079.49

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Demographics – February 2017**



Total Number of Employees as of February 28, 2017: 65

Gender:

Females – 30
Males – 35

Race:

Black – 17
Caucasian – 42
Other – 6

Female -- 10	Male -- 7
Female -- 17	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**

During the reporting period, the Office of the Arkansas Lottery (OAL) Internal Auditor (Internal Audit) issued the following report:

Travel Reimbursements Audit

The audit centered on controls and procedures in place to provide reasonable assurance that travel and mileage reimbursements to OAL employees are in compliance with State of Arkansas Travel Regulations, Department of Finance and Administration (DFA), and OAL policies and procedures as it relates to travel. Fieldwork included review of documentation and information generated July 1, 2015 through October 28, 2016.

The following observation and recommendation was reported:

- *Compliance with Travel Regulations and Policies* – Internal Audit noted instances of known or potential non-compliance with State of Arkansas Travel Regulations and/or OAL travel policies and procedures including:
 - Instances where travel authorization and/or expense reconciliation forms did not capture all expenses anticipated or incurred on the trip because such expenses were directly paid or reimbursed to the OAL by an industry organization in which it holds membership or vendor that covers travel costs under certain parameters by contract;
 - An instance where in-state lodging arrangements were made by the traveling OAL employee prior to documenting the planned travel and obtaining appropriate approval;
 - An instance where an out of state trip was approved via email, but the appropriate approval forms could not be located; and
 - An instance where valid employee relocation-related expenses were incurred and billed directly to the OAL prior to completion and approval of the appropriate written authorization for such expenses.

It should be noted that most of the items observed in Internal Audit's testing had been subsequently identified by OAL Management after their occurrence and that they were addressed with the appropriate individuals.

Internal Audit recommended that OAL Management reinforce State of Arkansas Travel Regulations, DFA reporting requirements, and OAL policies and practices to office managers and that additional review procedures be implemented prior to final authorization and commencement of the booking of travel arrangements going forward. Additionally, Internal Audit recommended the retention of additional travel-related documentation to enhance compliance with relevant travel regulations. OAL Management stated its concurrence with Internal Audit's recommendation. Internal Audit will perform follow-up procedures when appropriate to affirm implementation of the recommended internal control enhancements.

No additional issues or problems resulting from internal audits have been reported for the reporting period.

DFA/Office of the Arkansas Lottery
Instant & Fast Play Games
February 2017

Sales for the following instant games began February 28, 2017. No ending dates have been determined for these games.

\$1 10X

\$2 20X

\$5 50X

\$10 100X

Sales for the following Fast Play games began February 6, 2017. No ending dates have been determined for this game.

\$1 Beat the Dealer

\$2 Lucky Clover