



STATE OF ARKANSAS
ARKANSAS LOTTERY COMMISSION

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

February 10, 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 January 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 Woodsley".

Bishop Woodsley
Director

Enclosures

cc: Dr. George Hammons, Chairman, Arkansas Lottery Commission



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ARKANSAS LOTTERY COMMISSION

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February 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 January 2014. The report contains the following information:

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

Bishop Woosley
Director

Enclosures

cc: Dr. George Hammons, Chairman, Arkansas Lottery Commission

**Arkansas Lottery Commission Term Contracts for Goods and Services
January 1 through January 31, 2014**

No term contracts were entered into by the Arkansas Lottery Commission during the month of January 2014.

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

1. Debt Set-Off:

a.	Department of Finance and Administration	\$15,515.81
b.	Office of Child Support Enforcement - Child Support	<u>\$ 2,448.04</u>
	Total Debt Set-Off:	\$ 17,963.85

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

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$30.00	\$7,168.50	\$7,343.00	\$3,862.00	\$22,912.00	\$457,239.00	\$10,756.00	\$7,775.00	\$22,163.00	\$539,248.50
ASHLEY	\$15.00	\$8,999.00	\$9,552.50	\$1,302.00	\$15,209.00	\$119,700.00	\$6,110.00	\$2,153.00	\$15,139.00	\$178,179.50
BAXTER	\$115.00	\$2,880.50	\$1,139.00	\$4,698.00	\$18,740.00	\$291,951.00	\$14,881.00	\$13,525.00	\$33,607.00	\$381,536.50
BENTON	\$360.00	\$3,412.50	\$1,471.00	\$12,256.00	\$24,793.00	\$692,099.00	\$55,773.00	\$19,142.00	\$125,767.00	\$935,073.50
BOONE	\$140.00	\$2,068.50	\$1,227.00	\$1,998.00	\$8,270.00	\$334,664.00	\$11,678.00	\$5,517.00	\$27,415.00	\$392,977.50
BRADLEY	\$20.00	\$1,063.00	\$846.50	\$872.00	\$2,595.00	\$120,900.00	\$3,735.00	\$1,947.00	\$6,360.00	\$138,338.50
CALHOUN	\$5.00	\$1,464.50	\$662.00	\$408.00	\$878.00	\$36,900.00	\$1,236.00	\$752.00	\$1,915.00	\$44,220.50
CARROLL	\$80.00	\$1,399.50	\$1,203.50	\$2,144.00	\$8,165.00	\$196,291.00	\$7,109.00	\$3,558.00	\$16,083.00	\$236,033.00
CHICOT	\$135.00	\$7,365.50	\$4,581.00	\$2,886.00	\$1,259.00	\$136,800.00	\$20,525.00	\$5,799.00	\$46,072.00	\$225,422.50
CLARK	\$40.00	\$2,404.00	\$1,014.50	\$1,896.00	\$7,975.00	\$240,274.00	\$7,663.00	\$3,754.00	\$17,574.00	\$282,594.50
CLAY	\$25.00	\$389.50	\$51.00	\$776.00	\$2,491.00	\$80,400.00	\$1,886.00	\$739.00	\$4,729.00	\$91,486.50
CLEBURNE	\$75.00	\$1,036.00	\$605.00	\$3,932.00	\$7,614.00	\$227,700.00	\$11,922.00	\$10,207.00	\$24,894.00	\$287,985.00
CLEVELAND	\$25.00	\$330.00	\$328.00	\$246.00	\$1,685.00	\$45,900.00	\$1,915.00	\$655.00	\$4,793.00	\$55,877.00
COLUMBIA	\$25.00	\$10,445.50	\$6,744.50	\$1,504.00	\$28,610.00	\$208,500.00	\$5,859.00	\$3,869.00	\$12,316.00	\$277,873.00
CONWAY	\$30.00	\$4,173.50	\$2,967.50	\$2,622.00	\$9,136.00	\$344,531.00	\$10,789.00	\$13,135.00	\$24,407.00	\$411,791.00
CRAIGHEAD	\$260.00	\$9,567.50	\$5,562.00	\$6,252.00	\$25,033.00	\$974,399.00	\$30,819.00	\$17,082.00	\$73,488.00	\$1,142,462.50
CRAWFORD	\$70.00	\$1,723.00	\$698.50	\$3,624.00	\$3,727.00	\$246,421.00	\$18,293.00	\$11,800.00	\$41,733.00	\$328,089.50
CRITTENDEN	\$145.00	\$14,925.00	\$14,665.50	\$4,880.00	\$12,536.00	\$408,672.00	\$26,141.00	\$10,594.00	\$65,416.00	\$557,974.50
CROSS	\$40.00	\$1,800.50	\$1,758.00	\$922.00	\$8,544.00	\$154,930.00	\$6,289.00	\$4,182.00	\$10,881.00	\$189,346.50
DALLAS	\$30.00	\$2,532.00	\$832.50	\$768.00	\$8,364.00	\$121,800.00	\$4,146.00	\$1,695.00	\$6,909.00	\$147,076.50
DESHA	\$60.00	\$1,793.50	\$747.50	\$898.00	\$2,830.00	\$110,400.00	\$5,213.00	\$4,240.00	\$11,995.00	\$138,177.00
DREW	\$5.00	\$833.50	\$415.50	\$1,818.00	\$2,346.00	\$169,272.00	\$6,856.00	\$4,091.00	\$14,247.00	\$199,884.00
FAULKNER	\$315.00	\$8,626.50	\$4,954.50	\$10,706.00	\$19,242.00	\$965,578.00	\$41,879.00	\$24,023.00	\$86,896.00	\$1,162,220.00
FRANKLIN	\$45.00	\$774.50	\$209.50	\$1,388.00	\$12,237.00	\$114,756.00	\$6,660.00	\$3,429.00	\$13,859.00	\$153,358.00
FULTON	\$10.00	\$254.00	\$140.00	\$756.00	\$337.00	\$49,263.00	\$2,038.00	\$1,112.00	\$4,217.00	\$58,127.00
GARLAND	\$240.00	\$7,242.50	\$7,015.50	\$13,950.00	\$44,705.00	\$747,966.00	\$49,030.00	\$39,867.00	\$99,788.00	\$1,009,804.00
GRANT	\$30.00	\$473.50	\$384.00	\$1,302.00	\$3,721.00	\$123,000.00	\$5,268.00	\$3,898.00	\$11,794.00	\$149,870.50
GREENE	\$90.00	\$1,108.50	\$682.00	\$2,618.00	\$16,550.00	\$448,665.00	\$13,744.00	\$6,947.00	\$30,342.00	\$520,746.50
HEMPSTEAD	\$75.00	\$26,077.00	\$9,421.00	\$1,190.00	\$4,391.00	\$255,300.00	\$7,939.00	\$3,403.00	\$13,774.00	\$321,570.00
HOT SPRING	\$40.00	\$2,964.50	\$1,115.50	\$2,416.00	\$8,865.00	\$268,359.00	\$11,744.00	\$7,791.00	\$22,357.00	\$325,652.00

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$15.00	\$18,811.00	\$6,703.50	\$866.00	\$6,973.00	\$125,645.00	\$5,547.00	\$2,409.00	\$8,876.00	\$175,845.50
INDEPENDENCE	\$55.00	\$5,292.50	\$2,477.50	\$3,764.00	\$30,262.00	\$524,100.00	\$14,260.00	\$11,526.00	\$30,456.00	\$622,193.00
IZARD	\$20.00	\$221.00	\$151.00	\$840.00	\$3,608.00	\$63,322.00	\$3,409.00	\$1,515.00	\$6,916.00	\$80,002.00
JACKSON	\$15.00	\$7,943.00	\$3,368.00	\$2,546.00	\$5,995.00	\$234,473.00	\$8,294.00	\$7,896.00	\$16,886.00	\$287,416.00
JEFFERSON	\$140.00	\$32,484.50	\$23,769.00	\$9,576.00	\$70,914.00	\$1,155,894.00	\$40,533.00	\$33,305.00	\$77,663.00	\$1,444,278.50
JOHNSON	\$55.00	\$613.00	\$409.50	\$1,650.00	\$5,101.00	\$181,200.00	\$7,704.00	\$3,818.00	\$15,870.00	\$216,420.50
LAFAYETTE	\$10.00	\$2,774.50	\$1,313.50	\$522.00	\$1,563.00	\$57,600.00	\$1,688.00	\$983.00	\$3,956.00	\$70,410.00
LAWRENCE	\$15.00	\$647.50	\$89.50	\$1,084.00	\$5,004.00	\$186,600.00	\$3,831.00	\$1,809.00	\$7,875.00	\$206,955.00
LEE	\$0.00	\$2,729.00	\$3,014.00	\$316.00	\$1,291.00	\$68,400.00	\$1,997.00	\$579.00	\$4,052.00	\$82,378.00
LINCOLN	\$5.00	\$550.50	\$219.00	\$708.00	\$599.00	\$79,200.00	\$2,626.00	\$3,098.00	\$6,028.00	\$93,033.50
LITTLE RIVER	\$15.00	\$2,965.00	\$2,813.50	\$986.00	\$846.00	\$91,520.00	\$3,707.00	\$1,590.00	\$6,113.00	\$110,555.50
LOGAN	\$20.00	\$617.00	\$145.00	\$1,884.00	\$3,735.00	\$175,799.00	\$6,962.00	\$4,150.00	\$15,730.00	\$209,042.00
LONOKE	\$205.00	\$12,903.00	\$7,685.00	\$8,190.00	\$24,736.00	\$819,499.00	\$31,210.00	\$19,100.00	\$69,183.00	\$992,711.00
MADISON	\$15.00	\$94.50	\$47.00	\$514.00	\$3,843.00	\$42,300.00	\$3,090.00	\$915.00	\$6,182.00	\$57,000.50
MARION	\$10.00	\$1,442.00	\$415.00	\$1,766.00	\$2,573.00	\$105,624.00	\$5,183.00	\$4,022.00	\$15,523.00	\$136,558.00
MILLER	\$75.00	\$23,367.00	\$8,591.00	\$2,178.00	\$11,355.00	\$356,609.00	\$13,038.00	\$4,659.00	\$21,440.00	\$441,312.00
MISSISSIPPI	\$40.00	\$39,314.50	\$15,838.50	\$2,276.00	\$7,402.00	\$393,363.00	\$12,857.00	\$4,330.00	\$26,445.00	\$501,866.00
MONROE	\$5.00	\$2,916.50	\$1,273.00	\$740.00	\$3,131.00	\$102,175.00	\$5,118.00	\$2,506.00	\$10,717.00	\$128,581.50
MONTGOMERY	\$0.00	\$0.00	\$0.00	\$376.00	\$742.00	\$21,054.00	\$1,334.00	\$765.00	\$3,293.00	\$27,564.00
NEVADA	\$45.00	\$3,308.50	\$776.50	\$1,212.00	\$8,851.00	\$160,500.00	\$3,880.00	\$1,843.00	\$7,058.00	\$187,474.00
NEWTON	\$0.00	\$97.00	\$12.00	\$334.00	\$8,840.00	\$50,541.00	\$1,906.00	\$1,238.00	\$2,957.00	\$65,925.00
OUACHITA	\$25.00	\$10,679.50	\$8,452.00	\$1,962.00	\$12,378.00	\$440,100.00	\$9,727.00	\$6,734.00	\$18,930.00	\$508,987.50
PERRY	\$10.00	\$617.00	\$356.50	\$642.00	\$1,521.00	\$79,800.00	\$3,754.00	\$1,834.00	\$6,902.00	\$95,436.50
PHILLIPS	\$45.00	\$5,896.00	\$3,858.50	\$1,710.00	\$2,860.00	\$162,424.00	\$12,171.00	\$2,243.00	\$25,994.00	\$217,201.50
PIKE	\$15.00	\$312.50	\$143.00	\$914.00	\$6,548.00	\$69,000.00	\$3,530.00	\$2,482.00	\$6,809.00	\$89,753.50
POINSETT	\$40.00	\$5,611.00	\$1,734.50	\$1,544.00	\$11,608.00	\$348,229.00	\$8,281.00	\$6,847.00	\$18,947.00	\$402,841.50
POLK	\$5.00	\$490.50	\$91.00	\$1,526.00	\$2,675.00	\$125,462.00	\$6,823.00	\$2,757.00	\$13,320.00	\$153,149.50
POPE	\$75.00	\$5,061.50	\$2,480.50	\$6,524.00	\$14,455.00	\$688,189.00	\$24,969.00	\$14,955.00	\$52,414.00	\$809,123.00
PRAIRIE	\$20.00	\$3,412.00	\$1,812.50	\$848.00	\$4,089.00	\$174,736.00	\$3,502.00	\$1,546.00	\$7,635.00	\$197,600.50
PULASKI	\$1,125.00	\$100,667.50	\$69,300.00	\$54,094.00	\$202,012.00	\$4,593,677.00	\$211,467.00	\$145,815.00	\$419,495.00	\$5,797,652.50
RANDOLPH	\$20.00	\$21.00	\$67.00	\$1,338.00	\$3,587.00	\$124,320.00	\$4,030.00	\$2,252.00	\$8,666.00	\$144,301.00

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

COUNTY	ARKANSAS 50/50	CASH 3	CASH 4	DECADES OF DOLLARS	FAST PLAY	INSTANT SETTLEMENTS	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
SAINT FRANCIS	\$10.00	\$7,564.50	\$4,810.00	\$912.00	\$2,302.00	\$195,622.00	\$8,987.00	\$3,306.00	\$18,440.00	\$241,953.50
SALINE	\$210.00	\$8,901.50	\$4,066.50	\$11,358.00	\$30,570.00	\$917,173.00	\$42,345.00	\$30,169.00	\$89,457.00	\$1,134,250.00
SCOTT	\$10.00	\$252.50	\$56.00	\$370.00	\$2,511.00	\$74,700.00	\$2,809.00	\$1,862.00	\$7,343.00	\$89,913.50
SEARCY	\$30.00	\$512.50	\$436.50	\$652.00	\$685.00	\$77,788.00	\$2,246.00	\$1,243.00	\$4,640.00	\$88,233.00
SEBASTIAN	\$260.00	\$17,949.50	\$6,364.50	\$10,504.00	\$15,373.00	\$611,594.00	\$50,951.00	\$29,734.00	\$106,383.00	\$849,113.00
SEVIER	\$20.00	\$2,500.50	\$756.50	\$740.00	\$2,093.00	\$95,703.00	\$5,505.00	\$1,797.00	\$9,308.00	\$118,423.00
SHARP	\$40.00	\$1,095.50	\$555.50	\$1,266.00	\$26,082.00	\$158,951.00	\$6,048.00	\$3,748.00	\$13,348.00	\$211,134.00
STONE	\$20.00	\$1,106.00	\$338.00	\$1,094.00	\$3,663.00	\$79,694.00	\$3,245.00	\$1,987.00	\$7,041.00	\$98,188.00
UNION	\$100.00	\$40,546.00	\$21,087.50	\$3,510.00	\$13,594.00	\$583,200.00	\$18,794.00	\$6,792.00	\$38,853.00	\$726,476.50
VAN BUREN	\$30.00	\$1,286.50	\$319.00	\$1,476.00	\$3,069.00	\$109,271.00	\$6,245.00	\$3,171.00	\$12,383.00	\$137,250.50
WASHINGTON	\$380.00	\$13,741.00	\$5,837.00	\$15,486.00	\$42,367.00	\$1,116,099.00	\$70,950.00	\$31,351.00	\$154,882.00	\$1,451,093.00
WHITE	\$110.00	\$4,330.00	\$2,162.50	\$6,036.00	\$23,595.00	\$931,982.00	\$24,908.00	\$18,152.00	\$54,135.00	\$1,065,410.50
WOODRUFF	\$5.00	\$2,689.00	\$329.00	\$500.00	\$1,108.00	\$74,702.00	\$2,715.00	\$1,593.00	\$6,524.00	\$90,165.00
YELL	\$45.00	\$636.00	\$98.50	\$1,266.00	\$7,243.00	\$152,505.00	\$6,725.00	\$3,890.00	\$13,784.00	\$186,192.50

GRAND TOTALS	*Arkansas 50/50	*Cash 3	*Cash 4	*Decades of Dollars	*Fast Play	*Instant	*Mega Millions	*Natural State Jackpot	*Powerball	*Totals
	\$5,985.00	\$530,267.00	\$302,961.00	\$263,490.00	\$977,112.00	\$25,672,969.00	\$1,126,797.00	\$674,997.00	\$2,369,782.00	\$31,924,360.00

*Estimates

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

There were 1,881 active retailers as of January 31, 2014.

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

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 4,632,822.75
Restricted Assets:	
Cash and cash equivalents	37,665,746.72
Accounts receivable	10,070,901.36
Prepaid items	<u>90,240.17</u>
Total current assets	52,459,711.00
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	20,086,360.78
Deposits with Multi-State Lottery Association	1,861,803.07
Capital assets:	
Equipment	526,664.88
Leasehold Improvements	498,416.68
Less accumulated depreciation	<u>(772,969.29)</u>
Total noncurrent assets	<u>22,200,276.12</u>
Total assets	<u><u>\$ 74,659,987.12</u></u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 798,586.00
Prizes payable	17,861,424.85
Accrued and other liabilities	1,097,942.65
Due to other funds of the State	1,304,960.42
Payable to ADHE	33,013,969.99
Compensated absences	255,735.29
Unearned revenue	<u>400,378.84</u>
Total current liabilities	<u>54,732,998.04</u>
Long-Term liabilities:	
Net OPEB obligation	<u>1,023,635.88</u>
Total long-term liabilities	<u>1,023,635.88</u>
Total liabilities	<u>55,756,633.92</u>

NET POSITION

Net position:	
Invested in capital assets	252,112.27
Restricted for:	
Scholarship shortfall fund	20,000,000.00
Retailer fidelity fund	86,360.78
Deposits with Multi-State Lottery Assn.	1,861,803.07
Unclaimed prize reserve	4,651,776.73
Unrestricted	<u>(7,948,699.65)</u>
Total net position	<u>18,903,353.20</u>
Total liabilities & net position	<u><u>\$ 74,659,987.12</u></u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Seven Months Ended January 31, 2014

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 24,814,775.00	\$ 176,435,285.00
Online ticket sales	6,219,407.50	53,722,607.00
Retailer application, fidelity and service fees	43,572.72	333,325.73
Other revenue	<u>635.00</u>	<u>5,256.94</u>
Total operating revenues	<u>31,078,390.22</u>	<u>230,496,474.67</u>
Operating expenses:		
Instant game prizes	17,036,652.45	124,858,395.47
Online game prizes	3,357,562.69	28,490,334.33
Retailer commissions	1,746,426.93	12,840,477.42
Gaming contract costs	1,650,137.72	11,438,408.06
Compensation and benefits	484,582.30	3,197,189.66
Marketing, advertising and promotions	399,459.34	2,499,223.35
General and administrative expenses	90,610.96	817,466.95
Services provided by ADHE	68,333.00	478,331.00
Services provided by Legislative Audit Agency	1,680.00	139,080.00
Legal and professional services	1,801.32	2,257.42
Depreciation	<u>15,179.91</u>	<u>106,259.29</u>
Total operating expenses	<u>24,852,426.62</u>	<u>184,867,422.95</u>
Operating income	6,225,963.60	45,629,051.72
Nonoperating revenue (expense):		
Interest income	<u>27,661.08</u>	<u>170,026.87</u>
Income before transfers	6,253,624.68	45,799,078.59
Transfers to:		
Trust Account for ADHE	(5,616,281.40)	(42,306,756.45)
Arkansas Department of Human Services	<u>(200,000.00)</u>	<u>(200,000.00)</u>
Change in net position	<u>\$ 437,343.28</u>	3,292,322.14
Total net position - beginning		<u>15,611,031.06</u>
Total net position - ending		<u>\$ 18,903,353.20</u>

Arkansas Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Seven Months Ended January 31, 2014

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating Revenues										
Instant Games	\$ 24,814,775.00	79.85	\$ 30,958,333.00	81.25	\$ (6,143,558.00)	\$ 176,435,285.00	76.55	\$ 210,295,831.00	80.69	\$ (33,860,546.00)
OnLine Games	6,219,407.50	20.01	7,099,931.00	18.63	(880,523.50)	53,722,607.00	23.31	50,006,363.00	19.19	3,716,244.00
Retailer application, fidelity	43,572.72	0.14	44,166.00	0.12	(593.28)	333,325.73	0.14	309,166.00	0.12	24,159.73
Other Revenue	<u>635.00</u>	0.00	<u>834.00</u>	0.00	<u>(199.00)</u>	<u>5,256.94</u>	0.00	<u>5,834.00</u>	0.00	<u>(577.06)</u>
Total Operating Revenues	<u>31,078,390.22</u>	100.00	<u>38,103,264.00</u>	100.00	<u>(7,024,873.78)</u>	<u>230,496,474.67</u>	100.00	<u>260,617,194.00</u>	100.00	<u>(30,120,719.33)</u>
Operating Expenses										
Instant Game Prizes	17,036,652.45	54.82	21,791,643.83	57.19	(4,754,991.38)	124,858,395.47	54.17	147,897,529.29	56.75	(23,039,133.82)
On-Line Game Prizes	3,357,562.69	10.80	3,612,682.18	9.48	(255,119.49)	28,490,334.33	12.36	25,282,636.78	9.70	3,207,697.55
Retailer Commissions	1,746,426.93	5.62	2,154,605.00	5.65	(408,178.07)	12,840,477.42	5.57	14,724,474.00	5.65	(1,883,996.58)
Gaming Contract Costs	1,650,137.72	5.31	1,961,068.00	5.15	(310,930.28)	11,438,408.06	4.96	13,412,863.00	5.15	(1,974,454.94)
Staff Compensation & Benefits	484,582.30	1.56	557,664.00	1.46	(73,081.70)	3,197,189.66	1.39	3,766,858.00	1.45	(569,668.34)
Marketing, Advertising & Promo	399,459.34	1.29	375,000.00	0.98	24,459.34	2,499,223.35	1.08	2,625,000.00	1.01	(125,776.65)
General and administrative ex	90,610.96	0.29	114,166.00	0.30	(23,555.04)	817,466.95	0.35	799,166.00	0.31	18,300.95
Services Provided by Other Age	70,013.00	0.23	129,167.00	0.34	(59,154.00)	617,411.00	0.27	904,167.00	0.35	(286,756.00)
Legal and Professional Service	1,801.32	0.01	2,083.00	0.01	(281.68)	2,257.42	0.00	14,583.00	0.01	(12,325.58)
Capital asset depreciation	<u>15,179.91</u>	0.05	<u>15,416.00</u>	0.04	<u>(236.09)</u>	<u>106,259.29</u>	0.05	<u>107,916.00</u>	0.04	<u>(1,656.71)</u>
Total Operating Expenses	<u>24,852,426.62</u>	79.97	<u>30,713,495.01</u>	80.61	<u>(5,861,068.39)</u>	<u>184,867,422.95</u>	80.20	<u>209,535,193.07</u>	80.40	<u>(24,667,770.12)</u>
Operating Income	6,225,963.60	20.03	7,389,768.99	19.39	(1,163,805.39)	45,629,051.72	19.80	51,082,000.93	19.60	(5,452,949.21)
Non-Operating Revenue (Expense)										
Interest Income	<u>27,661.08</u>	0.09	<u>20,000.00</u>	0.05	<u>7,661.08</u>	<u>170,026.87</u>	0.07	<u>140,000.00</u>	0.05	<u>30,026.87</u>
Income before transfers	<u>\$ 6,253,624.68</u>	20.12	<u>\$ 7,409,768.99</u>	19.45	<u>\$ (1,156,144.31)</u>	<u>\$ 45,799,078.59</u>	19.87	<u>\$ 51,222,000.93</u>	19.65	<u>\$ (5,422,922.34)</u>

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

	Year to date
Operating revenues:	
Instant ticket SETTLEMENTS	\$ 176,764,954.00
Online ticket sales	53,722,607.00
Retailer application, fidelity and service fees	333,325.73
Other revenue	<u>5,256.94</u>
 Total operating revenues	 <u>230,826,143.67</u>
 Operating expenses:	
Instant game prizes SETTLEMENTS	124,830,912.00
Online game prizes	28,490,334.33
Retailer commissions	12,840,477.42
Gaming contract costs	11,438,408.06
Compensation and benefits	3,197,189.66
Marketing, advertising and promotions	2,499,223.35
General and administrative expenses	817,466.95
Services provided by ADHE	478,331.00
Services provided by Legislative Audit Agency	139,080.00
Legal and professional services	2,257.42
Current year Capital Asset cost	0.00
Total operating expenses	<u>184,733,680.19</u>
 Change in net proceeds from operations	 46,092,463.48
 Nonoperating revenue (expense):	
Interest Income	170,026.87
Other Non Operating Income	
EDUCATION TRUST FUNDING-Current Year	(36,690,475.05)
Less Act 1180 Unclaimed Prizes	(3,651,776.73)
Less Transfer to ADHS	(200,000.00)
Less Current year Fidelity Fund fees	(15,774.09) restricted fund
Less Current year MUSL Reserves additions	(88,183.08) see 23-115-103(17) and (19)(A)&(B)

NET PROCEEDS EARNED-Current Month

\$ 5,616,281.40

Totals	Transfer	Interest	Total
	\$ 32,180,605.10	\$ 833,364.89	\$ 33,013,969.99
July 2012 funding - 8/15/12	\$ 4,727,442.68	\$ 25,058.83	\$ 4,752,501.51
ADHE Refund for excess funding 8/7/12	\$ 6,342,312.00		\$ 6,342,312.00
August transfer to ADHE 8/10/12	\$ (55,000,000.00)		\$ (55,000,000.00)
June 2012 Audit Adjustments funding - 9/15/12	\$ (72,247.92)		\$ (72,247.92)
August 2012 funding - 9/15/12	\$ 7,181,223.09	\$ 12,062.84	\$ 7,193,285.93
September 2012 funding - 10/15/12	\$ 6,576,892.46	\$ 8,064.30	\$ 6,584,956.76
October 2012 funding - 11/15/12	\$ 6,621,349.77	\$ 11,516.26	\$ 6,632,866.03
November 2012 funding - 12/15/12	\$ 8,429,441.15	\$ 14,494.44	\$ 8,443,935.59
December 2012 funding - 1/15/13	\$ 6,895,999.32	\$ 18,261.36	\$ 6,914,260.68
January 2013 funding - 2/15/13	\$ 6,516,869.09	\$ 22,084.00	\$ 6,538,953.09
February transfer to ADHE 2/1/13	\$ (45,000,000.00)		\$ (45,000,000.00)
February transfer to ADHE 2/8/13	\$ (10,000,000.00)		\$ (10,000,000.00)
February 2013 funding - 3/15/13	\$ 6,445,840.69	\$ 1,278.08	\$ 6,447,118.77
March transfer to ADHE 3/22/13	\$ (5,000,000.00)		\$ (5,000,000.00)
March 2013 funding - 4/15/13	\$ 9,773,520.45	\$ 1,752.38	\$ 9,775,272.83
April 2013 funding - 5/15/13	\$ 8,139,256.61	\$ 4,210.72	\$ 8,143,467.33
May 2013 funding - 6/15/13	\$ 9,886,108.67	8,239.18	\$ 9,894,347.85
June 2013 funding - 7/15/13	\$ 3,539,162.77	\$ 11,906.02	\$ 3,551,068.79
June 2013 Unclaimed Prize funding - 7/15/13	\$ 5,040,413.97		\$ 5,040,413.97
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

Arkansas Lottery Commission
Unclaimed Prizes
January 31, 2014

	Monthly	Year to Date
1. Unclaimed lottery prize money:	\$1,175,002.42	\$3,651,776.73
2. Expenditures from unclaimed lottery prize money:	0.00	0.00
3. Reserved for future prizes, promotions or reserves:	\$1,175,002.42	\$3,651,776.73
Deposits to net lottery proceeds from unclaimed Lottery prize money:	0.00	0.00

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

Vendors	Goods or Services	Diversity Classification	January 2014	FY 2014 Total
Byrd Enterprises, Inc.	Lighting & Service Co.	Minority-owned		\$379.50
Goddess Products	Office Furniture/Supplies	Minority-owned		\$2,514.00
Government Supply Services, inc.	Office Products	Minority-owned	\$467.56	\$467.56
Northeast Arkansas Cleaning Service	Janitorial Services	Female-owned	\$539.55	\$3,847.70
Party Prints, Inc.	Advertising/Public Relations	Minority/Female-owned		\$6,781.25
Ride N Shine Detail	Auto Servicing	Minority-owned		\$49.64
SHI International Corporation	Computer Software	Female-owned	\$2,400.00	\$17,606.08
Trivia Marketing	Advertising/Public Relations	Female-owned	\$443.91	\$450.45
Totals			\$3,851.02	\$32,096.18

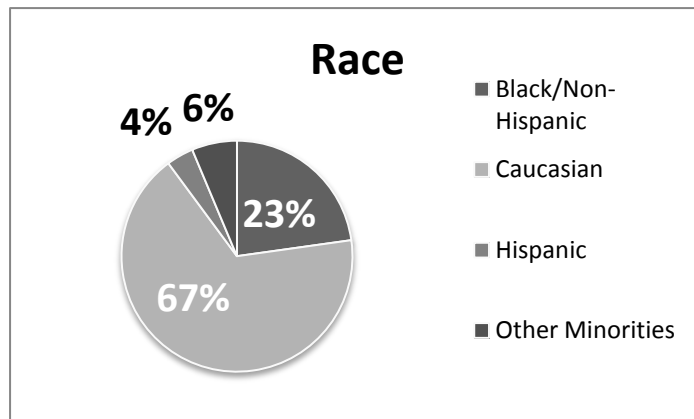
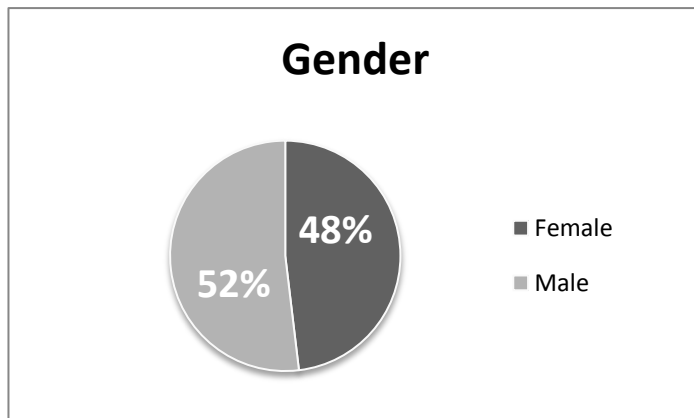
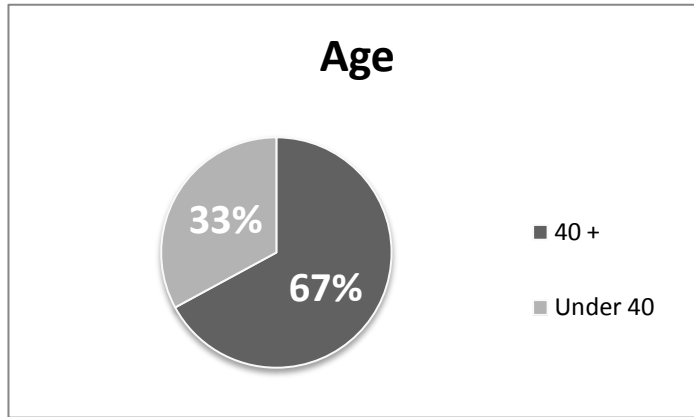
INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
January 1 through January 31, 2014

Vendors	Goods or Services	Diversity Classification	January 2014	FY 2014 Total
Goddess Products	Office Furniture/Supplies	Minority-owned		\$707.43
J Kelly Referrals and Information Services	Call Center/Information Services	Minority-owned	\$10,412.70	\$74,382.06
Totals			\$10,412.70	\$75,089.49

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

Vendors	Goods or Services	Diversity Classification	January 2014	FY 2014 Total
Central Copiers	Office Equipment	Female-owned		\$716.40
Expedited Transportation Service	Transportation Services	Female-owned	\$20,295.44	\$94,194.68
Laser Express, Inc.	Computer Printer Supply	Minority-owned		\$712.50
Mr. Klean Carpet and Janitorial Service	Janitorial Services	Minority-owned		\$1,789.80
Premier Staffing	Staffing Services	Female-owned	\$359.16	\$359.16
Totals			\$20,654.60	\$97,772.54

**Arkansas Lottery Commission
Demographics – January 2014**



Total Number of Employees as of January 31, 2014: 79

Gender:

Females – 38
Males – 41

Age:

Under 40 – 26
40 + – 53

Race:

Black/Non-Hispanic – 18
Female – 12
Male - 6

Caucasian – 53
Female - 22
Male - 31

Hispanic – 3
Female - 2
Male - 1

Other – 5
Female - 2
Male - 3

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

On January 15, 2014, the Arkansas Lottery Commission Internal Auditor (Internal Audit) presented results of the Federal and State Tax Withholding and Reporting Audit to members of the Arkansas Lottery Commission (ALC). The audit centered on controls and procedures that ensure the ALC remits and reports tax withholdings and amounts paid to its retailers and contractors in a timely, complete, and accurate fashion, in accordance with the appropriate taxing authority's regulations. The audit covered aspects of these processes for fiscal years 2012 through 2014. The following observations were reported to members of the ALC:

1. One retailer that received a Form 1099 for 2012 that should not have, four retailers that did not receive a Form 1099 for 2012 that should have, and one retailer that received a Form 1099 for 2012 that did not include all amounts earned in commissions by the retailer for that period.
2. The ALC was assessed and paid a penalty to the IRS in calendar year 2013, for tax year 2010, but ALC Management has been unable to obtain the detail from the IRS to resolve the issue and seek reimbursement.

The conditions that led to observation #1 above resulted from inaccurate or incomplete retailer records, with inaccuracies dating back as far as 2009, which have impacted successive tax years. Based on the conditions noted, the ALC could be subject to penalties in excess of \$1,000 from the IRS for failure to file or failure to include all information required in an information return (in this case, Form 1099). Internal Audit recommended that ALC Management begin requiring legal entity documentation from prospective retailers upon application, perform an annual confirmation of legal entity status, and issue / file Form 1099 to those retailers impacted and with the IRS for all years noted in order to prevent and detect future issues and resolve the past issues noted. ALC Management has responded stating that a process will be developed to perform a quarterly Tax Identification Number (TIN) matching with IRS records to detect any issues, including legal entity mismatches. Further, ALC Management stated that it will issue new or revised 1099s to the retailers impacted and will amend applicable filings with the IRS.

Relative to observation #2, the total penalty assessed was \$9,500, and per the IRS notice informing the ALC of the penalty, it was assessed for "Failure to Furnish Taxpayer Identification Numbers," presumably as reported on Form W2-G for player winnings. Had the penalty not been paid, the ALC would have incurred interest in addition to the penalty assessed from July 8, 2013 forward. The IRS notice indicates a detail of misreported information has been sent to the ALC, but ALC Management has no record of such detail. ALC Management noted in previous correspondence with the IRS that the ALC mailing address included on its notices was incorrect, and this issue may have impacted the ALC's receipt of information that supports the penalty assessed. Internal Audit recommended that ALC Management continue to contact the IRS until supporting documentation is received to support the penalty paid, and that once the detail is received, efforts are undertaken to demonstrate the ALC has taken the actions necessary to receive a full or partial refund of the penalty paid. ALC Management responded stating that it concurs with Internal Audit's recommendation.

For both 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 January 10, 2014.

Arkansas Lottery Commission
Instant & Fast Play Games
January 2014

Sales for the following instant games began January 7, 2014. No ending dates have been determined for these games.

\$1 Popeye^{®1}

\$2 Triple Dynamite 777

\$5 Joker's Wild

\$10 Money Multiplier

¹Popeye[®] is a licensed property game. There are no additional costs for this game.

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

\$1 Bingo

\$1 Tic Tac Rock