



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>

July 11, 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 June 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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July 11, 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 June 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
Term Contracts for Goods and Services
June 1 through June 30, 2016

1. On May 24, 2016, the Department of Finance and Administration Office of the Arkansas Lottery and Union Plaza, L.L.C., entered into a Second Amendment to the Lease Agreement dated May 18, 2015. The following information is provided:

- a. Date of Second Amendment Agreement: May 24, 2016.
- b. Term: The term of the Lease is amended for a period commencing on June 1, 2016, and continuing through August 31, 2021, upon the same terms and conditions as previously agreed upon, except the Lease shall be amended and modified as described in paragraph c. below.
- c. Modifications to the Agreement:
 - (1) Premises. The Premises description was amended and modified to provide that the square footage of the Premises under the Lease shall be 25,773 rentable square feet, an addition of 846 rentable square feet to include Suite 105 for storage, added to the original Lease square footage of 24,927 rentable square feet.
 - (2) Rent. Base rental has been amended and modified to provide that the basic rental under the lease for the amended term shall be the sum of \$424,990/20 per annum, payable in monthly installments of \$35,415.85 commencing on June 1, 2016, and continuing through August 31, 2016, at which time the annual rental shall escalate according to the following schedule with the exception of the storage rent for Suite 105 which shall remain at \$10.00/square foot or \$846/annum for the term:

Rental Period	Office Rate/S.F.	Storage Rent	Annual Rent	Monthly Pymt
06/01/16 – 03/31/16	\$16.71	\$8,460.00	\$424,990.20	\$35,415.85
09/01/16 – 08/31/17	\$17.21	\$8,460.00	\$437,453.64	\$36,454.47
09/01/17 – 08/31/18	\$17.73	\$8,460.00	\$450,415.68	\$37,534.64
09/01/18 – 08/31/19	\$17.73	\$8,460.00	\$450,415.68	\$37,534.64
09/01/19 – 08/31/20	\$18.26	\$8,460.00	\$463,627.08	\$38,635.59
09/01/20 – 08/31/21	\$18.26	\$8,460.00	\$463,627.08	\$38,635.59

- d. Vendor or other parties to the Agreement: Union Plaza, L.L.C.
- e. Value (cost or cost savings projected for the agreement): \$2,690,529.36.

2. On June 27, 2016, Department of Finance and Administration Office of the Arkansas Lottery and Smartplay International, Inc. entered into an agreement to purchase four (4) Random Number Generators (RNGs), including a five-year service maintenance agreement and an Origin™ license agreement for the RNGs. This major procurement contract was reviewed by the Arkansas Legislative Council Lottery Oversight Subcommittee on June 16, 2016. The following information is provided:
 - a. Vendor or other parties to the Agreement: Smartplay International, Inc.
 - b. Terms of the Agreement:
 - (1) 50% non-refundable deposit with purchase order; balance due prior to shipment of RNGs. Final payment must be received within 30 days of machine completion. Production time of RNGs: 8-12 weeks. The first annual preventive maintenance visit is included in system purchase. The cost of annual service agreement years two through five is \$15,500 per year plus economy class airfare for annual preventive maintenance visit.
 - (2) Smartplay will grant to OAL for use in the designated equipment a non-exclusive, non-transferable, non-assignable, non-sublicensable license to use software in machine-readable object code form solely on a single central processing unit embedded in the designated equipment. Origin License Agreement becomes effective as of the last date beneath party signatures and continues until termination of the agreement.
 - c. Value (cost or cost savings) projected for the Agreement: The total cost is projected to be approximately \$187,401.00.

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

1. Debt Set-Off:

a.	Arkansas Department of Finance and Administration	\$14,034.28
b.	Arkansas Office of Child Support Enforcement - Child Support	<u>\$0.00</u>
	Total Debt Set-Off:	\$14,034.28

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

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
June 1 through June 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	\$7,484.00	\$6,359.00	\$12,249.00	\$366,531.00	\$2,152.00	\$16,863.00	\$4,320.00	\$18,327.00	\$434,285.00
ASHLEY	\$9,712.00	\$9,087.00	\$2,620.00	\$106,661.00	\$1,400.00	\$9,150.00	\$1,422.00	\$12,065.00	\$152,117.00
BAXTER	\$3,288.50	\$1,755.50	\$8,873.00	\$311,361.00	\$6,830.00	\$28,416.00	\$10,546.00	\$31,254.00	\$402,324.00
BENTON	\$4,820.50	\$2,825.00	\$19,482.00	\$861,457.00	\$11,060.00	\$142,531.00	\$19,864.00	\$131,502.00	\$1,193,541.50
BOONE	\$2,845.50	\$1,424.50	\$5,706.00	\$374,390.00	\$2,388.00	\$23,551.00	\$3,762.00	\$24,342.00	\$438,409.00
BRADLEY	\$2,035.50	\$3,236.50	\$1,071.00	\$110,100.00	\$1,466.00	\$4,929.00	\$1,901.00	\$8,256.00	\$132,995.00
CALHOUN	\$2,879.00	\$886.00	\$489.00	\$40,052.00	\$434.00	\$2,378.00	\$693.00	\$2,474.00	\$50,285.00
CARROLL	\$591.00	\$938.00	\$3,543.00	\$231,866.00	\$1,934.00	\$16,947.00	\$2,513.00	\$16,860.00	\$275,192.00
CHICOT	\$9,332.50	\$5,352.50	\$1,080.00	\$115,558.00	\$3,362.00	\$34,260.00	\$5,268.00	\$43,847.00	\$218,060.00
CLARK	\$3,226.50	\$1,557.50	\$7,555.00	\$255,279.00	\$1,850.00	\$16,261.00	\$3,321.00	\$16,391.00	\$305,441.00
CLAY	\$241.50	\$26.50	\$332.00	\$76,092.00	\$414.00	\$4,272.00	\$1,223.00	\$4,865.00	\$87,466.00
CLEBURNE	\$1,261.50	\$362.50	\$9,110.00	\$243,586.00	\$3,064.00	\$24,185.00	\$9,205.00	\$22,758.00	\$313,532.00
CLEVELAND	\$199.00	\$401.00	\$392.00	\$45,300.00	\$138.00	\$1,907.00	\$378.00	\$2,293.00	\$51,008.00
COLUMBIA	\$13,564.50	\$7,007.50	\$15,423.00	\$228,639.00	\$2,358.00	\$10,892.00	\$2,400.00	\$13,210.00	\$293,494.00
CONWAY	\$4,338.00	\$1,672.00	\$9,801.00	\$434,491.00	\$1,778.00	\$22,233.00	\$6,030.00	\$21,896.00	\$502,239.00
CRAIGHEAD	\$6,914.50	\$4,256.50	\$14,332.00	\$1,063,018.00	\$5,740.00	\$70,708.00	\$12,693.00	\$68,911.00	\$1,246,573.00
CRAWFORD	\$1,608.50	\$855.00	\$7,808.00	\$289,448.00	\$3,382.00	\$44,672.00	\$9,522.00	\$41,590.00	\$398,885.50
CRITTENDEN	\$15,413.50	\$9,160.00	\$4,441.00	\$459,595.00	\$5,744.00	\$58,144.00	\$9,582.00	\$65,112.00	\$627,191.50
CROSS	\$2,751.00	\$1,795.50	\$6,122.00	\$194,228.00	\$764.00	\$10,523.00	\$2,359.00	\$10,968.00	\$229,510.50
DALLAS	\$1,623.50	\$814.00	\$1,969.00	\$130,543.00	\$602.00	\$6,381.00	\$1,688.00	\$6,252.00	\$149,872.50
DESHA	\$1,809.00	\$1,018.50	\$1,126.00	\$142,169.00	\$1,090.00	\$13,061.00	\$3,658.00	\$13,420.00	\$177,351.50
DREW	\$1,719.50	\$1,428.50	\$6,116.00	\$163,282.00	\$2,420.00	\$12,678.00	\$2,703.00	\$13,852.00	\$204,199.00
FAULKNER	\$7,455.00	\$4,462.50	\$18,734.00	\$898,041.00	\$8,446.00	\$82,299.00	\$24,683.00	\$86,083.00	\$1,130,203.50
FRANKLIN	\$353.50	\$274.00	\$5,874.00	\$155,314.00	\$1,090.00	\$15,770.00	\$3,044.00	\$13,832.00	\$195,551.50
FULTON	\$395.50	\$150.50	\$1,571.00	\$68,899.00	\$568.00	\$2,894.00	\$884.00	\$3,656.00	\$79,018.00
GARLAND	\$6,325.50	\$4,353.00	\$24,295.00	\$797,247.00	\$11,838.00	\$95,429.00	\$31,430.00	\$91,669.00	\$1,062,586.50
GRANT	\$445.00	\$153.50	\$1,890.00	\$133,963.00	\$1,770.00	\$9,881.00	\$2,570.00	\$10,432.00	\$161,104.50
GREENE	\$670.00	\$692.00	\$5,041.00	\$467,699.00	\$3,020.00	\$30,687.00	\$5,870.00	\$29,585.00	\$543,264.00
HEMPSTEAD	\$31,712.50	\$9,772.50	\$7,414.00	\$318,683.00	\$1,508.00	\$13,000.00	\$2,649.00	\$13,089.00	\$397,828.00
HOT SPRING	\$1,825.00	\$1,272.50	\$3,812.00	\$274,380.00	\$2,386.00	\$19,797.00	\$6,227.00	\$19,775.00	\$329,474.50

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
June 1 through June 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	\$21,425.00	\$8,529.50	\$6,233.00	\$182,603.00	\$1,422.00	\$9,115.00	\$2,249.00	\$8,142.00	\$239,718.50
INDEPENDENCE	\$2,689.00	\$770.50	\$31,465.00	\$490,103.00	\$2,564.00	\$28,019.00	\$7,466.00	\$27,277.00	\$590,353.50
IZARD	\$155.00	\$69.50	\$6,133.00	\$65,549.00	\$750.00	\$5,898.00	\$2,270.00	\$6,719.00	\$87,543.50
JACKSON	\$10,705.50	\$4,163.00	\$7,964.00	\$241,803.00	\$1,710.00	\$13,372.00	\$4,268.00	\$13,416.00	\$297,401.50
JEFFERSON	\$38,744.00	\$31,002.00	\$25,842.00	\$1,260,107.00	\$8,832.00	\$61,955.00	\$21,218.00	\$65,792.00	\$1,513,492.00
JOHNSON	\$602.50	\$367.50	\$2,970.00	\$213,637.00	\$1,384.00	\$30,423.00	\$3,888.00	\$15,833.00	\$269,105.00
LAFAYETTE	\$3,716.50	\$1,279.50	\$1,463.00	\$53,686.00	\$560.00	\$2,263.00	\$637.00	\$2,862.00	\$66,467.00
LAWRENCE	\$1,424.50	\$289.50	\$7,468.00	\$200,615.00	\$844.00	\$8,557.00	\$1,607.00	\$9,336.00	\$230,141.00
LEE	\$2,324.50	\$1,745.00	\$478.00	\$67,930.00	\$330.00	\$4,094.00	\$428.00	\$3,891.00	\$81,220.50
LINCOLN	\$444.50	\$266.00	\$1,933.00	\$78,202.00	\$564.00	\$5,739.00	\$2,343.00	\$5,499.00	\$94,990.50
LITTLE RIVER	\$4,273.00	\$3,138.50	\$824.00	\$88,803.00	\$574.00	\$6,692.00	\$1,073.00	\$6,193.00	\$111,570.50
LOGAN	\$1,168.50	\$236.50	\$5,299.00	\$179,379.00	\$1,054.00	\$13,932.00	\$3,589.00	\$14,091.00	\$218,749.00
LONOKE	\$8,568.50	\$5,095.50	\$17,506.00	\$791,712.00	\$7,122.00	\$63,347.00	\$16,780.00	\$62,636.00	\$972,767.00
MADISON	\$267.00	\$17.00	\$828.00	\$68,154.00	\$736.00	\$7,137.00	\$1,070.00	\$6,826.00	\$85,035.00
MARION	\$2,065.00	\$568.00	\$2,730.00	\$138,726.00	\$2,782.00	\$9,574.00	\$3,993.00	\$11,392.00	\$171,830.00
MILLER	\$19,220.00	\$10,795.00	\$6,162.00	\$440,580.00	\$2,648.00	\$24,146.00	\$5,253.00	\$24,100.00	\$532,904.00
MISSISSIPPI	\$44,158.00	\$14,685.50	\$6,081.00	\$450,089.00	\$2,134.00	\$25,653.00	\$4,247.00	\$26,525.00	\$573,572.50
MONROE	\$2,333.00	\$700.50	\$972.00	\$115,565.00	\$724.00	\$10,631.00	\$1,933.00	\$11,336.00	\$144,194.50
MONTGOMERY	\$8.00	\$3.00	\$1,253.00	\$21,573.00	\$502.00	\$4,025.00	\$1,026.00	\$3,976.00	\$32,366.00
NEVADA	\$1,684.00	\$1,935.50	\$3,169.00	\$166,598.00	\$956.00	\$7,686.00	\$1,190.00	\$6,806.00	\$190,024.50
NEWTON	\$53.00	\$30.50	\$1,427.00	\$41,194.00	\$214.00	\$2,019.00	\$639.00	\$1,824.00	\$47,400.50
OUACHITA	\$10,359.50	\$4,473.50	\$3,916.00	\$472,020.00	\$2,422.00	\$18,722.00	\$4,390.00	\$17,349.00	\$533,652.00
PERRY	\$678.50	\$490.50	\$315.00	\$66,245.00	\$460.00	\$6,466.00	\$1,574.00	\$6,539.00	\$82,768.00
PHILLIPS	\$12,585.00	\$4,441.00	\$1,085.00	\$172,325.00	\$2,362.00	\$21,809.00	\$3,184.00	\$27,129.00	\$244,920.00
PIKE	\$736.00	\$68.00	\$9,166.00	\$87,561.00	\$684.00	\$6,758.00	\$1,806.00	\$7,028.00	\$113,807.00
POINSETT	\$7,211.50	\$1,087.00	\$6,615.00	\$331,111.00	\$1,384.00	\$17,271.00	\$4,079.00	\$17,467.00	\$386,225.50
POLK	\$728.00	\$31.00	\$3,850.00	\$114,465.00	\$1,508.00	\$11,802.00	\$2,707.00	\$11,612.00	\$146,703.00
POPE	\$2,851.50	\$1,713.50	\$10,880.00	\$663,542.00	\$5,076.00	\$52,281.00	\$12,460.00	\$49,397.00	\$798,201.00
PRAIRIE	\$1,898.50	\$1,055.50	\$2,504.00	\$139,940.00	\$478.00	\$7,149.00	\$1,292.00	\$7,102.00	\$161,419.00
PULASKI	\$112,757.00	\$76,165.00	\$124,572.00	\$5,362,401.00	\$51,296.00	\$413,660.00	\$119,500.00	\$393,460.00	\$6,653,811.00
RANDOLPH	\$60.50	\$445.50	\$2,902.00	\$164,314.00	\$1,390.00	\$8,406.00	\$1,800.00	\$9,798.00	\$189,116.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
June 1 through June 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	\$9,752.50	\$6,890.50	\$1,801.00	\$237,059.00	\$1,784.00	\$17,611.00	\$2,862.00	\$19,261.00	\$297,021.00
SALINE	\$10,369.00	\$4,524.50	\$37,475.00	\$938,996.00	\$9,162.00	\$83,549.00	\$24,726.00	\$85,077.00	\$1,193,878.50
SCOTT	\$96.00	\$71.00	\$2,575.00	\$70,959.00	\$604.00	\$6,756.00	\$1,309.00	\$6,296.00	\$88,666.00
SEARCY	\$210.00	\$446.00	\$1,924.00	\$88,240.00	\$740.00	\$3,940.00	\$998.00	\$5,224.00	\$101,722.00
SEBASTIAN	\$18,403.00	\$6,405.50	\$8,722.00	\$662,040.00	\$10,432.00	\$111,449.00	\$21,411.00	\$102,715.00	\$941,577.50
SEVIER	\$2,530.50	\$762.00	\$1,998.00	\$104,122.00	\$732.00	\$8,801.00	\$977.00	\$9,961.00	\$129,883.50
SHARP	\$890.00	\$338.00	\$10,664.00	\$185,011.00	\$1,380.00	\$11,880.00	\$3,378.00	\$14,327.00	\$227,868.00
STONE	\$1,394.00	\$263.50	\$2,161.00	\$90,861.00	\$1,216.00	\$6,793.00	\$2,608.00	\$7,514.00	\$112,810.50
UNION	\$46,772.50	\$21,211.50	\$7,905.00	\$768,920.00	\$4,736.00	\$29,520.00	\$7,640.00	\$33,338.00	\$920,043.00
VAN BUREN	\$900.00	\$374.50	\$4,782.00	\$132,063.00	\$1,140.00	\$11,214.00	\$3,202.00	\$11,970.00	\$165,645.50
WASHINGTON	\$13,577.50	\$5,497.00	\$19,284.00	\$1,128,460.00	\$12,502.00	\$152,863.00	\$25,118.00	\$138,297.00	\$1,495,598.50
WHITE	\$5,497.50	\$3,222.50	\$21,884.00	\$908,287.00	\$5,760.00	\$53,894.00	\$14,309.00	\$51,265.00	\$1,064,119.00
WOODRUFF	\$1,940.00	\$946.00	\$1,007.00	\$88,077.00	\$436.00	\$5,394.00	\$1,607.00	\$4,678.00	\$104,085.00
YELL	\$699.00	\$442.50	\$3,034.00	\$229,708.00	\$954.00	\$12,977.00	\$3,380.00	\$13,310.00	\$264,504.50

GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$575,767.50	\$310,402.50	\$637,492.00	\$27,921,207.00	\$248,040.00	\$2,269,941.00	\$545,892.00	\$2,243,152.00	\$34,751,894.00

*Estimates

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

There were 1,910 active retailers as of June 30, 2016.

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

ASSETS

Current assets:	
Cash and cash equivalents	\$ 5,740,409.22
Restricted assets:	
Cash and cash equivalents	31,805,183.82
Accounts receivable	11,109,952.56
Prepaid items	27,465.92
Total current assets	<u>48,683,011.52</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,136,900.18
Deposits with Multi-State Lottery Association	1,847,610.89
Capital assets:	
Assets under construction	68,452.00
Equipment	801,038.94
Leasehold improvements	492,795.71
Less accumulated depreciation	(985,869.39)
Total non-current assets	<u>22,360,928.33</u>
Deferred outflows of resources:	
Related to pension	<u>992,965.00</u>
Total assets and deferred outflows of resources	<u>\$ 72,036,904.85</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 2,322.23
Prizes payable	17,695,771.32
Accrued and other liabilities	2,981,801.63
Due to other funds of the State	607,540.13
Payable to Arkansas Department of Higher Education	30,805,183.82
Compensated absences	297,332.98
Unearned revenue	437,496.02
Total current liabilities	<u>52,827,448.13</u>
Long-Term liabilities:	
Net other post employment benefits	1,693,278.58
Net pension liability	3,407,594.00
Total long-term liabilities	<u>5,100,872.58</u>
Deferred inflows of resources:	
Related to pension	<u>1,048,419.00</u>
Total liabilities and deferred inflows of resources	<u>58,976,739.71</u>

NET POSITION

Net position:	
Invested in capital assets	376,417.26
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer fidelity reserve	136,900.18
Retailer bond reserve	163,872.55
Deposits with Multi-State Lottery Assn.	1,847,610.89
Unclaimed prizes reserve	1,000,000.00
Unrestricted (deficit)	<u>(10,464,635.74)</u>
Total net position	<u>13,060,165.14</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 72,036,904.85</u>

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses
For Year Ended June 30, 2016

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 28,211,236.00	80.64	\$ 28,175,126.00	82.12	\$ 36,110.00	\$ 360,007,743.00	78.89	\$ 333,500,000.00	81.13	\$ 26,507,743.00
Online games	6,721,262.00	19.21	6,092,301.00	17.76	628,961.00	95,591,659.00	20.95	76,990,000.00	18.73	18,601,659.00
Retailer fees	50,763.28	0.15	42,094.00	0.12	8,669.28	717,149.83	0.16	560,000.00	0.14	157,149.83
Other revenue	<u>689.96</u>	0.00	<u>834.00</u>	0.00	<u>(144.04)</u>	<u>9,259.52</u>	0.00	<u>10,000.00</u>	0.00	<u>(740.48)</u>
Total operating revenues	<u>34,983,951.24</u>	100.00	<u>34,310,355.00</u>	100.00	<u>673,596.24</u>	<u>456,325,811.35</u>	100.00	<u>411,060,000.00</u>	100.00	<u>45,265,811.35</u>
Operating expenses:										
Instant game prizes	20,288,618.57	57.99	19,923,892.00	58.07	364,726.57	258,461,952.34	56.64	235,773,680.00	57.36	22,688,272.34
Online game prizes	3,537,045.27	10.11	3,177,776.00	9.26	359,269.27	50,485,362.69	11.06	40,125,220.00	9.76	10,360,142.69
Retailer commissions	1,973,108.20	5.64	1,949,450.00	5.68	23,658.20	25,654,177.12	5.62	23,352,500.00	5.68	2,301,677.12
Gaming contract costs	1,475,126.78	4.22	1,606,908.00	4.68	(131,781.22)	19,384,575.16	4.25	19,249,200.00	4.68	135,375.16
Compensation & benefits	509,075.11	1.46	530,658.00	1.55	(21,582.89)	4,684,642.08	1.03	5,370,000.00	1.31	(685,357.92)
Marketing, advertising & promotions	374,060.74	1.07	416,670.00	1.21	(42,609.26)	4,853,400.75	1.06	5,000,000.00	1.22	(146,599.25)
General and administrative expenses	293,826.69	0.84	109,400.00	0.32	184,426.69	3,464,688.13	0.76	1,513,000.00	0.37	1,951,688.13
Services provided by other agencies	35,000.00	0.10	52,500.00	0.15	(17,500.00)	601,660.00	0.13	630,000.00	0.15	(28,340.00)
Legal and professional service	174.06	0.00	840.00	0.00	(665.94)	2,638.56	0.00	10,000.00	0.00	(7,361.44)
Depreciation	<u>8,015.70</u>	0.02	<u>26,500.00</u>	0.08	<u>(18,484.30)</u>	<u>95,062.66</u>	0.02	<u>237,000.00</u>	0.06	<u>(141,937.34)</u>
Total operating expenses	<u>28,494,051.12</u>	81.45	<u>27,794,594.00</u>	81.01	<u>699,457.12</u>	<u>367,688,159.49</u>	80.58	<u>331,260,600.00</u>	80.59	<u>36,427,559.49</u>
Operating income	6,489,900.12	18.55	6,515,761.00	18.99	(25,860.88)	88,637,651.86	19.42	79,799,400.00	19.41	8,838,251.86
Non-operating revenue:										
Interest income	<u>24,481.41</u>	0.07	13,147.00	0.04	11,334.41	<u>234,150.28</u>	0.05	<u>140,000.00</u>	0.03	<u>94,150.28</u>
Income before transfers	<u>\$ 6,514,381.53</u>	18.62	<u>\$ 6,528,908.00</u>	19.03	<u>\$ (14,526.47)</u>	<u>\$ 88,871,802.14</u>	19.48	<u>\$ 79,939,400.00</u>	19.45	<u>\$ 8,932,402.14</u>

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

	Year to date
Operating revenues:	
Instant ticket SETTLEMENTS	\$ 360,009,488.00
Online ticket sales	95,591,659.00
Retailer application, fidelity and service fees	717,149.83
Other revenue	<u>9,259.52</u>
 Total operating revenues	 <u>456,327,556.35</u>
 Operating expenses:	
Instant game prizes SETTLEMENTS	261,710,234.00
Online game prizes	50,485,362.69
Retailer commissions	25,654,177.12
Gaming contract costs	19,384,575.16
Compensation and benefits	4,684,642.08
Marketing, advertising and promotions	4,853,400.75
General and administrative expenses	3,464,688.13
Services provided by ADHE	458,300.00
Services provided by Legislative Audit Agency	143,360.00
Legal and professional services	2,638.56
Current year Capital Asset cost	<u>248,302.00</u>
Total operating expenses	<u>371,089,680.49</u>
 Change in net proceeds from operations	 85,237,875.86
 Nonoperating revenue (expense):	
Interest Income	234,150.28
Other Non-Operating Income	0.00
EDUCATION TRUST FUNDING-Current Year	(74,134,890.86)
Less Act 1180 Unclaimed Prizes	0.00
Less Current year Fidelity Reserve Fees	(23,317.84) restricted reserves
Less Current year Bond Reserve Fees	(163,872.55) restricted reserves
Less Current year MUSL Reserves (additions) / reductions	(85,224.52) see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>184,500.00</u>

NET PROCEEDS EARNED-Current Month **\$ 11,249,220.37**

Totals	Transfer	Interest	Total
	\$ 29,847,451.93	\$ 957,731.89	\$ 30,805,183.82
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

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

	Monthly	Year to Date
Reserve Balance July 1, 2015		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 479,858.78	5,435,029.25
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	479,858.78	5,435,029.25
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		-5,435,029.25
Reserve Balance June 30, 2016		\$1,000,000.00

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

Vendors	Goods or Services	Diversity Classification	June 2016	FY 2016 Total
BSW Advertising	Advertising/Public Relations	Female-Owned		\$1,853.00
Goddess Products	Office Furniture/Supplies	Minority-owned	\$1,815.41	\$20,568.79
Government Supply Services	Office Products	Minority-owned		\$1,973.20
Party Prints	Advertising/Public Relations	Minority/Female-owned		\$14,927.55
Premier Staffing	Temporary Staffing Services	Female-Owned		\$8,626.81
Trivia Marketing	Advertising/Public Relations	Female-Owned		\$21,936.53
Totals			\$1,815.41	\$69,885.88

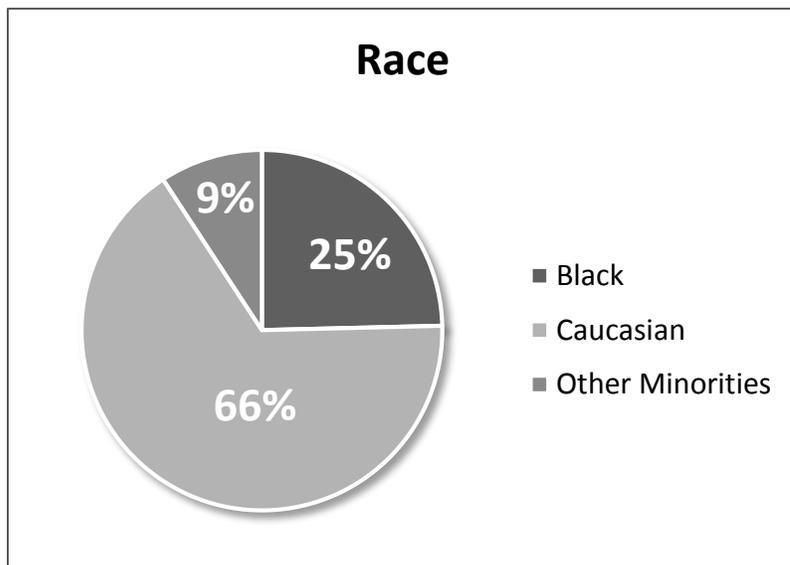
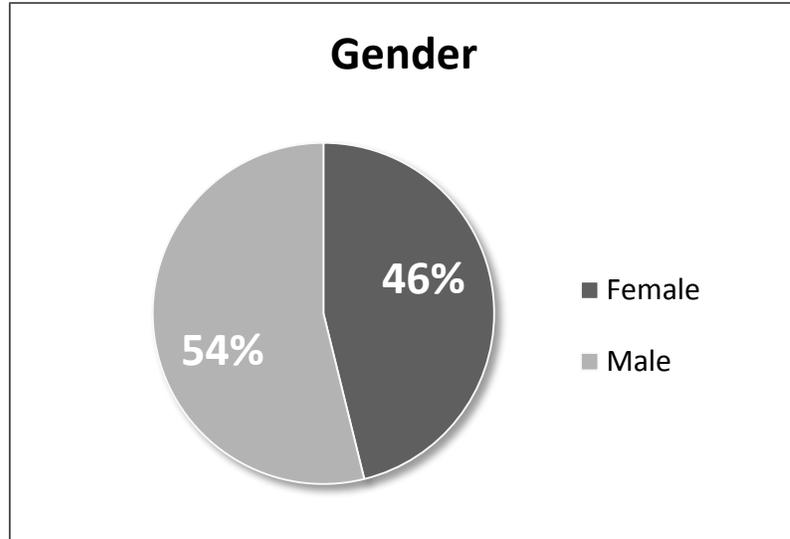
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
June 1 through June 30, 2016**

Vendors	Goods or Services	Diversity Classification	June 2016	FY 2016 Total
J Kelly Referrals and Information Services	Call Center/Information Services	Minority-owned	\$8,462.00	\$119,534.31
Totals			\$8,462.00	\$119,534.31

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

Vendors	Goods or Services	Diversity Classification	June 2016	FY 2016 Total
Central Copiers	Office Products/Supplies	Not Classified		\$1,269.21
Expedited Transportation Services	Transportation Services	Female-owned	\$2,349.31	\$24,202.04
Mr. Klean's Carpet and Janitorial Service	Janitorial Services	Minority-owned		\$4,290.60
Premier Staffing	Staffing Services	Female-owned		\$3,125.90
Totals			\$2,349.31	\$32,887.75

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



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

Gender:

Females – 30
Males – 35

Race:

Black – 16
Caucasian – 43
Other – 6

Female -- 10	Male -- 6
Female -- 17	Male -- 26
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 June 9, 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:

Transparency Reporting & Compliance Audit

The audit centered on controls and procedures associated with the OAL's compliance with the Arkansas Financial Transparency Act, which created the Transparency.Arkansas.gov website (Transparency Website), administered by the Arkansas Department of Finance and Administration (DFA). Fieldwork included review of documentation and information generated July 1, 2015 through May 10, 2016.

The following observation and recommendation was reported:

- *Reporting of Prize and Commissions Payments* – Prizes paid by the OAL Claim Center in fiscal year 2016 were not completely reported and commissions paid to retailers in fiscal year 2016 were not reported at all upon Internal Audit's initial review of expenditures reported on the Transparency Website. After OAL Management's actions to correct these issues, the amount reported for commissions paid to retailers excludes payment of incentive bonus commissions that are paid to retailers where high-tier (\$10,000 or more) winning tickets are sold for all such commissions paid during the fiscal year prior to May 2, 2016. Incentive bonus commissions for this period that were not reported total \$273,943.

Internal Audit recommended that OAL Management work with appropriate DFA officials to determine the best course of action to report the excluded incentive bonus commissions on the Transparency Website. Further, Internal Audit recommended that OAL Management periodically perform a reasonableness check of the data reported on the Transparency Website for prizes paid by the OAL Claim Center and commission payments to retailers compared to payment data per OAL source systems to ensure the required expenditure data is completely and accurately reported on the Transparency Website.

OAL Management stated that follow-up would be performed with DFA personnel to determine the appropriate course of action relative to the incentive bonus commission payments missing from the Transparency Website. Further, OAL Management stated that staff will be designated to perform a reasonableness check of the data reported on the Transparency Website for prizes paid by the OAL Claim Center and commission payments to retailers on a quarterly basis at minimum.

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
June 2016

Sales for the following instant games began June 28, 2016. No ending dates have been determined for these games.

\$1 Lucky Day

\$2 Quick \$100's

\$5 Money Multiplier

\$10 Jumbo Bucks Bonus

Sales for the following Fast Play games began June 6, 2016. No ending dates have been determined for these games.

\$1 Tic Tac Toe

\$2 Bingo

Sales for the following Fast Play games began June 27, 2016. No ending dates have been determined for these games.

\$1 3 Times Lucky

\$1 In Between