



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

EXHIBIT C.2
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>

August 10, 2015

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 July 2015, 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

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Term Contracts for Goods and Services
July 1 through July 31, 2015

On July 8, 2015, Scientific Games International (SGI) and the Office of the Arkansas Lottery (OAL) entered into a non-exclusive licensing agreement. The licensing agreement grants to OAL the non-exclusive right in the state of Arkansas to reproduce, use, and make copies of the Property in association with the sale, marketing, advertising, and promotion of a scratch-off instant win lottery game to be conducted by OAL and identified as AR-302 Pink Panther™. The following information regarding the agreement is provided:

- a. Date of Agreement: July 8, 2015.
- b. Terms of Agreement: The term of the agreement shall commence on the date the Working Papers for the Game are signed and shall expire on the last day for claiming Game prizes as established by the OAL.
- c. Vendor or other parties to the Agreement: Scientific Games International.
- d. Value (cost or cost savings projected for the agreement): The base instant game contract price is 1.81% of net sales. There is a price of \$1.89 per 1,000 tickets for FailSafe Barcode Services and a price of 1.35% of the prize fund for Points for Prizes Rewards/Merchandise Prizes and Fulfillment. The preceding costs are standard for OAL instant games and there are no additional costs for the use of Pink Panther™.

OAL reported execution of the licensing agreement to the Arkansas Legislative Council Lottery Oversight Subcommittee on July 31, 2015.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Debt Set-Off and Retailer Losses
July 2015**

1. Debt Set-Off:

| | | |
|----|--|---------------|
| a. | Arkansas Department of Finance and Administration | \$9,949.65 |
| b. | Arkansas Office of Child Support Enforcement - Child Support | <u>\$0.00</u> |
| | Total Debt Set-Off: | \$9,949.65 |

2. Retailer losses for period July 1 through July 31, 2015: None.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
July 1 through July 31, 2015

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|------------|-------------|-------------|-------------|----------------|----------------|---------------|-----------------------|-------------|------------------------|
| ARKANSAS | \$8,079.00 | \$6,093.00 | \$6,360.00 | \$331,529.00 | \$2,666.00 | \$10,375.00 | \$8,668.00 | \$13,323.00 | \$387,093.00 |
| ASHLEY | \$9,078.00 | \$8,665.00 | \$3,498.00 | \$99,561.00 | \$1,656.00 | \$5,677.00 | \$3,633.00 | \$9,164.00 | \$140,932.00 |
| BAXTER | \$4,717.00 | \$1,535.50 | \$9,556.00 | \$336,071.00 | \$5,188.00 | \$15,483.00 | \$14,032.00 | \$24,388.00 | \$410,970.50 |
| BENTON | \$6,254.00 | \$2,111.00 | \$20,595.00 | \$862,255.00 | \$13,456.00 | \$68,149.00 | \$26,421.00 | \$90,924.00 | \$1,090,165.00 |
| BOONE | \$1,434.00 | \$1,812.50 | \$12,771.00 | \$389,544.00 | \$2,672.00 | \$13,421.00 | \$7,225.00 | \$18,726.00 | \$447,605.50 |
| BRADLEY | \$1,589.50 | \$1,826.00 | \$1,155.00 | \$119,100.00 | \$1,504.00 | \$2,546.00 | \$2,428.00 | \$3,523.00 | \$133,671.50 |
| CALHOUN | \$2,340.50 | \$919.50 | \$440.00 | \$46,319.00 | \$478.00 | \$1,307.00 | \$800.00 | \$1,796.00 | \$54,400.00 |
| CARROLL | \$1,816.50 | \$2,179.50 | \$6,654.00 | \$217,267.00 | \$2,100.00 | \$9,154.00 | \$4,226.00 | \$13,301.00 | \$256,698.00 |
| CHICOT | \$8,798.00 | \$5,257.50 | \$2,145.00 | \$104,034.00 | \$3,412.00 | \$20,641.00 | \$7,632.00 | \$34,517.00 | \$186,436.50 |
| CLARK | \$3,174.00 | \$1,699.50 | \$12,317.00 | \$304,872.00 | \$2,276.00 | \$9,950.00 | \$7,263.00 | \$13,209.00 | \$354,760.50 |
| CLAY | \$476.50 | \$191.50 | \$723.00 | \$89,636.00 | \$672.00 | \$2,260.00 | \$1,669.00 | \$3,476.00 | \$99,104.00 |
| CLEBURNE | \$1,217.50 | \$330.00 | \$11,510.00 | \$241,344.00 | \$4,274.00 | \$13,131.00 | \$15,433.00 | \$17,049.00 | \$304,288.50 |
| CLEVELAND | \$298.00 | \$367.50 | \$842.00 | \$36,571.00 | \$262.00 | \$1,368.00 | \$812.00 | \$2,190.00 | \$42,710.50 |
| COLUMBIA | \$12,966.50 | \$9,771.00 | \$11,759.00 | \$223,205.00 | \$2,716.00 | \$6,725.00 | \$3,937.00 | \$10,424.00 | \$281,503.50 |
| CONWAY | \$5,419.50 | \$1,813.00 | \$9,148.00 | \$438,504.00 | \$3,184.00 | \$12,901.00 | \$15,922.00 | \$18,183.00 | \$505,074.50 |
| CRAIGHEAD | \$7,828.50 | \$3,312.50 | \$24,983.00 | \$1,088,704.00 | \$7,824.00 | \$34,684.00 | \$23,930.00 | \$46,737.00 | \$1,238,003.00 |
| CRAWFORD | \$1,547.00 | \$969.00 | \$4,936.00 | \$257,850.00 | \$4,526.00 | \$22,411.00 | \$13,948.00 | \$29,608.00 | \$335,795.00 |
| CRITTENDEN | \$15,794.00 | \$10,992.50 | \$9,602.00 | \$431,665.00 | \$6,446.00 | \$30,689.00 | \$14,409.00 | \$47,865.00 | \$567,462.50 |
| CROSS | \$3,018.50 | \$2,116.50 | \$8,003.00 | \$181,056.00 | \$1,210.00 | \$5,751.00 | \$3,863.00 | \$7,634.00 | \$212,652.00 |
| DALLAS | \$2,304.50 | \$551.50 | \$3,415.00 | \$107,596.00 | \$934.00 | \$3,178.00 | \$2,498.00 | \$4,622.00 | \$125,099.00 |
| DESHA | \$2,411.50 | \$1,238.50 | \$5,438.00 | \$135,000.00 | \$1,568.00 | \$6,499.00 | \$5,266.00 | \$9,782.00 | \$167,203.00 |
| DREW | \$1,819.00 | \$827.00 | \$2,863.00 | \$169,611.00 | \$1,966.00 | \$7,094.00 | \$5,703.00 | \$10,461.00 | \$200,344.00 |
| FAULKNER | \$13,345.00 | \$6,687.50 | \$36,239.00 | \$918,041.00 | \$11,786.00 | \$43,888.00 | \$39,087.00 | \$59,298.00 | \$1,128,371.50 |
| FRANKLIN | \$328.50 | \$107.00 | \$5,175.00 | \$124,323.00 | \$1,612.00 | \$6,984.00 | \$3,468.00 | \$9,023.00 | \$151,020.50 |
| FULTON | \$280.00 | \$152.00 | \$855.00 | \$47,570.00 | \$538.00 | \$1,937.00 | \$1,087.00 | \$3,198.00 | \$55,617.00 |
| GARLAND | \$7,487.50 | \$5,199.50 | \$31,583.00 | \$767,877.00 | \$15,878.00 | \$55,640.00 | \$55,370.00 | \$73,597.00 | \$1,012,632.00 |
| GRANT | \$328.50 | \$216.50 | \$2,244.00 | \$107,386.00 | \$1,872.00 | \$5,151.00 | \$4,909.00 | \$7,965.00 | \$130,072.00 |
| GREENE | \$822.00 | \$797.50 | \$5,326.00 | \$476,463.00 | \$3,346.00 | \$14,678.00 | \$8,413.00 | \$20,423.00 | \$530,268.50 |
| HEMPSTEAD | \$26,715.00 | \$8,527.50 | \$6,540.00 | \$292,593.00 | \$1,796.00 | \$8,137.00 | \$5,066.00 | \$10,470.00 | \$359,844.50 |
| HOT SPRING | \$798.00 | \$473.50 | \$7,085.00 | \$282,991.00 | \$2,994.00 | \$11,297.00 | \$10,190.00 | \$14,587.00 | \$330,415.50 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
July 1 through July 31, 2015**

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|--------------|--------------|-------------|--------------|----------------|----------------|---------------|-----------------------|--------------|------------------------|
| HOWARD | \$19,889.00 | \$8,456.50 | \$2,685.00 | \$167,085.00 | \$1,730.00 | \$5,009.00 | \$3,214.00 | \$5,523.00 | \$213,591.50 |
| INDEPENDENCE | \$6,674.50 | \$1,100.50 | \$29,208.00 | \$446,914.00 | \$3,686.00 | \$14,208.00 | \$13,467.00 | \$20,818.00 | \$536,076.00 |
| IZARD | \$115.00 | \$72.50 | \$2,687.00 | \$58,742.00 | \$810.00 | \$3,275.00 | \$2,269.00 | \$4,866.00 | \$72,836.50 |
| JACKSON | \$9,989.50 | \$4,899.50 | \$5,997.00 | \$230,982.00 | \$3,090.00 | \$7,850.00 | \$9,147.00 | \$10,491.00 | \$282,446.00 |
| JEFFERSON | \$37,675.00 | \$26,033.50 | \$40,426.00 | \$1,238,448.00 | \$11,340.00 | \$38,695.00 | \$37,441.00 | \$49,958.00 | \$1,480,016.50 |
| JOHNSON | \$812.50 | \$415.50 | \$5,175.00 | \$203,127.00 | \$1,596.00 | \$7,505.00 | \$4,531.00 | \$10,452.00 | \$233,614.00 |
| LAFAYETTE | \$4,774.50 | \$1,689.00 | \$1,442.00 | \$54,900.00 | \$788.00 | \$1,733.00 | \$798.00 | \$2,661.00 | \$68,785.50 |
| LAWRENCE | \$1,081.50 | \$271.00 | \$7,940.00 | \$205,555.00 | \$1,422.00 | \$4,832.00 | \$2,551.00 | \$6,151.00 | \$229,803.50 |
| LEE | \$2,260.00 | \$2,005.00 | \$1,417.00 | \$54,897.00 | \$426.00 | \$2,143.00 | \$792.00 | \$2,348.00 | \$66,288.00 |
| LINCOLN | \$239.00 | \$230.50 | \$3,180.00 | \$76,450.00 | \$816.00 | \$3,082.00 | \$4,043.00 | \$4,028.00 | \$92,068.50 |
| LITTLE RIVER | \$4,004.50 | \$3,015.00 | \$1,566.00 | \$87,730.00 | \$714.00 | \$3,361.00 | \$1,591.00 | \$3,792.00 | \$105,773.50 |
| LOGAN | \$937.50 | \$233.50 | \$5,668.00 | \$156,490.00 | \$1,710.00 | \$7,982.00 | \$4,921.00 | \$11,100.00 | \$189,042.00 |
| LONOKE | \$9,174.50 | \$4,662.50 | \$25,561.00 | \$788,465.00 | \$9,414.00 | \$36,958.00 | \$33,217.00 | \$48,897.00 | \$956,349.00 |
| MADISON | \$120.00 | \$12.00 | \$444.00 | \$64,621.00 | \$882.00 | \$3,647.00 | \$1,366.00 | \$5,273.00 | \$76,365.00 |
| MARION | \$1,906.00 | \$436.00 | \$3,673.00 | \$154,773.00 | \$2,168.00 | \$5,859.00 | \$5,549.00 | \$8,986.00 | \$183,350.00 |
| MILLER | \$24,629.00 | \$10,494.50 | \$2,678.00 | \$356,843.00 | \$2,838.00 | \$13,063.00 | \$6,598.00 | \$15,609.00 | \$432,752.50 |
| MISSISSIPPI | \$46,989.50 | \$26,431.50 | \$5,897.00 | \$465,537.00 | \$2,462.00 | \$13,860.00 | \$6,764.00 | \$19,163.00 | \$587,104.00 |
| MONROE | \$2,758.50 | \$1,102.50 | \$1,442.00 | \$136,315.00 | \$1,072.00 | \$4,903.00 | \$2,944.00 | \$7,472.00 | \$158,009.00 |
| MONTGOMERY | \$9.00 | \$12.00 | \$2,800.00 | \$17,239.00 | \$620.00 | \$1,985.00 | \$1,633.00 | \$2,844.00 | \$27,142.00 |
| NEVADA | \$3,679.00 | \$684.50 | \$5,206.00 | \$174,900.00 | \$1,298.00 | \$3,555.00 | \$2,085.00 | \$4,817.00 | \$196,224.50 |
| NEWTON | \$39.00 | \$6.00 | \$1,791.00 | \$43,074.00 | \$428.00 | \$1,525.00 | \$957.00 | \$1,790.00 | \$49,610.00 |
| OUACHITA | \$9,596.00 | \$5,121.00 | \$11,067.00 | \$468,280.00 | \$3,456.00 | \$10,334.00 | \$8,467.00 | \$13,253.00 | \$529,574.00 |
| PERRY | \$715.00 | \$660.50 | \$1,452.00 | \$82,073.00 | \$742.00 | \$4,132.00 | \$3,212.00 | \$5,013.00 | \$97,999.50 |
| PHILLIPS | \$8,914.50 | \$3,629.00 | \$591.00 | \$137,048.00 | \$2,214.00 | \$13,751.00 | \$3,894.00 | \$17,782.00 | \$187,823.50 |
| PIKE | \$990.50 | \$64.00 | \$10,740.00 | \$79,800.00 | \$1,058.00 | \$4,069.00 | \$3,797.00 | \$5,773.00 | \$106,291.50 |
| POINSETT | \$4,517.00 | \$1,490.00 | \$11,884.00 | \$330,894.00 | \$1,948.00 | \$9,457.00 | \$8,358.00 | \$13,805.00 | \$382,353.00 |
| POLK | \$465.50 | \$53.00 | \$5,113.00 | \$126,828.00 | \$2,040.00 | \$6,373.00 | \$3,712.00 | \$9,459.00 | \$154,043.50 |
| POPE | \$4,306.00 | \$2,473.50 | \$13,111.00 | \$646,075.00 | \$5,916.00 | \$27,029.00 | \$22,830.00 | \$35,494.00 | \$757,234.50 |
| PRAIRIE | \$1,777.50 | \$915.50 | \$6,123.00 | \$126,351.00 | \$774.00 | \$3,494.00 | \$1,917.00 | \$4,301.00 | \$145,653.00 |
| PULASKI | \$118,736.00 | \$76,694.00 | \$156,743.00 | \$4,997,791.00 | \$63,012.00 | \$232,747.00 | \$215,744.00 | \$289,905.00 | \$6,151,372.00 |
| RANDOLPH | \$219.50 | \$443.50 | \$2,337.00 | \$145,705.00 | \$1,374.00 | \$4,140.00 | \$2,768.00 | \$6,277.00 | \$163,264.00 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
July 1 through July 31, 2015**

| COUNTY | CASH 3 | CASH 4 | FAST PLAY | INSTANTS | LUCKY FOR LIFE | MEGA MILLIONS | NATURAL STATE JACKPOT | POWERBALL | TOTAL SALES FOR COUNTY |
|---------------|-------------|-------------|-------------|----------------|----------------|---------------|-----------------------|-------------|------------------------|
| SAINT FRANCIS | \$7,922.00 | \$5,007.00 | \$2,895.00 | \$196,511.00 | \$1,756.00 | \$9,174.00 | \$3,713.00 | \$13,056.00 | \$240,034.00 |
| SALINE | \$6,736.00 | \$4,250.50 | \$38,642.00 | \$924,274.00 | \$11,958.00 | \$46,210.00 | \$46,610.00 | \$62,883.00 | \$1,141,563.50 |
| SCOTT | \$105.50 | \$80.00 | \$2,098.00 | \$81,032.00 | \$824.00 | \$3,926.00 | \$1,926.00 | \$4,797.00 | \$94,788.50 |
| SEARCY | \$143.50 | \$353.50 | \$1,088.00 | \$78,007.00 | \$610.00 | \$2,471.00 | \$1,972.00 | \$3,395.00 | \$88,040.00 |
| SEBASTIAN | \$21,446.00 | \$4,553.00 | \$11,858.00 | \$580,006.00 | \$12,812.00 | \$55,657.00 | \$30,336.00 | \$70,671.00 | \$787,339.00 |
| SEVIER | \$2,883.50 | \$557.00 | \$1,725.00 | \$98,077.00 | \$1,170.00 | \$4,835.00 | \$2,545.00 | \$6,252.00 | \$118,044.50 |
| SHARP | \$703.50 | \$267.00 | \$15,588.00 | \$187,058.00 | \$1,770.00 | \$6,378.00 | \$5,573.00 | \$9,730.00 | \$227,067.50 |
| STONE | \$1,490.00 | \$268.00 | \$3,407.00 | \$89,400.00 | \$1,374.00 | \$3,889.00 | \$3,495.00 | \$5,047.00 | \$108,370.00 |
| UNION | \$48,110.50 | \$21,518.50 | \$13,544.00 | \$741,013.00 | \$5,504.00 | \$19,918.00 | \$10,756.00 | \$28,167.00 | \$888,531.00 |
| VAN BUREN | \$1,442.50 | \$444.00 | \$3,932.00 | \$136,571.00 | \$1,412.00 | \$5,929.00 | \$5,359.00 | \$8,595.00 | \$163,684.50 |
| WASHINGTON | \$18,190.00 | \$5,934.50 | \$24,972.00 | \$1,104,169.00 | \$15,996.00 | \$78,745.00 | \$39,612.00 | \$99,638.00 | \$1,387,256.50 |
| WHITE | \$5,581.00 | \$4,152.50 | \$45,972.00 | \$873,112.00 | \$7,398.00 | \$30,214.00 | \$25,092.00 | \$36,985.00 | \$1,028,506.50 |
| WOODRUFF | \$2,663.50 | \$829.50 | \$548.00 | \$73,734.00 | \$640.00 | \$2,546.00 | \$2,148.00 | \$3,699.00 | \$86,808.00 |
| YELL | \$634.50 | \$201.00 | \$7,123.00 | \$175,446.00 | \$1,602.00 | \$7,051.00 | \$6,719.00 | \$8,819.00 | \$207,595.50 |

| | | | | | | | | | |
|---------------------|----------------|----------------|-------------------|------------------|------------------------|-----------------------|-------------------------------|-------------------|-----------------|
| GRAND TOTALS | *Cash 3 | *Cash 4 | *Fast Play | *Instants | *Lucky for Life | *Mega Millions | *Natural State Jackpot | *Powerball | *Totals |
| | \$598,532.50 | \$318,964.00 | \$813,196.00 | \$26,890,880.00 | \$307,482.00 | \$1,228,605.00 | \$923,741.00 | \$1,639,298.00 | \$32,720,698.50 |

*Estimates

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Total Number of Active Retailers
July 2015**

There were 1,904 active retailers as of July 31, 2015.

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Net Position
July 31, 2015

ASSETS

| | |
|---|-------------------------|
| Current assets: | |
| Cash and Cash Equivalents | \$ 3,795,963.54 |
| Restricted Assets: | |
| Cash and cash equivalents | 28,872,390.70 |
| Accounts receivable | 9,739,491.78 |
| Prepaid items | <u>26,824.46</u> |
| Total current assets | <u>42,434,670.48</u> |
| Non-current assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 20,114,445.52 |
| Deposits with Multi-State Lottery Association | 1,762,386.37 |
| Capital assets: | |
| Equipment | 621,188.94 |
| Leasehold Improvements | 492,795.71 |
| Less accumulated depreciation | <u>(902,720.82)</u> |
| Total non-current assets | <u>22,088,095.72</u> |
| Total assets | <u>\$ 64,522,766.20</u> |

LIABILITIES

| | |
|--|----------------------|
| Current liabilities: | |
| Accounts payable | \$ 429,166.74 |
| Prizes payable | 18,576,108.24 |
| Accrued and other liabilities | 1,531,128.22 |
| Due to other funds of the State | 529,459.99 |
| Payable to Arkansas Department of Higher Education | 27,750,453.70 |
| Compensated absences | 282,080.92 |
| Unearned revenue | <u>303,377.25</u> |
| Total current liabilities | <u>49,401,775.06</u> |
| Long-Term liabilities: | |
| Net other post employment benefits | <u>1,651,507.76</u> |
| Total long-term liabilities | <u>1,651,507.76</u> |
| Total liabilities | <u>51,053,282.82</u> |

NET POSITION

| | |
|--|-------------------------|
| Net position: | |
| Invested in capital assets | 211,263.83 |
| Restricted for: | |
| Scholarship shortfall reserve trust fund | 20,000,000.00 |
| Retailer fidelity fund | 114,445.52 |
| Deposits with Multi-State Lottery Assn. | 1,762,386.37 |
| Unclaimed prizes reserve | 1,121,937.00 |
| Unrestricted | <u>(9,740,549.34)</u> |
| Total net position | <u>13,469,483.38</u> |
| Total liabilities & net position | <u>\$ 64,522,766.20</u> |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Revenues, Expenses, and Change in Net Position
For Month Ended July 31, 2015

| | Current month | Year to date |
|---|-----------------------------|-----------------------------|
| Operating revenues: | | |
| Instant ticket sales | \$ 25,802,808.00 | \$ 25,802,808.00 |
| Online ticket sales | 5,820,477.00 | 5,820,477.00 |
| Retailer application, fidelity and service fees | 41,232.05 | 41,232.05 |
| Other revenue | <u>1,134.09</u> | <u>1,134.09</u> |
| | | |
| Total operating revenues | <u>31,665,651.14</u> | <u>31,665,651.14</u> |
| | | |
| Operating expenses: | | |
| Instant game prizes | 18,842,429.63 | 18,842,429.63 |
| Online game prizes | 3,055,198.69 | 3,055,198.69 |
| Retailer commissions | 1,812,792.90 | 1,812,792.90 |
| Gaming contract costs | 1,419,943.18 | 1,419,943.18 |
| Compensation and benefits | 378,632.99 | 378,632.99 |
| Marketing, advertising and promotions | 221,681.13 | 221,681.13 |
| General and administrative expenses | 94,952.33 | 94,952.33 |
| Services provided by ADHE | 43,300.00 | 43,300.00 |
| Services provided by Legislative Audit Agency | 10,500.00 | 10,500.00 |
| Legal and professional services | | |
| Depreciation | <u>11,914.09</u> | <u>11,914.09</u> |
| | | |
| Total operating expenses | <u>25,891,344.94</u> | <u>25,891,344.94</u> |
| | | |
| Operating income | 5,774,306.20 | 5,774,306.20 |
| | | |
| Non-operating revenue (expense): | | |
| Interest income | <u>22,819.35</u> | <u>22,819.35</u> |
| | | |
| Income before transfers | 5,797,125.55 | 5,797,125.55 |
| | | |
| Transfers to: | | |
| Education Trust Account | (5,784,683.09) | (5,784,683.09) |
| Shortfall Account to Trust Account for ADHE | <u> </u> | <u> </u> |
| | | |
| Change in net position | <u>\$ 12,442.46</u> | 12,442.46 |
| | | |
| Total net position - beginning | | 13,457,040.92 |
| Total net position - ending | | <u>\$ 13,469,483.38</u> |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Statement of Revenues and Expenses
For Month Ended July 31, 2015

| | CM Actual | % | CM Budget | % | CM Variance | YTD Actual | % | YTD Budget | % | YTD Variance |
|---------------------------------|------------------------|---------------|------------------------|---------------|------------------------|------------------------|---------------|------------------------|---------------|------------------------|
| Operating Revenues | | | | | | | | | | |
| Instant Games | \$ 25,802,808.00 | 81.49 | \$ 25,622,143.00 | 80.85 | \$ 180,665.00 | \$ 25,802,808.00 | 81.49 | \$ 25,622,143.00 | 80.85 | \$ 180,665.00 |
| OnLine Games | 5,820,477.00 | 18.38 | 6,026,114.00 | 19.02 | (205,637.00) | 5,820,477.00 | 18.38 | 6,026,114.00 | 19.02 | (205,637.00) |
| Retailer application, fidelity | 41,232.05 | 0.13 | 42,215.00 | 0.13 | (982.95) | 41,232.05 | 0.13 | 42,215.00 | 0.13 | (982.95) |
| Other Revenue | 1,134.09 | 0.00 | 833.00 | 0.00 | 301.09 | 1,134.09 | 0.00 | 833.00 | 0.00 | 301.09 |
| Total Operating Revenues | 31,665,651.14 | 100.00 | 31,691,305.00 | 100.00 | (25,653.86) | 31,665,651.14 | 100.00 | 31,691,305.00 | 100.00 | (25,653.86) |
| Operating Expenses | | | | | | | | | | |
| Instant Game Prizes | 18,842,429.63 | 59.50 | 18,085,753.00 | 57.07 | 756,676.63 | 18,842,429.63 | 59.50 | 18,085,753.00 | 57.07 | 756,676.63 |
| On-Line Game Prizes | 3,055,198.69 | 9.65 | 2,975,555.00 | 9.39 | 79,643.69 | 3,055,198.69 | 9.65 | 2,975,555.00 | 9.39 | 79,643.69 |
| Retailer Commissions | 1,812,792.90 | 5.72 | 1,800,448.00 | 5.68 | 12,344.90 | 1,812,792.90 | 5.72 | 1,800,448.00 | 5.68 | 12,344.90 |
| Gaming Contract Costs | 1,419,943.18 | 4.48 | 1,484,089.00 | 4.68 | (64,145.82) | 1,419,943.18 | 4.48 | 1,484,089.00 | 4.68 | (64,145.82) |
| Staff Compensation & Benefits | 378,632.99 | 1.20 | 447,619.00 | 1.41 | (68,986.01) | 378,632.99 | 1.20 | 447,619.00 | 1.41 | (68,986.01) |
| Marketing, Advertising & Promo | 221,681.13 | 0.70 | 416,660.00 | 1.31 | (194,978.87) | 221,681.13 | 0.70 | 416,660.00 | 1.31 | (194,978.87) |
| General and administrative exp | 94,952.33 | 0.30 | 109,400.00 | 0.35 | (14,447.67) | 94,952.33 | 0.30 | 109,400.00 | 0.35 | (14,447.67) |
| Services Provided by Other Age | 53,800.00 | 0.17 | 52,500.00 | 0.17 | 1,300.00 | 53,800.00 | 0.17 | 52,500.00 | 0.17 | 1,300.00 |
| Legal and Professional Service | - | - | 830.00 | 0.00 | (830.00) | - | 0.00 | 830.00 | 0.00 | (830.00) |
| Capital asset depreciation | 11,914.09 | 0.04 | 13,000.00 | 0.04 | (1,085.91) | 11,914.09 | 0.04 | 13,000.00 | 0.04 | (1,085.91) |
| Total Operating Expenses | 25,891,344.94 | 81.76 | 25,385,854.00 | 80.10 | 505,490.94 | 25,891,344.94 | 81.76 | 25,385,854.00 | 80.10 | 505,490.94 |
| Operating Income | 5,774,306.20 | 18.24 | 6,305,451.00 | 19.90 | (531,144.80) | 5,774,306.20 | 18.24 | 6,305,451.00 | 19.90 | (531,144.80) |
| Interest Income | 22,819.35 | 0.07 | 16,405.00 | 0.05 | 6,414.35 | 22,819.35 | 0.07 | 16,405.00 | 0.05 | 6,414.35 |
| Non-Operating Revenue (Expense) | - | | - | | - | - | | - | | - |
| Income before transfers | \$ 5,797,125.55 | 18.31 | \$ 6,321,856.00 | 19.95 | \$ (524,730.45) | \$ 5,797,125.55 | 18.31 | \$ 6,321,856.00 | 19.95 | \$ (524,730.45) |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For Month Ended July 31, 2015

| | Year to date |
|--|---|
| Operating revenues: | |
| Instant ticket SETTLEMENTS | \$ 26,892,228.00 |
| Online ticket sales | 5,820,477.00 |
| Retailer application, fidelity and service fees | 41,232.05 |
| Other revenue | <u>1,134.09</u> |
| Total operating revenues | <u>32,755,071.14</u> |
| Operating expenses: | |
| Instant game prizes SETTLEMENTS | 19,858,406.00 |
| Online game prizes | 3,055,198.69 |
| Retailer commissions | 1,812,792.90 |
| Gaming contract costs | 1,419,943.18 |
| Compensation and benefits | 378,632.99 |
| Marketing, advertising and promotions | 221,681.13 |
| General and administrative expenses | 94,952.33 |
| Services provided by ADHE | 43,300.00 |
| Services provided by Legislative Audit Agency | 10,500.00 |
| Legal and professional services | 0.00 |
| Current year Capital Asset cost | <u>0.00</u> |
| Total operating expenses | <u>26,895,407.22</u> |
| Change in net proceeds from operations | 5,859,663.92 |
| Nonoperating revenue (expense): | |
| Interest Income | 22,819.35 |
| Other Non Operating Income | 0.00 |
| EDUCATION TRUST FUNDING-Current Year | 0.00 |
| Less Act 1180 Unclaimed Prizes | (121,937.00) |
| Less Current year Fidelity Fund fees | (863.18) restricted fund |
| Less Current year MUSL Reserves (additions) / reductions | 0.00 see 23-115-103(17) and (19)(A)&(B) |
| Add OPEB expense in Comp and Benefits | <u>25,000.00</u> |

NET PROCEEDS EARNED-Current Month **\$ 5,784,683.09**

| | Transfer | Interest | Total |
|--|-------------------------|----------------------|-------------------------|
| Totals | \$ 26,838,511.09 | \$ 911,942.61 | \$ 27,750,453.70 |
| April 2014 funding - 5/15/14 | \$ 7,475,645.50 | \$ 505.34 | \$ 7,476,150.84 |
| May 2014 funding - 6/15/14 | \$ 6,509,958.59 | \$ 3,286.80 | \$ 6,513,245.39 |
| June 2014 funding - 7/15/14 | \$ 11,921,510.53 | \$ 6,103.45 | \$ 11,927,613.98 |
| ADHE Refund for excess funding 7/18/14 | \$ 2,319,467.65 | \$ | \$ 2,319,467.65 |
| July 2014 funding - 8/15/14 | \$ 5,917,170.44 | \$ 11,277.55 | \$ 5,928,447.99 |
| August 2014 funding - 9/15/15 | \$ 5,282,380.92 | \$ 14,584.88 | \$ 5,296,965.80 |
| June 2014 Audit Adjustments funding - 9/10/14 | \$ 30,888.58 | \$ | \$ 30,888.58 |
| September transfer to ADHE 9/11/14 | \$ (40,000,000.00) | \$ | \$ (40,000,000.00) |
| September 2014 funding - 10/15/14 | \$ 4,310,517.64 | \$ 6,709.46 | \$ 4,317,227.10 |
| October transfer to ADHE 10/15/14 | \$ (5,000,000.00) | \$ | \$ (5,000,000.00) |
| October 2014 funding - 11/15/14 | \$ 5,939,388.01 | \$ 237.58 | \$ 5,939,625.59 |
| November 2014 funding - 12/15/14 | \$ 5,575,489.06 | \$ 1,546.10 | \$ 5,577,035.16 |
| December 2014 funding - 1/15/15 | \$ 5,469,403.21 | \$ 4,915.56 | \$ 5,474,318.77 |
| January 2015 funding - 2/15/15 | \$ 7,280,972.70 | \$ 6,800.58 | \$ 7,287,773.28 |
| February transfer to ADHE 2/12/15 | \$ (35,000,000.00) | \$ | \$ (35,000,000.00) |
| Transfer from Shortfall Reserve 2/10/15 | \$ 10,663,081.32 | \$ | \$ 10,663,081.32 |
| February 2015 funding - 3/15/15 | \$ 6,157,718.14 | \$ 3,624.87 | \$ 6,161,343.01 |
| February transfer to Shortfall Reserve 3/15/15 | \$ (6,161,343.01) | \$ | \$ (6,161,343.01) |
| March 2015 funding - 4/15/15 | \$ 6,898,523.80 | \$ 0.55 | \$ 6,898,524.35 |
| March transfer to Shortfall Reserve 4/15/15 | \$ (4,501,738.31) | \$ | \$ (4,501,738.31) |
| April 2015 funding - 5/15/15 | \$ 5,880,247.51 | \$ 758.44 | \$ 5,881,005.95 |
| May 2015 funding - 6/15/15 | \$ 5,406,407.87 | \$ 2,642.61 | \$ 5,409,050.48 |
| June 2015 funding - 7/15/15 | \$ 8,273,061.65 | \$ 5,866.49 | \$ 8,278,928.14 |
| July 2015 funding - 8/15/15 | \$ 5,776,292.31 | \$ 8,390.78 | \$ 5,784,683.09 |

Office of the Arkansas Lottery
(a division of Arkansas Department of Finance and Administration)
Unclaimed Prizes
July 31, 2015

| | Monthly | Year to Date |
|---|---------------|-----------------|
| Reserve Balance July 1, 2015 | | \$1,000,000.00 |
| 1. Unclaimed lottery prize money: | \$ 121,937.00 | 121,937.00 |
| 2. Expenditures from unclaimed lottery prize money: | | |
| 3. Reserved for future prizes, promotions or reserves: | 121,937.00 | 121,937.00 |
| 4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money: | | |
| Reserve Balance July 31, 2015 | | \$1,121,937.00 |

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
July 1 through July 31, 2015**

| Vendors | Goods or Services | Diversity Classification | July 2015 | FY 2016 Total |
|----------------------------|---------------------------|---------------------------------|-------------------|----------------------|
| Goddess Products | Office Furniture/Supplies | Minority-owned | \$2,750.87 | \$2,750.87 |
| Government Supply Services | Office Products | Minority-owned | \$277.76 | \$277.76 |
| Totals | | | \$3,028.63 | \$3,028.63 |

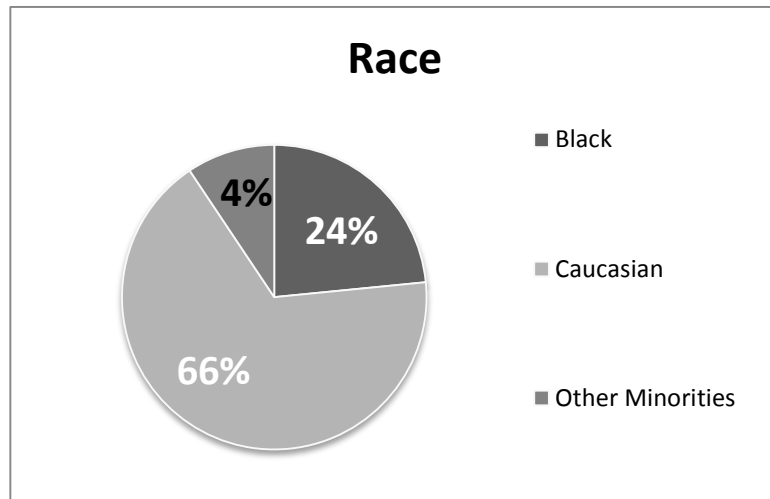
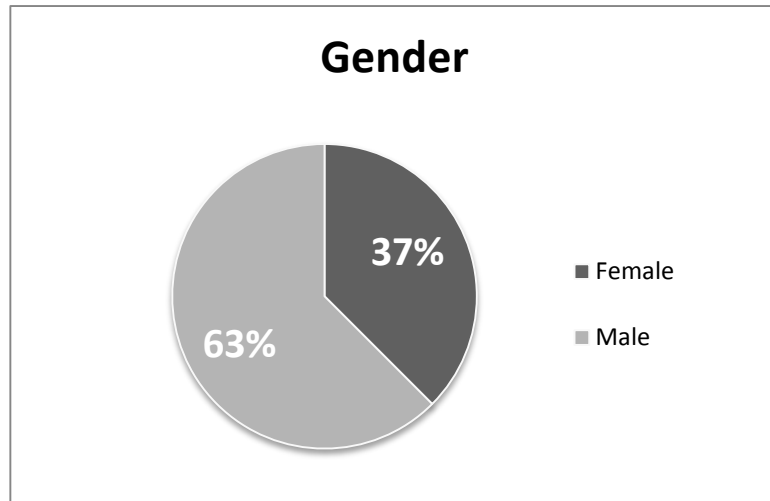
**INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
July 1 through July 31, 2015**

| Vendors | Goods or Services | Diversity Classification | July 2015 | FY 2016 Total |
|--|----------------------------------|---------------------------------|--------------------|----------------------|
| J Kelly Referrals and Information Services | Call Center/Information Services | Minority-owned | \$10,194.42 | \$10,194.42 |
| Totals | | | \$10,194.42 | \$10,194.42 |

**SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
July 1 through July 31, 2015**

| Vendors | Goods or Services | Diversity Classification | July 2015 | FY 2016 Total |
|---|--------------------------|---------------------------------|-------------------|----------------------|
| Mr. Klean Carpet and Janitorial Service | Janitorial Services | Minority-owned | \$363.30 | \$363.30 |
| Premier Staffing | Staffing Services | Female-owned | \$1,508.32 | \$1,508.32 |
| Totals | | | \$1,871.62 | \$1,871.62 |

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Demographics – July 2015



Total Number of Employees as of July 31, 2015: 64

Gender:

Females – 24
Males – 40

Race:

Black – 15
Caucasian – 43
Other – 6

Female -- 8 Male -- 7
Female -- 16 Male -- 27
Female -- 3 Male -- 3

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

On July 27, 2015, the Office of the Arkansas Lottery (OAL) Internal Auditor (Internal Audit) issued a report to the Director of the Department of Finance and Administration as follows:

Claim Center Operations Audit

The audit centered on compliance with controls, procedures, and safeguards in place at the OAL's claim center to assure prize claims are validated and paid in accordance with established laws, regulations, and internal policies. Further, lottery product sales and cash handling procedures at the claim center were evaluated as part of this audit. Fieldwork included review of documentation and information generated July 1, 2014 through July 6, 2015.

The following observation and recommendation was reported:

- *Accuracy of Ineligible Players List* – In accordance with Arkansas Code Annotated (ACA) § 23-115-403 (f)(1) (A) (B) and (C), the OAL maintains an "ineligible players list" which is integrated into the OAL system used to process lottery prize claims, thus designed to prevent unauthorized prize payments to OAL employees or their families. Two ineligible player records were inaccurate due to incorrect first and/or last names. Upon notification that these inaccuracies existed in the ineligible players list, OAL Management immediately updated the ineligible players list, prior to the end of fieldwork for the audit.

Internal Audit recommended that going forward, upon update of an ineligible player record by the OAL employee responsible for maintaining the list, another OAL employee confirm the accuracy and completeness of the change by comparing the information noted on the applicable form or communication of a requested change to the ineligible player record, and that documentation of such check be retained to demonstrate that the review is being performed. OAL Management stated its concurrence with the Internal Audit recommendation.

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
July 2015

There were no new Instant games that started sales in July, 2015.

Sales for the following Fast Play games began July 6, 2015. No ending dates have been determined for these games.

\$1 Tic Tac Toe

\$2 Smokin' Hot Dice