

AGENDA  
ARKANSAS LOTTERY COMMISSION  
Monday, May 20, 2013  
10:00 a.m.  
124 West Capitol Avenue, Third Floor  
Little Rock, Arkansas

- I. Call to Order
  - II. Approval of minutes of meeting April 29, 2013
  - III. Report from the Internal Auditor
  - IV. Report from the Director
  - V. Election of Officers
  - VI. Other business
- Adjourn

## MINUTES

### **ARKANSAS LOTTERY COMMISSION**

**Monday, April 29, 2013**

**10:00 a.m.**

**124 West Capitol Avenue, Third Floor  
Little Rock, Arkansas**

#### Call to Order

Chairman Ben Pickard called the meeting to order. Commissioners Smokey Campbell, Bruce Engstrom, Steve Faris, Raymond Frazier, Dianne Lamberth, Mike Malone and Patty Shipp were also present. Staff members present included Director Bishop Woosley, Internal Auditor Matt Brown, and Chief Legal Counsel Jean Block, as well as Julie Baldrige, Patti Vick, Maria Craig, Jerry Fetzer, Robert Stebbins, Valerie Basham, Lance Huey, and Terry Williams. Chairman Pickard welcomed and recognized Mark Scott, newly appointed commissioner, and thanked him for coming. He then recognized Commissioners Shipp and Malone and thanked them for serving on the commission, adding that it was a pleasure working with them.

#### Approval of Minutes

The first order of business was the approval of the minutes of the meeting held on March 18, 2013. Commissioner Engstrom made a motion to approve, seconded by Commissioner Campbell, and the minutes were approved unanimously.

#### Report from the Higher Education Committee

Commissioner Frazier, chairman of the Higher Education committee, reported on the meeting held on April 10. The committee had been tasked to develop an educational program supported by vendor grants to benefit Arkansas students. It was stated that Intralot had agreed to provide \$20,000 for the program; Scientific Games had been reluctant to commit funds until more details regarding the program were provided. After discussion, the committee agreed that ALC should not be an active participant in the program, i.e., should not be grantor of any award, nor have a decision-making role in the awarding of same. It was suggested that the Department of Higher Education might have a vehicle through which vendor funds could be funneled. The committee had tasked Commissioner Frazier and Director Woosley to meet with ADHE Director Shane Broadway; Commissioner Frazier asked Director Woosley to give a report of the outcome of that meeting. Director Woosley said that Mr. Broadway had suggested that ALC utilize the Upward Bound program, which has actual staff on site at some 20+ campuses throughout the state. Upward Bound uses the money to prepare students who are remedial and in need of help in preparing for success in college. The parting thought was that the vendors could give the money to the Upward Bound program on ALC's behalf.

Commissioner Pickard stated that he thought the providing of funds to the Upward Bound program was a wonderful idea and he thanked Intralot for already agreeing to contribute \$20,000. He called on Scientific Games to match Intralot's amount, increasing the contribution

to \$40,000, money that would be used for student remediation and for technology assistance to schools in need.

Commissioner Frazier made a motion that Chairman Pickard and Director Woosley be given the authority to seek monies from vendors Intralot and Scientific Games and that any monies presented would be applied toward the Upward Bound program on behalf of the Arkansas Lottery Commission. Commissioner Shipp seconded the motion, which passed without dissent.

#### Report from the Personnel Committee

Chairman Pickard called on Commissioner Shipp, Chair of the Personnel Committee, to report on the brief meeting held at 9:45 a.m. on April 29. Commissioner Shipp stated that Director Woosley had informed the committee of legislation passed during the last session which provided for a cost of living allowance (COLA) for Fiscal year 2014 to state employees, contingent upon a formal letter from the Governor stating that the funds would be available. She stated that the committee had voted on the motion that, should the Governor release the monies necessary to fund the COLA, the ALC would follow the standard guidelines set by the Governor and DFA regarding the distribution of COLA to state employees, and that the motion passed unanimously. She added that no further action by the committee or the commission was required.

#### Report from the Internal Auditor

Internal Auditor Brown presented his monthly internal audit update (included in file). He brought forward a proposed change to the FY 2013 Audit Plan, stating that normally he would have presented it to the Audit and Legal Committee, but because it was a relatively simple and straight-forward change and after discussion with the Audit and Legal Chair, he was bringing it to the full commission. The request was to change Project No. 15, Financial Accounting & Reporting (controls and procedures surrounding the accounting and reporting process, including development of the internal and external financial statements, related notes to the statements, and other items/schedules included in the CAFR). The proposed change was to separate the objectives scheduled in the audit into two audits: one audit would cover Accounting Close and Reporting and the other would address Financial Accounting and the CAFR. Commissioner Engstrom made a motion to accept the change, which was seconded by Commissioner Lamberth and the motion passed unanimously.

Mr. Brown then called attention to his report (page 5 of the enclosed internal audit update) on the Back Office System (BOS) Administration audit that covered transactions from July 1, 2012 through January 15, 2013. The audit centered on the processes and controls in place regarding access to ALC's BOS. The audit consisted of two categories: (1) the maintaining of documentation and (2) maintaining proper access to BOS. The audit revealed several areas of concern. To summarize, the report addressed: (1) the lack of written documentation outlining BOS users' request for access; (2) lack of documentation specifying access levels for BOS users; (3) lack of written documentation outlining updates to BOS users' requests for new or updated access; (4) lack of detailed written documentation when users are deleted or inactivated; and (5) user access lists were not retained in conjunction with Security's monthly BOS user review.

ALC management responded to each issue, stating that changes were being implemented to address the concerns. Mr. Brown noted that follow-up audit procedures would be required in order for internal audit to consider the observations cleared.

#### Report from the Director

Director Woosley presented a report on sales, ADHE transfers, and the new Fast Play game, Arkansas Progressive Jackpot (included in file) He began by noting that, in looking at the comparative March 2012/March 2013 sales, the lower March 2013 amounts were misleading, due to the Mega Millions jackpot run of March 2012. However, he stated, even without the jackpot, March 2013 was a healthy month, at least from an instant ticket standpoint. In October 2012, changes were made to instant ticket planning and those changes were beginning to appear. Instant tickets year to date were down \$31 Million, but the majority of that lesser amount occurred during the first five or six months of the fiscal year, when the lottery hit a slow period. He reported that net proceeds were down about \$10 Million, but that amount did not include \$3.7 Million in unclaimed prizes that will be applied to net proceeds at the end of the fiscal year; the lottery is actually down about \$6.4 Million from what was anticipated. He stated that it was possible that the lottery would be able to gain some ground by runs on Powerball and Mega Millions. He added that Powerball has been very good for the lottery this year, but that Mega Millions has not; the consortium heading Mega Millions realizes that changes may need to be made.

Mr. Woosley gave a legislative update. He said the 89<sup>th</sup> General Assembly was a fairly routine session. He stated that the 25% bill, ALC's biggest concern, ran late on a Friday afternoon in the Rules Committee and did not pass. To date, it has not been decided to what committee the bill would be referred. Mr. Woosley added that he hoped that the lottery could drive up the percentage so that it would not continue to be an issue.

#### Arkansas Products

Commissioner Engstrom asked Director Woosley for a report regarding awarding of secondary prizes of Arkansas products. Mr. Woosley said that the very successful February promotion was a Bad Boy Mower give away, and that the lottery is constantly on the look-out for Arkansas goods and products and will continue to do so.

#### Advertising Venues

Commissioner Malone commented that in attending college sporting events in other states, he noticed lottery advertising, and he wondered aloud whether the decision the ALC made at the start-up of the lottery to not advertise on any college or university was still relevant, or whether that decision should be revisited. He added that even South Carolina was advertising on campus, albeit on a limited basis. Commissioner Engstrom stated that he was intrigued, but that he would want to make sure advertising was not directed at those under the age of 18.

Commissioner Faris asked that Commissioner Malone's question regarding advertising be sent to the proper subcommittee to be discussed and have that subcommittee report back to the full commission.

### Meeting Date

Chairman Pickard set Monday, May 20, at 10:00, as the next ALC meeting. Part of that meeting will be the election of officers and he asked that everyone begin thinking about committee assignments for the coming year.

### Julie Baldrige Retirement

Chairman Pickard thanked Julie Baldrige, who was preparing to retire on April 30, for her service to the Lottery, and read aloud letters from him and from Governor Beebe. He also presented to her a scrapbook of the startup of the lottery.

There being no further business, the meeting was adjourned.

**Arkansas Lottery Commission  
Monthly Internal Audit Update  
May 20, 2013**

---

FY 2013 Audit Plan Status Report	.....	2
FY 2013 Audit Plan Follow-Up Status Report	.....	3
Audit Universe (for reference)	.....	4

**Arkansas Lottery Commission  
FY 2013 Internal Audit Plan  
Status Report  
May 20, 2013**

Project Number <sup>1</sup>	Project Category	Project	Description	Status <sup>2</sup>	Comments	Estimated Remaining Hours <sup>3</sup>
32	Audit	Education Trust Fund	Controls and procedures that ensure existence and proper handling of education trust and shortfall reserve funds.	In Progress	<b>Status Update:</b> Fieldwork for first 6 months of fiscal year 2013 began on February 27, 2013. Work for remainder of fiscal year is ongoing.	105
33	Audit	Employee Travel Reimbursements	Controls and procedures surrounding employee travel reimbursements, including travel documentation and accurate travel and expense reimbursement reporting.	In Progress	<b>Status Update:</b> Fieldwork for first 6 months of fiscal year 2013 began on January 25, 2013. Work for remainder of fiscal year is ongoing.	27
36	Audit	Accounting Close & Reporting	Controls and procedures surrounding the weekly/monthly accounting close and reporting processes, including development of the preliminary financial statements provided to the LOC.	Substantially Complete	<b>Status Update:</b> Fieldwork complete; reporting is in the wrap up stages.	2
36A	Audit	Financial Accounting & CAFR	Controls and procedures surrounding production of the external financial statements, related notes to the statements, and other items/schedules included in the CAFR.	Planning Stage	<b>Status Update:</b> Fieldwork expected to begin in part week of May 20, 2013.	150
37	Audit	Financial Planning/Budgeting	Controls and procedures surrounding the planning and budgeting process, including management assumptions, budget compilation, and long-range planning.	In Progress	<b>Status Update:</b> Fieldwork in progress.	125
46	Consulting Project	Instant Ticket Vendor Security Review (Biennially)	Coordinated security review of instant ticket vendor (Scientific Games) with outside firm.	Substantially Complete	<b>Status Update:</b> Fieldwork completed week of March 25, 2013. Additional wrap-up may be necessary upon finalization of report prepared by Delehanty Consulting.	16

**Total Estimated Hours to Complete FY 2013 Plan**

425

Notes

<sup>1</sup>Project Number based on number of all projects within the project universe. See Page 4 for complete, numbered project universe.

<sup>2</sup>Definition of Project Status: Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.; Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away; In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away; Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

<sup>3</sup>Estimated hours to complete based on current knowledge of expected scope and complexity of the project. Actual hours needed to complete a project are subject to change based on the overall complexity of the project (including the nature and volume of any audit findings), the timing of the project, the availability of Internal Audit resources, and the discretion of the Internal Auditor and/or Audit Committee.

**Arkansas Lottery Commission  
 FY 2013 Follow-Up Procedures  
 Status Report  
 May 20, 2013**

Project Number <sup>1</sup>	Project Category	Project	Description	Status <sup>2</sup>	Comments	Estimated Remaining Hours <sup>3</sup>
10F	Audit Follow-Up	IT Gaming Quality Assurance Follow-Up Procedures	Follow-up procedures regarding observations from FY 2013 audit.	Open		40
14F	Audit Follow-Up	Back Office System (BOS) Administration Follow-Up Procedures	Follow-up procedures regarding observations from FY 2013 audit.	Planning Stage	<b>Status Update:</b> Fieldwork was temporarily delayed; fieldwork expected to begin soon.	150

**Total Estimated Hours to Complete FY 2013  
 Follow-Up Procedures**

190

Notes

<sup>1</sup>Project Number based on number of all projects within the project universe. "F" indicates follow-up procedures. Follow-up procedures for audits in a given fiscal year may be incorporated into the following fiscal year's audit plan depending on several factors, including the timing of any Management remediation activities and available Internal Audit resources. See Page 4 for complete, numbered project universe.

<sup>2</sup>Definition of Project Status: Open - Timing of project not yet determined; Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.; Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away; In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away; Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

<sup>3</sup>Estimated hours to complete based on current knowledge of expected scope and complexity of the project. Actual hours needed to complete a project are subject to change based on the overall complexity of the project (including the nature and volume of any audit findings), the timing of the project, the availability of Internal Audit resources, and the discretion of the Internal Auditor and/or Audit & Legal Committee.

**Arkansas Lottery Commission**  
**Internal Audit**  
**Audit Universe for FY2013 - FY2015 Audit Plan**

Legal - Block

- 1 Online Games & Gaming System Contract Compliance FY14
- 2 Instant Ticket Lottery Game Services Contract Compliance
- 3 Banking Contract Compliance FY15
- 4 Advertising Contract Compliance FY15
- 5 Record Retention FY15
- 6 Legal Compliance & Monitoring FY15

Gaming & Product Development - Smith

- 7 Instant & Online Ticket Game Development FY14
- 8 Points for Prizes & Play It Again FY14
- 9 IT Gaming Operations FY14
- 10 IT Gaming Quality Assurance FY13
- 11 Instant Ticket Quality FY13 FY15

Security & Licensing - Huey

- 12 Lottery Facilities Security & Controls FY15
- 13 In-State Draw Security & Controls FY14
- 14 Back Office System (BOS) Administration FY13
- 15 Instant Ticket Warehouse Operations FY15
- 16 Licensing & Retailer Compliance
- 17 Security Investigations FY14

Human Resources - Basham

- 18 Background Checks FY15
- 19 Human Resource Processes (Hiring, Benefits, Terminations, etc.) FY15

Commission & Legislative Affairs - Baldrige

- 20 Public & Legislative Relations FY15

Sales - Stebbins

- 21 Sales Force Reporting FY15

Marketing - Bunten

- 22 Advertising & Marketing (excl Contract Compliance) FY15

Treasury - Fetzer/Parrish

- 23 Prize Validations & Payments FY14
- 24 Cash Receipts FY15
- 25 Retailer Sweeps/Commissions/Accts Receivable & Adjustments
- 26 Cash Management FY15

Financial Control - Fetzer/Williams

- 27 Fixed Assets FY15
- 28 Accounts Payable/Purchasing/Expenditures FY13
- 29 Payroll & Leave FY14
- 30 Federal & State Tax Withholding & Reporting FY14
- 31 Unclaimed Prize Fund FY15
- 32 Education Trust Fund FY13
- 33 Employee Travel Reimbursements FY13
- 34 Revenue/Prize Payments/Reserves - Online Games
- 35 Revenue/Prize Payments - Instant Ticket Games
- 36 Financial Accounting & Reporting FY13
- 37 Financial Planning/Budgeting FY13

Information Technology - Fetzer/Gilmore/Smith

- 38 IT General Controls FY14
- 39 Disaster Recovery/Business Continuity FY14
- 40 IT Help Desk & Desktop Support FY15

Internal Operations - Fetzer

- 41 Lottery Vehicles FY15
- 42 Building & Facility Maintenance FY15

**Projects Not Included in Risk Assessment\***

- 43 Facilitation/Review of Risk Assessment required by DFA (Biennially)
- 44 Gaming System SSAE 16 SOC1 Review (Annually) FY14
- 45 Financial Statements & CAFR Review (Annually)
- 46 Instant Ticket Vendor Security Review (Biennially) FY13 FY15

*\* These items are excluded from the risk assessment process due to their consultative nature; no official report will be issued for these projects, but the Audit & Legal Committee and the Arkansas Lottery Commission will be updated on project progress and completion.*

# Arkansas



## Scholarship Lottery

**Report from the Director**  
**May 20, 2013**

# Comparative Income Statements

## April 2013, 2012

GAAP Basis Income			Favorable/ <u>(Unfavorable)</u>	Percentage <u>Variance</u>
<u>Statement</u>	<u>April 2013</u>	<u>April 2012</u>		
<b>Revenues</b>				
Instant Tickets	\$ 32,334,854	\$ 33,176,481	\$ (841,627)	-2.5%
Online Tickets	5,806,093	6,208,270	(402,177)	-6.5%
Retailer App/Fidelity	<u>41,440</u>	<u>48,860</u>	<u>(7,420)</u>	<u>-15.2%</u>
<b>TOTAL Revenues</b>	<b><u>38,182,387</u></b>	<b><u>39,433,611</u></b>	<b><u>(1,251,224)</u></b>	<b><u>-3.2%</u></b>
<b>Operating Expense</b>				
Instant Prizes Net	22,948,331	22,907,877	(40,454)	-0.2%
Online Prizes Net	3,059,022	3,386,217	327,195	9.7%
Retailer Commissions	2,136,230	2,216,483	80,253	3.6%
Gaming Contract Costs	1,927,473	2,033,674	106,201	5.2%
Advertising	534,462	330,700	(203,762)	-61.6%
General and Admin.	604,046	576,442	(27,604)	-4.8%
Other Agency Services	<u>110,000</u>	<u>109,440</u>	<u>(560)</u>	<u>-0.5%</u>
<b>TOTAL Operating Expenses</b>	<b><u>31,319,564</u></b>	<b><u>31,560,833</u></b>	<b><u>241,269</u></b>	<b><u>0.8%</u></b>
<b>Operating Income</b>	<b>6,862,823</b>	<b>7,872,778</b>	<b>(1,009,955)</b>	<b>-12.8%</b>
Interest Income	<u>19,772</u>	<u>28,201</u>	<u>(8,429)</u>	<u>-29.9%</u>
<b>Income Before Transfers</b>	<b>\$ <u>6,882,595</u></b>	<b>\$ <u>7,900,979</u></b>	<b>\$ <u>(1,018,384)</u></b>	<b><u>-12.9%</u></b>
<b>Net Proceeds</b>	<b>\$ <u>8,143,467</u></b>	<b>\$ <u>7,066,188</u></b>	<b>\$ <u>1,077,279</u></b>	<b><u>15.2%</u></b>

Note A – 2013 Net Proceeds excludes unclaimed prize expense of \$383,745 that will be recognized at year end June 30, 2013 and 2012 includes unclaimed prize expense.

# Comparative Income Statements

## Actual Versus Budget April 2013

GAAP Basis Income Statement	April 2013 Actual	April 2013 Budget	Favorable/ <u>(Unfavorable)</u>	Percentage <u>Variance</u>
<b>Revenues</b>				
Instant tickets	\$ 32,334,854	\$ 31,732,200	\$ 602,654	1.9%
Online Tickets	5,806,093	7,196,600	(1,390,507)	-19.3%
Retailer App/Fidelity	<u>41,440</u>	<u>41,000</u>	<u>440</u>	<u>1.1%</u>
<b>TOTAL Revenues</b>	<b><u>38,182,387</u></b>	<b><u>38,969,800</u></b>	<b><u>(787,413)</u></b>	<b><u>-2.0%</u></b>
<b>Operating Expense</b>				
Instant Game Prizes	22,948,331	21,978,770	(969,561)	-4.4%
Online Game Prizes	3,059,022	3,630,530	571,508	15.7%
Retailer Commissions	2,136,230	2,202,300	66,070	3.0%
Gaming Contract Cost	1,927,473	2,045,600	118,127	5.8%
Advertising	534,462	399,418	(135,044)	-33.8%
General and Admin.	604,046	623,921	19,875	3.2%
Other Agency Service	<u>110,000</u>	<u>129,200</u>	<u>19,200</u>	<u>14.9%</u>
<b>TOTAL Operating Expenses</b>	<b><u>31,319,564</u></b>	<b><u>31,009,739</u></b>	<b><u>(309,825)</u></b>	<b><u>-1.0%</u></b>
<b>Operating Income</b>	<b>6,862,823</b>	<b>7,960,061</b>	<b>(1,097,238)</b>	<b>-13.8%</b>
Interest Income	<u>19,772</u>	<u>26,600</u>	<u>(6,828)</u>	<u>-25.7%</u>
<b>Income before transfers</b>	<b>\$ <u>6,882,595</u></b>	<b>\$ <u>7,986,661</u></b>	<b>\$ <u>(1,104,066)</u></b>	<b><u>-13.8%</u></b>
<b>Net Proceeds</b>	<b>\$ <u>8,143,467</u></b>	<b>\$ <u>7,986,661</u></b>	<b>\$ <u>156,806</u></b>	<b><u>2.0%</u></b>

Note A – 2013 Net Proceeds excludes unclaimed prize expense of \$383,745 that will be recognized at year end June 30, 2013 and 2013 Budget includes unclaimed prize expense.

# Comparative Income Statements

## YTD April 31, 2013 Compared to April 31, 2012

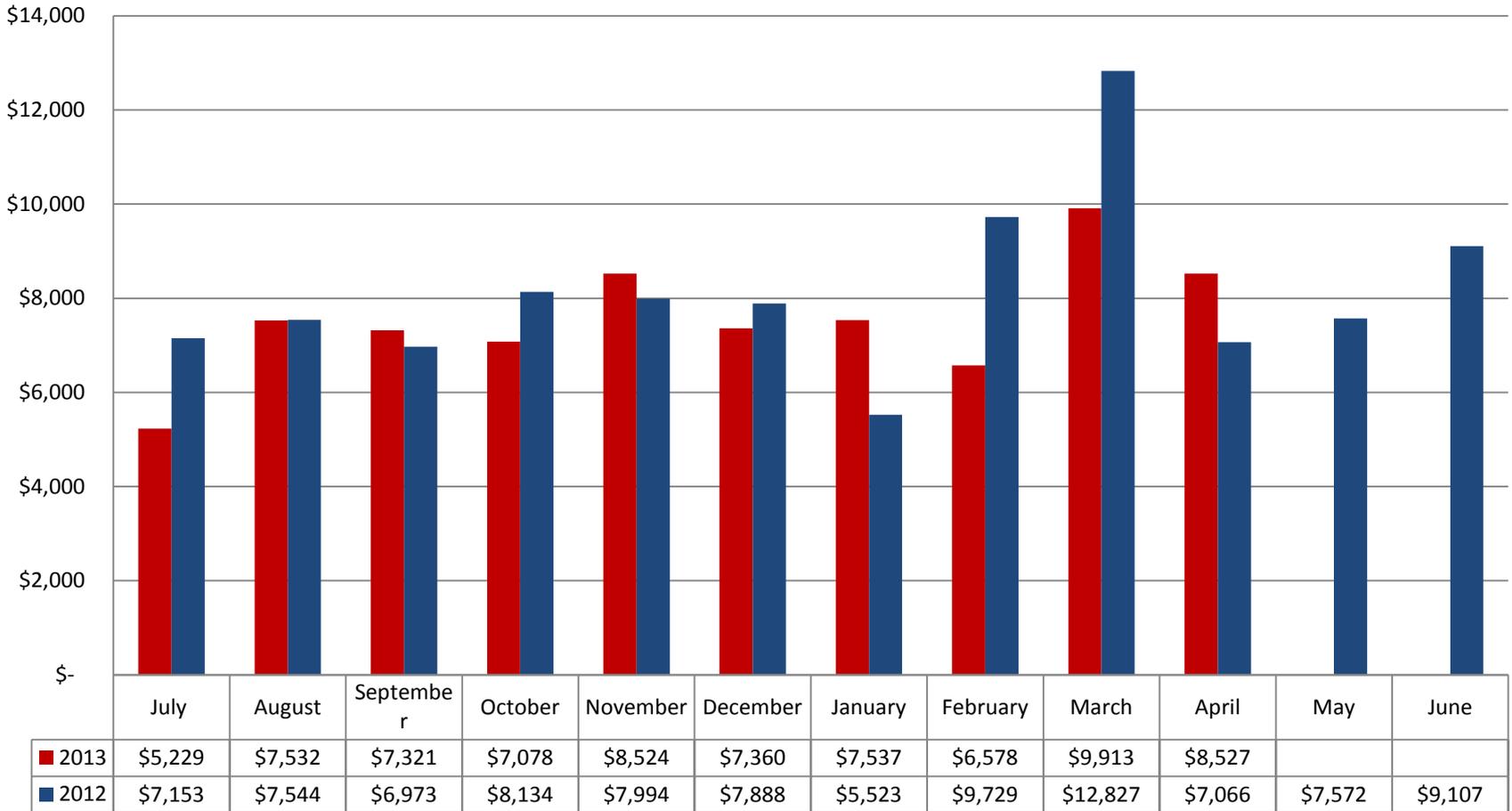
<u>Statement</u>	<u>Actual</u> <u>YTD 4/30/13</u>	<u>Actual</u> <u>YTD 4/30/12</u>	<u>Favorable/</u> <u>(Unfavorable)</u>	<u>Percentage</u> <u>Variance</u>
<b>Revenues</b>				
Instant tickets	\$ 299,298,014	\$ 331,704,411	\$ (32,406,397)	-9.8%
Online Tickets	66,056,982	70,025,212	(3,968,230)	-5.7%
Retailer app. fidelity	<u>468,774</u>	<u>514,897</u>	<u>(46,123)</u>	<u>-9.0%</u>
<b>TOTAL Revenues</b>	<b><u>365,823,770</u></b>	<b><u>402,244,520</u></b>	<b><u>(36,420,750)</u></b>	<b><u>-9.1%</u></b>
<b>Operating Expense</b>				
Instant Prizes Net	210,465,240	232,040,242	21,575,002	9.3%
Online Prizes Net	32,406,871	34,717,017	2,310,146	6.7%
Retailer Commissions	20,458,513	22,551,831	2,093,318	9.3%
Gaming Contract Costs	18,320,260	20,661,927	2,341,667	11.3%
Advertising	3,293,524	3,375,044	81,520	2.4%
General and Admin.	5,805,066	5,886,981	81,915	1.4%
Other Agency Services	<u>1,238,880</u>	<u>1,253,840</u>	<u>14,960</u>	<u>1.2%</u>
<b>TOTAL Operating Expenses</b>	<b><u>291,988,354</u></b>	<b><u>320,486,882</u></b>	<b><u>28,498,528</u></b>	<b><u>8.9%</u></b>
<b>Operating Income</b>	<b>73,835,416</b>	<b>81,757,638</b>	<b>(7,922,222)</b>	<b>-9.7%</b>
Interest Income	<u>269,276</u>	<u>286,188</u>	<u>(16,912)</u>	<u>-5.9%</u>
<b>Income before transfers</b>	<b>\$ <u>74,104,692</u></b>	<b>\$ <u>82,043,826</u></b>	<b>\$ <u>(7,939,134)</u></b>	<b><u>-9.7%</u></b>
<b>Net Proceeds</b>	<b>\$ <u>71,426,619</u></b>	<b>\$ <u>80,831,649</u></b>	<b>\$ <u>(9,435,030)</u></b>	<b><u>-11.7%</u></b>

Note A – 2013 Net Proceeds excludes unclaimed prize expense of \$4,172,763 that will recognized at year end June 30, 2013 and 2012 includes unclaimed prize expense.

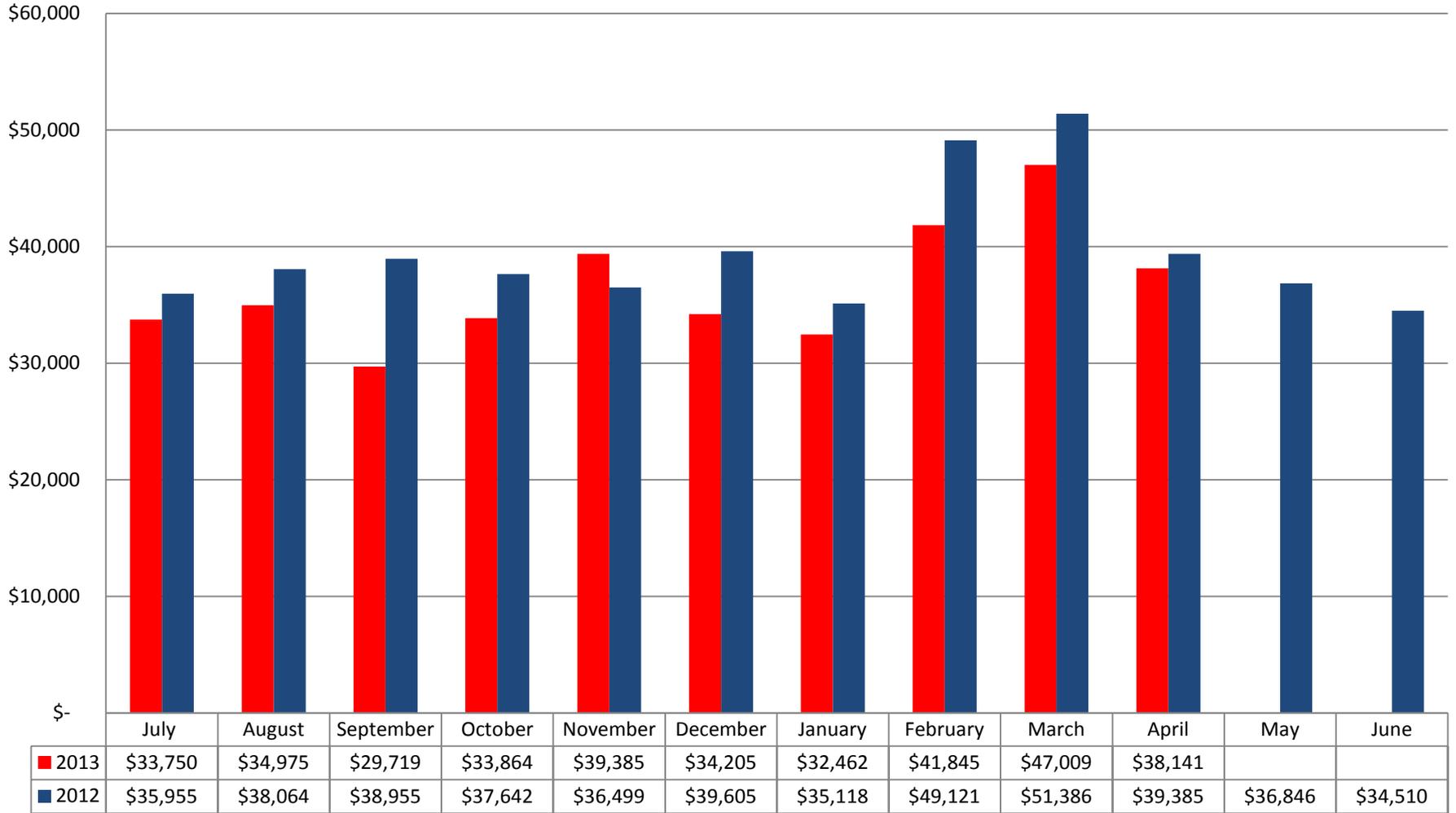
# ADHE Transfer Analysis

<u>Month</u>	<u>2013 Transfers</u>	<u>2013 Unclaimed Prizes</u>	<u>2013 Budget</u>	<u>Over/Under Budget</u>	<u>Cumulative Balance</u>
July, 2012	\$4,752,502	475,984	\$ 7,522,865	<b>-\$2,294,379</b>	<b>-\$2,294,379</b>
August	7,193,286	339,013	7,451,392	<b>80,907</b>	<b>-2,213,472</b>
September	6,584,957	736,068	7,058,362	<b>262,663</b>	<b>-1,950,809</b>
October	6,632,866	445,361	7,756,011	<b>-677,784</b>	<b>-2,628,593</b>
November	8,443,936	80,425	7,473,772	<b>1,050,589</b>	<b>-1,578,005</b>
December	6,914,261	445,555	8,809,750	<b>-1,449,934</b>	<b>-3,027,939</b>
January, 2013	6,538,953	997,935	8,675,137	<b>-1,138,249</b>	<b>-4,166,188</b>
February	6,447,119	130,658	8,911,452	<b>-2,333,675</b>	<b>-6,499,863</b>
March	9,775,273	138,019	9,887,846	<b>25,446</b>	<b>-6,474,417</b>
April	8,143,467	383,745	7,986,661	<b>540,551</b>	<b>-5,933,866</b>
May			9,158,268		
June			<u>7,808,484</u>		
Totals	<u>\$71,426,619</u>	<u>\$4,172,763</u>	<u>\$98,500,000</u>		

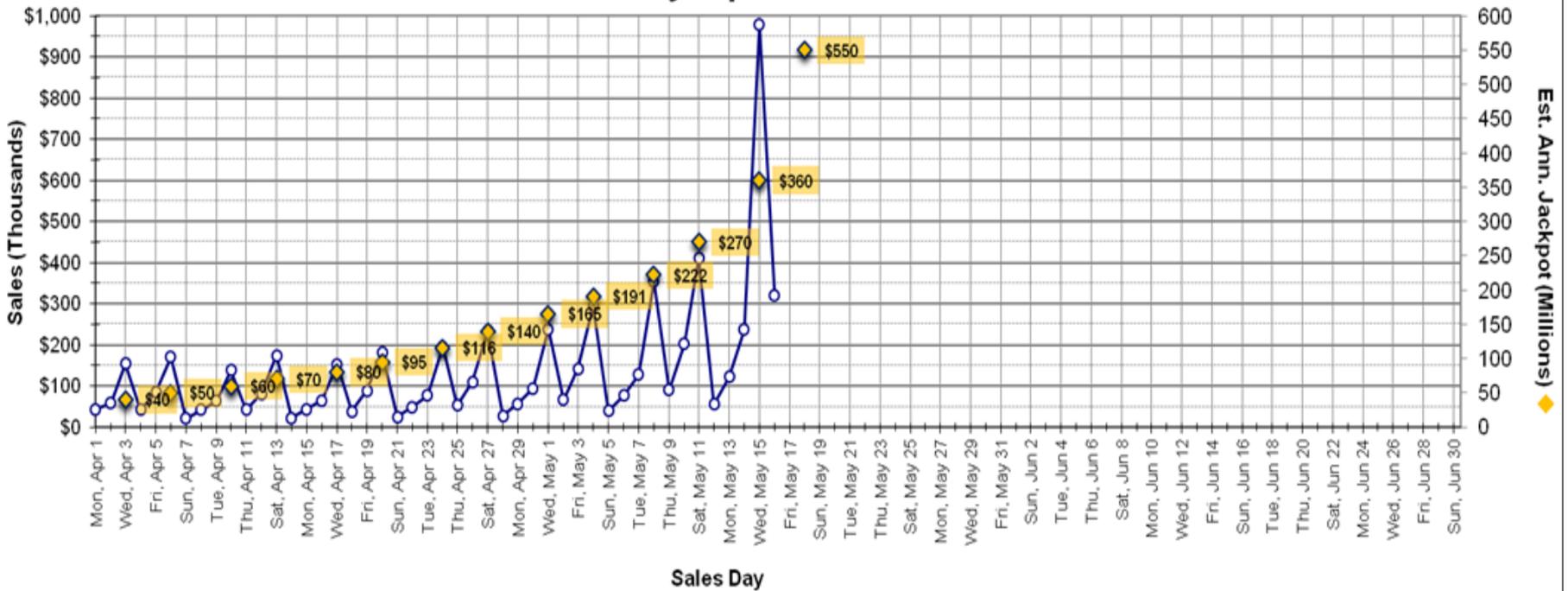
## Arkansas Lottery Commission Net Proceeds (000's) (Including Unclaimed Prizes)



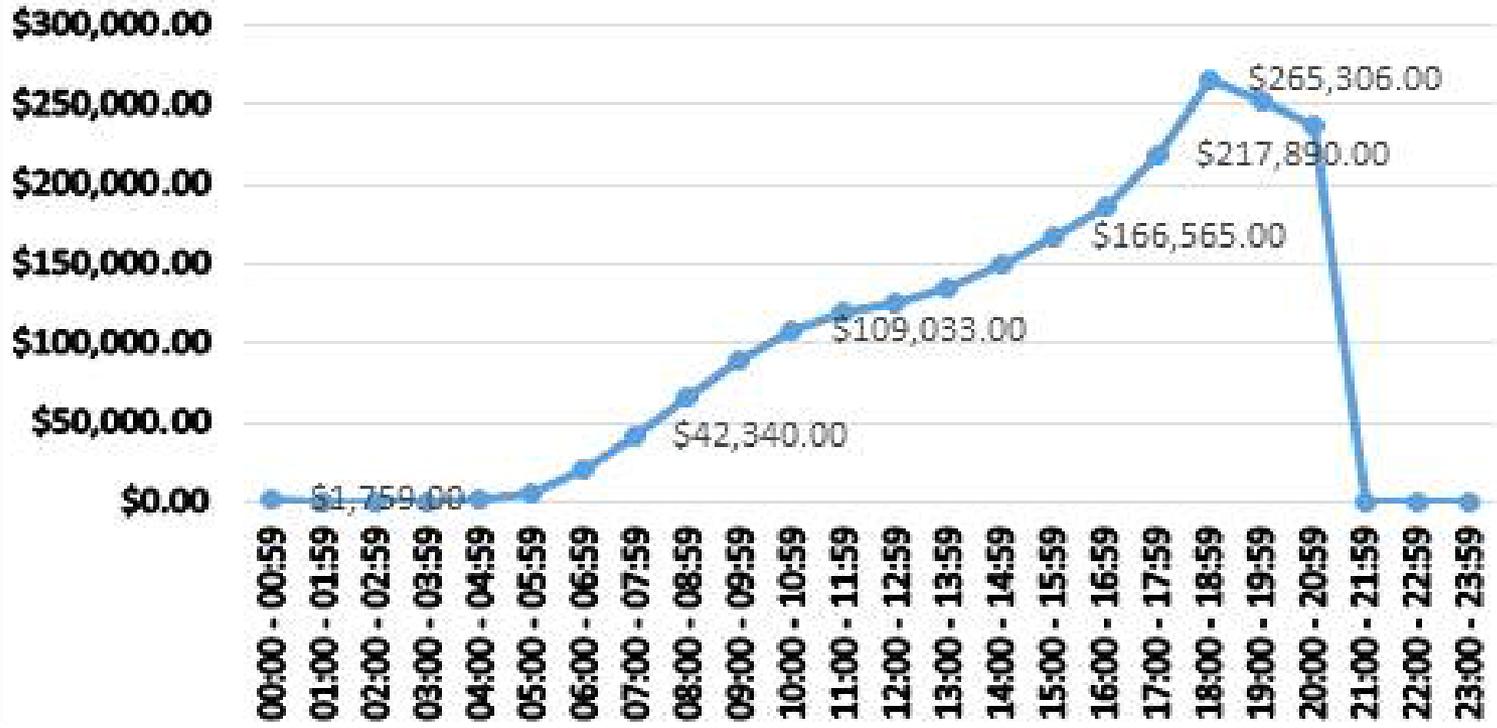
## Arkansas Lottery Commission Sales (000's)



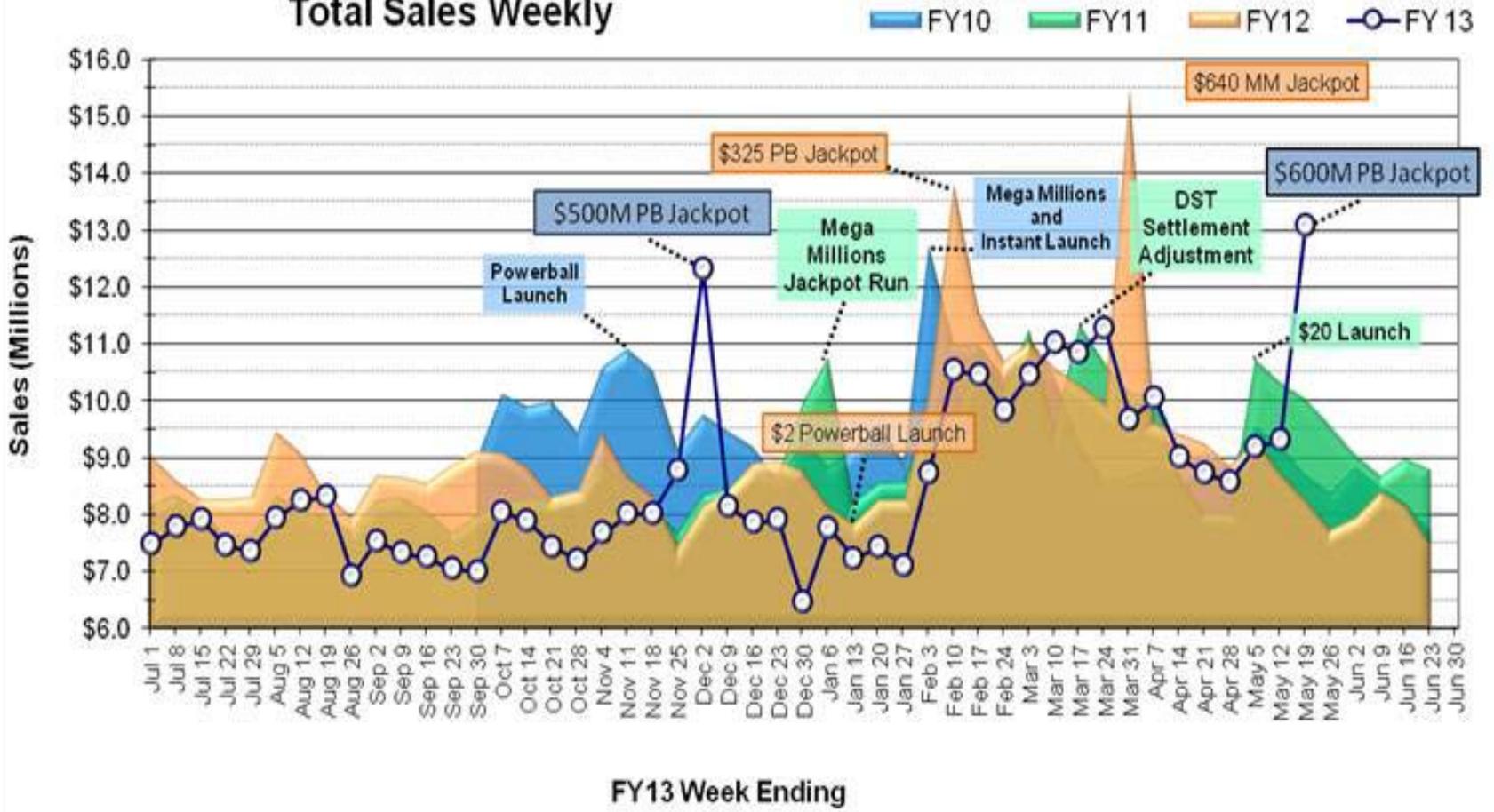
## Powerball Daily: April - June 2013



## Hourly Power Ball Sales 5/18/13



# Total Sales Weekly





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>

May 10, 2013

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: Proposed 2014 Annual Budget**

Gentlemen:

On behalf of our agency and the Commissioners of the Arkansas Lottery Commission, please accept the attached Proposed Annual Budget pursuant to §§ 23-115-206(a)(10)(A). The following information is provided:

1. Summary/Budget Detail Schedules
2. Compensation and Benefits
3. Vacant Positions
4. Other Compensation Benefits
5. Administrative Expenses

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. Ben Pickard, Chairman, Arkansas Lottery Commission

Arkansas Lottery Commission  
Budget Detail Schedules  
For the Fiscal Year Ending June 30, 2014

	2012 Audited	% of Revenue	2013 Budget	% of Revenue	2014 Budget	% of Revenue	Explanation for Change in Budget Amounts
<b>Operating Revenues:</b>							
Instant Games	\$ 391,290,225	82.614%	\$ 397,065,000	82.531%	\$ 375,000,000	81.559%	Instant Game sales are forecast at the same levels as the fiscal 2013 actuals which are approximately \$20 million below the F2013 budget
OnLine Games	\$ 81,795,382	17.270%	\$ 83,760,000	17.410%	\$ 84,500,000	18.378%	Online game revenue is expected to increase slightly from fiscal 2013 budget due to introduction of a new Raffle game in fiscal 2014
Retailer application, fidelity	\$ 538,584	0.114%	\$ 530,000	0.110%	\$ 530,000	0.115%	Retailer communication and licensing fees are expected to be about the same for F2014
Non Gaming Revenue	\$ 15,038	0.003%	\$ 5,000	0.001%	\$ 10,000	0.002%	Other miscellaneous revenues
Less : Promotions Discount	\$ 0	0.000%	\$ (250,000)	-0.052%	\$ (250,000)	-0.054%	
<b>Total Operating Revenues</b>	<b>\$ 473,639,229</b>	<b>100.000%</b>	<b>\$ 481,110,000</b>	<b>100.000%</b>	<b>\$ 459,790,000</b>	<b>100.000%</b>	
<b>Operating Expenses:</b>							
Instant Game Prizes	\$ 274,203,122	57.893%	\$ 274,787,000	57.115%	\$ 264,200,000	57.461%	Decreased instant games prizes awarded are proportionate to the decrease in instant game revenue
On-Line Game Prizes	\$ 41,115,706	8.681%	\$ 42,150,000	8.761%	\$ 42,461,250	9.235%	Online Game prizes awarded are proportionate to the change in revenue
Retailer Commissions	\$ 26,526,329	5.601%	\$ 27,152,000	5.644%	\$ 25,982,000	5.651%	No change in percentage paid to retailers. Decreased forecast is consistent with decrease in revenues. No change in percentage paid to gaming vendors. Lower budget amount due to overall decrease in ticket revenues
Gaming Contract Costs	\$ 24,308,153	5.132%	\$ 24,990,000	5.194%	\$ 23,664,250	5.147%	
Staff Compensation & Benefits	\$ 5,954,138	1.257%	\$ 5,800,000	1.206%	\$ 6,350,000	1.381%	2% COLA increase projected. Also included a merit bonus for F 2014 of 3%.
Marketing, Advertising & Promotions	\$ 4,466,054	0.943%	\$ 4,500,000	0.935%	\$ 4,500,000	0.979%	Marketing and advertising, which is slightly less than 1% of sales, have been consistently budgeted at \$4.5 million for the past four fiscal years,
General and administrative expenses	\$ 1,270,047	0.268%	\$ 1,300,000	0.270%	\$ 1,370,000	0.298%	Increase for F2014 is due to expected increases for lease costs and DIS fees.
Services Provided by Other Agencies:	\$ 1,005,549	0.212%	\$ 1,550,000	0.322%	\$ 1,550,000	0.337%	Per the ADHE Interim Director, the F2014 administrative fee was budgeted at \$1.3 million. An additional \$250,000 was budgeted for Legislative Audit fees for the annual audit.
Legal and Professional Services	\$ 107,651	0.023%	\$ 95,000	0.020%	\$ 25,000	0.005%	Decrease in the budget for legal and professional services is due to the termination of the contract for third party legal services and the hiring of a full time Chief Legal Counsel position
Capital asset depreciation	\$ 182,159	0.038%	\$ 200,000	0.042%	\$ 185,000	0.040%	No significant purchases or retirements of depreciable assets are expected for F2014
<b>Total Operating Expenses</b>	<b>\$ 379,138,908</b>	<b>80.048%</b>	<b>\$ 382,524,000</b>	<b>79.509%</b>	<b>\$ 370,287,500</b>	<b>80.534%</b>	
<b>Operating Income</b>	<b>\$ 94,500,321</b>	<b>19.952%</b>	<b>\$ 98,586,000</b>	<b>20.491%</b>	<b>\$ 89,502,500</b>	<b>19.466%</b>	
<b>Non-Operating Revenue (Expense):</b>							
Interest Income	\$ 352,431	0.074%	\$ 320,000	0.067%	\$ 240,000	0.052%	Based upon an average balance of approximately \$40 million at 55 basis points
Other Non-Operating Income	\$ 2,000,000	0.422%	\$ -	0.000%	\$ -	0.000%	
<b>Income before Transfers</b>	<b>\$ 96,852,752</b>	<b>20.449%</b>	<b>\$ 98,906,000</b>	<b>20.558%</b>	<b>\$ 89,742,500</b>	<b>19.518%</b>	
<b>Transfers To:</b>							
Arkansas Department of Health Services	(\$ 200,000)	-0.042%	\$ (200,000)	-0.042%	\$ (200,000)	-0.043%	This amount is specified by statute
ADHE Education Trust Account	(\$ 97,510,280)	-20.587%	\$ (98,500,000)	-20.473%	\$ (89,500,000)	-19.465%	This is the amount of the expected transfer of Net Proceeds to ADHE for F2014
<b>Change in Net Assets</b>	<b>(\$ 857,528)</b>	<b>-0.181%</b>	<b>\$ 206,000</b>	<b>0.043%</b>	<b>\$ 42,500</b>	<b>0.009%</b>	

## Arkansas Lottery Commission

Compensation & Benefits  
Budget 2014

														14.88%	
Employee	Career Grades	Position Title	Race	Gross	Soc_Sec_C	Medicare_C	APERS_C	Annual Gross	COLA % 2.00%	Budgeted Gross	Merit 3.00%	Adj Budgeted Gross	Annual Taxes	Annual APERS	Total Comp and Benefits
Ali K. Mustafa	C120	Marketing Sales Representative	OM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Amber C. Fiser	C114	Graphic Specialist	CF	1,806.88	-112.03	-26.20	-257.30	\$ 46,978.81	\$ 939.58	\$ 47,918.39	\$ 1,437.55	\$ 49,355.94	\$ 3,775.73	\$ 7,344.16	\$ 60,475.83
Ana M. Rodriguez	C115	Administrative Analyst	OM	1,227.33	-76.09	-17.80	-174.77	\$ 31,910.59	\$ 638.21	\$ 32,548.80	\$ 976.46	\$ 33,525.27	\$ 2,564.68	\$ 4,988.56	\$ 41,078.51
Andrew J. Biernat	C120	Marketing Sales Representative	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Angela D. Meredith	C120	Security Specialist	BF	1,735.88	-107.62	-25.17	-247.19	\$ 45,132.96	\$ 902.66	\$ 46,035.62	\$ 1,381.07	\$ 47,416.69	\$ 3,627.38	\$ 7,055.60	\$ 58,099.67
Anita J. Junior	N904	Product Developer	BF	2,812.15	-174.35	-40.78	-400.45	\$ 73,116.00	\$ 1,462.32	\$ 74,578.32	\$ 2,237.35	\$ 76,815.67	\$ 5,876.40	\$ 11,430.17	\$ 94,122.24
Antwon D. Ross	C112	Administrative Support Specialist III	BM	1,230.77	-76.31	-17.85	-175.26	\$ 32,000.00	\$ 640.00	\$ 32,640.00	\$ 979.20	\$ 33,619.20	\$ 2,571.87	\$ 5,002.54	\$ 41,193.61
Audra L. McCaskill	C122	Claims Center Manager	BF	1,739.82	-107.87	-25.23	-247.75	\$ 45,235.36	\$ 904.71	\$ 46,140.07	\$ 1,384.20	\$ 47,524.27	\$ 3,635.61	\$ 7,071.61	\$ 58,231.49
Barbara G. Campbell	C120	Marketing Sales Representative	CF	1,435.85	-89.02	-20.82	-204.46	\$ 37,332.00	\$ 746.64	\$ 38,078.64	\$ 1,142.36	\$ 39,221.00	\$ 3,000.41	\$ 5,836.08	\$ 48,057.49
Bob C. Coleman Jr	C128	QA Systems Analyst	CM	2,121.38	-131.53	-30.76	-302.09	\$ 55,156.00	\$ 1,103.12	\$ 56,259.12	\$ 1,687.77	\$ 57,946.89	\$ 4,432.94	\$ 8,622.50	\$ 71,002.33
Charles E. Freeman	C120	Marketing Sales Representative	BM	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ 814.54	\$ 41,541.34	\$ 1,246.24	\$ 42,787.58	\$ 3,273.25	\$ 6,366.79	\$ 52,427.62
Christopher M. Pabin	C120	Payroll Specialist	CM	1,435.85	-89.02	-20.82	-204.46	\$ 37,332.00	\$ 746.64	\$ 38,078.64	\$ 1,142.36	\$ 39,221.00	\$ 3,000.41	\$ 5,836.08	\$ 48,057.49
Cindy L. Carlock	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Clifton C. Rassmann	C128	QA Systems Analyst	OM	2,569.13	-159.29	-37.25	-365.84	\$ 66,797.25	\$ 1,335.95	\$ 68,133.20	\$ 2,044.00	\$ 70,177.19	\$ 5,368.56	\$ 10,442.37	\$ 85,988.11
Cynthia L. Burnett	C122	Claims Center Manager	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ 898.02	\$ 45,799.13	\$ 1,373.97	\$ 47,173.11	\$ 3,608.74	\$ 7,019.36	\$ 57,801.21
Dean E. Heard	C120	Marketing Sales Representative	BF	1,564.75	-96.39	-22.54	-221.40	\$ 40,423.62	\$ 808.47	\$ 41,232.09	\$ 1,236.96	\$ 42,469.06	\$ 3,248.88	\$ 6,319.40	\$ 52,037.33
Debbie M. Stobaugh	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Demetria P. King	C122	Accountant	BF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ 898.02	\$ 45,799.13	\$ 1,373.97	\$ 47,173.11	\$ 3,608.74	\$ 7,019.36	\$ 57,801.21
Don S. Smith	C120	Marketing Sales Representative	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Donald M. Brown	Q146U	Internal Auditor	CM	4,230.77	-262.31	-61.35	-602.46	\$ 110,000.00	\$ 2,200.00	\$ 112,200.00	\$ 3,366.00	\$ 115,566.00	\$ 8,840.80	\$ 17,196.22	\$ 141,603.02
Donna C. Brooks	C112	Claims Assistant	CF	1,060.22	-65.73	-15.37	-150.98	\$ 27,565.66	\$ 551.31	\$ 28,116.99	\$ 843.51	\$ 28,960.50	\$ 2,215.48	\$ 4,390.32	\$ 35,485.30
Eric L. Huffstutler	C113	Computer Operator	CM	1,320.00	-81.84	-19.14	-187.97	\$ 34,320.00	\$ 686.40	\$ 35,006.40	\$ 1,050.19	\$ 36,056.59	\$ 2,758.33	\$ 5,365.22	\$ 44,180.14
Felicia R. Morehead	C112	Claims Assistant	BF	1,068.11	-66.22	-15.49	-152.10	\$ 27,770.89	\$ 555.42	\$ 28,326.31	\$ 849.79	\$ 29,176.10	\$ 2,231.97	\$ 4,341.40	\$ 35,749.47
Frederick M. Dunavant	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Gwen N. Armbrust	C121	HR Generalist	CM	1,748.71	-108.42	-25.36	-249.02	\$ 45,466.46	\$ 909.33	\$ 46,375.79	\$ 1,391.27	\$ 47,767.06	\$ 3,654.18	\$ 7,107.74	\$ 58,528.98
Henry B. Gilmore Jr	C125	Application Support Specialist	BM	2,014.06	-124.87	-29.20	-286.80	\$ 52,365.47	\$ 1,047.31	\$ 53,412.78	\$ 1,602.38	\$ 55,015.16	\$ 4,208.66	\$ 8,186.26	\$ 67,410.08
James H. Springer	C121	Draw Manager	BM	846.15	-52.46	-12.27	-120.49	\$ 22,000.00	\$ 440.00	\$ 22,440.00	\$ 673.20	\$ 23,113.20	\$ 1,768.16	\$ 3,439.24	\$ 28,320.60
Jean C. Block	N910	Chief Legal Counsel	OM	4,038.46	-250.38	-58.56	-575.08	\$ 105,000.00	\$ 2,100.00	\$ 107,100.00	\$ 3,213.00	\$ 110,313.00	\$ 8,438.94	\$ 16,414.57	\$ 135,166.52
Jeffery C. Fitch	C120	Marketing Sales Representative	CM	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ 814.54	\$ 41,541.34	\$ 1,246.24	\$ 42,787.58	\$ 3,273.25	\$ 6,366.79	\$ 52,427.62
Jeremy K. Smith	C130	Network Engineer	CM	2,628.07	-162.94	-38.11	-374.24	\$ 68,329.80	\$ 1,366.60	\$ 69,696.40	\$ 2,090.89	\$ 71,787.29	\$ 5,491.73	\$ 10,681.95	\$ 87,960.96
Jerold K. Fetzer	N910	Chief Fiscal Officer	OM	3,769.23	-233.69	-54.65	-536.74	\$ 98,000.00	\$ 1,960.00	\$ 99,960.00	\$ 2,998.80	\$ 102,958.80	\$ 7,876.35	\$ 15,320.27	\$ 126,155.42
Joanna M. Buntun	N906	Advertising & Marketing Director	CF	3,041.62	-188.58	-44.10	-433.13	\$ 79,082.00	\$ 1,581.64	\$ 80,663.64	\$ 2,419.91	\$ 83,083.55	\$ 6,355.89	\$ 12,362.83	\$ 101,802.27
Justin D. Rogers	C117	Application Support Specialist	CM	1,240.35	-76.90	-17.99	-176.63	\$ 32,249.00	\$ 644.98	\$ 32,893.98	\$ 986.82	\$ 33,880.80	\$ 2,591.88	\$ 5,041.46	\$ 41,514.14
Justin M. Webb	C115	Administrative Analyst	CM	1,596.15	-98.96	-23.14	-227.29	\$ 41,500.00	\$ 830.00	\$ 42,330.00	\$ 1,269.90	\$ 43,599.90	\$ 3,335.39	\$ 6,487.67	\$ 53,422.96
Kenneth K. McCarthy	N904	Sales Training & Retail Coordinator	CM	3,138.46	-194.58	-45.51	-446.92	\$ 81,800.00	\$ 1,632.00	\$ 83,432.00	\$ 2,496.96	\$ 85,928.96	\$ 6,558.27	\$ 12,756.47	\$ 105,043.69
Lance T. Huey	N910	Security Director	CM	4,447.85	-275.77	-64.49	-633.37	\$ 115,644.00	\$ 2,312.88	\$ 117,956.88	\$ 3,538.71	\$ 121,495.59	\$ 9,294.41	\$ 18,078.54	\$ 148,888.54
La'Tonyalyn K. White	C120	Marketing Sales Representative	BF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Linda G. Chambers	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89
Lindsey E. Teague	C124	Promotions & Events Manager	CF	2,121.38	-131.53	-30.76	-302.09	\$ 55,156.00	\$ 1,103.12	\$ 56,259.12	\$ 1,687.77	\$ 57,946.89	\$ 4,432.94	\$ 8,622.50	\$ 71,002.33
Lisa Tater	N901	Regional Sales Manager	CF	2,550.00	-158.10	-36.98	-363.12	\$ 66,300.00	\$ 1,326.00	\$ 67,626.00	\$ 2,028.78	\$ 69,654.78	\$ 5,328.59	\$ 10,364.63	\$ 85,348.00
Maria C. Craig	C122	Accountant	CF	2,134.23	-132.32	-30.95	-303.91	\$ 55,490.00	\$ 1,109.80	\$ 56,599.80	\$ 1,697.99	\$ 58,297.79	\$ 4,459.78	\$ 8,674.71	\$ 71,432.29
Mark A. Olsen	C117	Graphic Web Coordinator	CM	1,538.46	-95.38	-22.31	-219.08	\$ 40,000.00	\$ 800.00	\$ 40,800.00	\$ 1,224.00	\$ 42,024.00	\$ 3,214.84	\$ 6,253.17	\$ 51,492.01
Mark D. Hearn	N901	Regional Sales Manager	BM	2,550.00	-168.10	-36.98	-363.12	\$ 66,300.00	\$ 1,326.00	\$ 67,626.00	\$ 2,028.78	\$ 69,654.78	\$ 5,328.59	\$ 10,364.63	\$ 85,348.00
Merrill M. Forte	C120	Marketing Sales Representative	BM	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ 814.54	\$ 41,541.34	\$ 1,246.24	\$ 42,787.58	\$ 3,273.25	\$ 6,366.79	\$ 52,427.62
Michael C. Smith	N919	IT Gaming Director	CM	5,884.62	-364.85	-85.33	-837.97	\$ 153,000.00	\$ 3,060.00	\$ 156,060.00	\$ 4,681.80	\$ 160,741.80	\$ 12,296.75	\$ 23,918.38	\$ 196,956.93
Michael J. Taylor	C112	Administrative Support Specialist III	CM	1,451.54	-90.00	-21.05	-206.70	\$ 37,740.00	\$ 754.80	\$ 38,494.80	\$ 1,154.84	\$ 39,649.64	\$ 3,033.20	\$ 5,899.87	\$ 48,582.71
Molly K. Harris	C120	Marketing Sales Representative	CF	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ 814.54	\$ 41,541.34	\$ 1,246.24	\$ 42,787.58	\$ 3,273.25	\$ 6,366.79	\$ 52,427.62
Nicole Cross	C113	Administrative Support Supervisor	BF	1,020.42	-63.27	-14.80	-145.31	\$ 26,531.00	\$ 530.62	\$ 27,061.62	\$ 811.85	\$ 27,873.47	\$ 2,132.32	\$ 4,147.57	\$ 34,153.36
Patricia D. Vick	C126	Paralegal	CF	2,114.76	-131.12	-30.66	-301.14	\$ 54,985.75	\$ 1,099.68	\$ 56,085.43	\$ 1,682.50	\$ 57,767.93	\$ 4,419.09	\$ 8,595.57	\$ 70,780.59
Paula K. O'Brien	C112	Claims Assistant	CF	1,068.11	-66.22	-15.49	-152.10	\$ 27,770.89	\$ 555.42	\$ 28,326.31	\$ 849.79	\$ 29,176.10	\$ 2,231.97	\$ 4,341.40	\$ 35,749.47

## Arkansas Lottery Commission

## Compensation &amp; Benefits

## Budget 2014

														14.88%		
Employee	Career Grades	Position Title	Race	Gross	Soc. Sec. C	Medicare C	APERS C	Annual Gross	COLA % 2.00%	Budgeted Gross	Merit 3.00%	Adj Budgeted Gross	Annual Taxes	Annual APERS	Total Comp and Benefits	
Rachel K. Dill	C117	Promotions/Spc Event Coordinator	CF	1,313.74	-81.45	-19.05	-187.08	\$ 34,157.20	\$ 683.14	\$ 34,840.34	\$ 1,045.21	\$ 35,885.55	\$ 2,745.24	\$ 5,339.77	\$ 43,970.57	
Rebecca L. Clark	C122	Claims Center Manager	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ 898.02	\$ 45,799.13	\$ 1,373.97	\$ 47,173.11	\$ 3,608.74	\$ 7,019.36	\$ 57,801.21	
Rhonda L. Harris	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89	
Richard F. Roeben	C112	Claims Assistant	CM	1,388.54	-86.09	-20.13	-197.73	\$ 36,101.95	\$ 722.04	\$ 36,823.99	\$ 1,104.72	\$ 37,928.71	\$ 2,901.55	\$ 5,643.79	\$ 46,474.05	
Rick G. Conrad	C120	Marketing Sales Representative	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89	
Robert B. Stebbins	N910	Sales Director	CM	3,629.43	-225.02	-52.63	-516.83	\$ 94,365.30	\$ 1,887.31	\$ 96,252.61	\$ 2,887.58	\$ 99,140.18	\$ 7,584.22	\$ 14,752.06	\$ 121,476.47	
Robert L. Smith	C120	Marketing Sales Representative	OM	1,554.75	-96.39	-22.54	-221.40	\$ 40,423.62	\$ 808.47	\$ 41,232.09	\$ 1,236.96	\$ 42,469.06	\$ 3,248.88	\$ 6,319.40	\$ 52,037.33	
Rosalynn R. Bogard	C110	Postal Courier	BF	1,236.47	-76.66	-17.93	-176.07	\$ 32,148.14	\$ 642.96	\$ 32,791.10	\$ 983.73	\$ 33,774.84	\$ 2,583.77	\$ 5,025.70	\$ 41,384.31	
Rosibel Solano	C114	Graphic Specialist	OM	1,308.04	-81.10	-18.97	-186.26	\$ 34,009.00	\$ 680.18	\$ 34,689.18	\$ 1,040.68	\$ 35,729.86	\$ 2,733.33	\$ 5,316.60	\$ 43,779.79	
Ryan A. Hackley	C112	Claims Assistant	CM	971.85	-60.25	-14.09	-138.39	\$ 25,268.00	\$ 505.36	\$ 25,773.36	\$ 773.20	\$ 26,546.56	\$ 2,030.81	\$ 3,950.13	\$ 32,527.50	
Samuel L. Burks	C130	Sr. Database Administrator	CM	2,570.49	-159.37	-37.27	-366.04	\$ 66,832.76	\$ 1,336.66	\$ 68,169.42	\$ 2,045.08	\$ 70,214.50	\$ 5,371.41	\$ 10,447.92	\$ 86,033.82	
Samuel W. Tatom Jr	C120	Marketing Sales Representative	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89	
Servando Garcia	C121	Draw Manager	BF	1,600.00	-99.20	-23.20	-227.84	\$ 41,600.00	\$ 832.00	\$ 42,432.00	\$ 1,272.96	\$ 43,704.96	\$ 3,343.43	\$ 6,503.30	\$ 53,551.69	
Shaunta L. Hudson	C122	Accountant	BF	1,791.87	-111.10	-25.98	-255.16	\$ 46,588.50	\$ 931.77	\$ 47,520.27	\$ 1,425.61	\$ 48,945.88	\$ 3,744.36	\$ 7,283.15	\$ 59,973.38	
Sherry S. Eckhart	C115	Licensing Specialist	OM	1,125.04	-69.75	-16.31	-160.21	\$ 29,251.00	\$ 585.02	\$ 29,836.02	\$ 895.08	\$ 30,731.10	\$ 2,350.93	\$ 4,572.79	\$ 37,654.82	
Stephen L. Koch	C117	Publication Specialist	CM	1,569.23	-97.29	-22.75	-223.46	\$ 40,800.00	\$ 816.00	\$ 41,616.00	\$ 1,248.48	\$ 42,864.48	\$ 3,279.13	\$ 6,378.23	\$ 52,521.85	
Susan D. Chamberlain	C115	Licensing Specialist	CF	1,846.15	-114.46	-26.77	-262.89	\$ 48,000.00	\$ 960.00	\$ 48,960.00	\$ 1,468.80	\$ 50,428.80	\$ 3,857.80	\$ 7,503.81	\$ 61,790.41	
Susan D. Devecki	C120	Marketing Sales Representative	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89	
Teresa A. Holloway	C122	Accountant	BF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ 898.02	\$ 45,799.13	\$ 1,373.97	\$ 47,173.11	\$ 3,608.74	\$ 7,019.36	\$ 57,801.21	
Terry L. Williams	N901	Controller	CM	2,500.00	-155.00	-36.25	-356.00	\$ 65,000.00	\$ 1,300.00	\$ 66,300.00	\$ 1,989.00	\$ 68,289.00	\$ 5,224.11	\$ 10,161.40	\$ 83,674.51	
Tewanda R. Kinchen	C113	Administrative Support Supervisor	BF	1,065.68	-66.07	-15.45	-151.75	\$ 27,707.74	\$ 554.15	\$ 28,261.89	\$ 847.86	\$ 29,109.75	\$ 2,226.90	\$ 4,331.53	\$ 35,668.18	
Timothy A. Parrish	N903	Banking Claims & Licenses Manager	CM	2,758.08	-171.00	-39.99	-392.75	\$ 71,710.08	\$ 1,434.20	\$ 73,144.28	\$ 2,194.33	\$ 75,338.61	\$ 5,763.40	\$ 11,210.39	\$ 92,312.40	
Tyler L. Pate	C128	IT Security Analyst	CM	2,588.25	-160.47	-37.53	-368.57	\$ 67,294.50	\$ 1,345.89	\$ 68,640.39	\$ 2,059.21	\$ 70,699.60	\$ 5,408.52	\$ 10,520.10	\$ 86,628.22	
Undrea Ellis	C122	Accountant	BF	1,911.32	-118.50	-27.71	-272.17	\$ 49,694.40	\$ 993.89	\$ 50,688.29	\$ 1,520.65	\$ 52,208.94	\$ 3,993.98	\$ 7,768.69	\$ 63,971.61	
Valerie N. Basham	C130	HR Manager	CF	2,532.50	-157.02	-36.72	-360.63	\$ 65,845.08	\$ 1,316.90	\$ 67,161.98	\$ 2,014.86	\$ 69,176.84	\$ 5,292.03	\$ 10,293.51	\$ 84,762.38	
Wendi R. Nix	C120	Marketing Sales Representative	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ 898.02	\$ 45,799.13	\$ 1,373.97	\$ 47,173.11	\$ 3,608.74	\$ 7,019.36	\$ 57,801.21	
William B. Beall	C112	Administrative Support Specialist III	CM	971.85	-60.25	-14.09	-138.39	\$ 25,268.00	\$ 505.36	\$ 25,773.36	\$ 773.20	\$ 26,546.56	\$ 2,030.81	\$ 3,950.13	\$ 32,527.50	
William B. Woosley	Q145U	Lottery Commission Director	CM	6,346.15	-393.4615385	-92.01923077	-903.6923077	\$ 165,000.00	\$ 3,300.00	\$ 168,300.00	\$ 5,049.00	\$ 173,349.00	\$ 13,261.20	\$ 25,794.33	\$ 212,404.53	
William P. Lawson	C122	Accountant	CM	1,714.11	-106.27482	-24.854595	-244.089264	\$ 44,566.86	\$ 891.34	\$ 45,458.20	\$ 1,363.75	\$ 46,821.94	\$ 3,581.88	\$ 6,967.11	\$ 57,370.93	
William W. Cotton	C120	Marketing Sales Representative	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ 820.60	\$ 41,850.57	\$ 1,255.52	\$ 43,106.09	\$ 3,297.62	\$ 6,414.19	\$ 52,817.89	
				<b>TOTALS</b>				<b>\$ 4,108,014.02</b>	<b>\$ 82,160.30</b>	<b>\$ 4,190,174.30</b>	<b>\$ 125,705.23</b>	<b>\$ 4,315,879.53</b>	<b>\$ 330,164.78</b>	<b>\$ 642,202.87</b>	<b>\$ 5,288,247.19</b>	
														Employer Health Premium	\$ 348,000.00	
														Other Post Employment Benefits	\$ 400,000.00	
														Unfiled/new positions	\$ 308,400.00	
														Career Service bonuses	\$ 6,500.00	
														subtotal	\$ 6,351,147.19	
														<b>TOTAL COMP AND BENEFITS</b>		
														Use for Budget	<b>\$6,350,000</b>	
														BF=black female	13	
														BM=black male	6	
														CF=caucasian fema	22	
														CM=caucasian male	30	
														OM=other minority	9	
															80	

Vacant positions	Position Title	Base	Midpoint	Max
C112	Admin Support Specialist III	\$ 26,824.00	\$ 34,871.00	\$ 42,918.00
C112	Admin Support Specialist III	\$ 26,824.00	\$ 34,871.00	\$ 42,918.00
C112	Admin Support Specialist III	\$ 26,824.00	\$ 34,871.00	\$ 42,918.00
C113	Computer Operator	\$ 28,165.00	\$ 36,614.00	\$ 48,669.00
N901	SMB Project Coordinator	\$ 65,000.00	\$ 73,125.00	\$ 81,250.00
N904	Security Deputy	\$ 73,116.00	\$ 82,256.00	\$ 91,395.00
		<u>\$ 246,753.00</u>	<u>\$ 296,608.00</u>	<u>\$ 350,068.00</u>
Employer taxes		\$ 18,876.60	\$ 22,690.51	\$ 26,780.20
APERS		\$ 36,716.85	\$ 44,135.27	\$ 52,090.12
<b>Total budget</b>		<u><b>\$ 302,346.45</b></u>	<u><b>\$ 363,433.78</b></u>	<u><b>\$ 428,938.32</b></u>

Vacant positions	Position Title	Base	COLA	Budgeted	Annual	APERS	Adj Budgeted
			2%	Gross	Taxes	14.88%	Gross
C112	Admin Support Specialist III	\$ 26,824.00	\$ 536.48	\$ 27,360.48	\$ 2,093.08	\$ 4,071.24	\$ 33,524.80
C112	Admin Support Specialist III	\$ 26,824.00	\$ 536.48	\$ 27,360.48	\$ 2,093.08	\$ 4,071.24	\$ 33,524.80
C112	Admin Support Specialist III	\$ 26,824.00	\$ 536.48	\$ 27,360.48	\$ 2,093.08	\$ 4,071.24	\$ 33,524.80
C113	Computer Operator	\$ 28,165.00	\$ 563.30	\$ 28,728.30	\$ 2,197.71	\$ 4,274.77	\$ 35,200.79
N901	SMB Project Coordinator	\$ 65,000.00	\$ 1,300.00	\$ 66,300.00	\$ 5,071.95	\$ 9,865.44	\$ 81,237.39
N904	Security Deputy	\$ 73,116.00	\$ 1,462.32	\$ 74,578.32	\$ 5,705.24	\$ 11,097.25	\$ 91,380.82
		<u>\$ 246,753.00</u>	<u>\$ 4,935.06</u>	<u>\$ 251,688.06</u>	<u>\$ 19,254.14</u>	<u>\$ 37,451.18</u>	<u>\$ 308,393.38</u>



Vacant pos	Position titles	Base	Midpoint	Max	Notes
N908	Procurement Director	\$ 85,536.00	\$ 96,228.00	\$ 106,919.00	
N909	Executive Assistant	\$ 88,957.00	\$ 100,077.00	\$ 111,196.00	
N909	Marketing & Product Dev Director	\$ 88,957.00	\$ 100,077.00	\$ 111,196.00	
N909	Sales/Retail Relations Director	\$ 88,957.00	\$ 100,077.00	\$ 111,196.00	
N912	Admin & Operations Director	\$ 100,065.00	\$ 112,573.00	\$ 125,081.00	
N912	Information Technology Director	\$ 100,065.00	\$ 112,573.00	\$ 125,081.00	
N922	V.P. Gaming Operations	\$ 180,524.00	\$ 203,090.00	\$ 225,655.00	
Q147U	Chief Operating Officer	\$ 126,050.00		\$ 315,125.00	This position is set by Lottery Act with a special salary allowance. See below.
		<u>\$ 773,575.00</u>	<u>\$ 728,467.00</u>	<u>\$ 1,124,530.00</u>	
	Employer taxes	\$ 59,178.49	\$ 55,727.73	\$ 86,026.55	
	APERS	\$ 115,107.96	\$ 108,395.89	\$ 167,330.06	
	Total budget	<u>\$ 947,861.45</u>	<u>\$ 892,590.62</u>	<u>\$ 1,377,886.61</u>	

**Salary Allowances set forth by Arkansas Scholarship Lottery Act**

TITLE	Max No. of Employees	Max Annual Salary Rate	Position
(01) LOTTERY CMSN DIRECTOR	1	\$ 141,603.00	Q145
(02) LOTTERY CMSN INTERNAL Auditor	1	\$ 141,603.00	Q146
(03) LOTTERY CMSN CHIEF OPERATING OFFICER	1	\$ 126,050.00	Q147

**23-115-306. Special salary allowances.**

(a) The Arkansas Lottery Commission, upon approval of the Arkansas Lottery Commission Legislative Oversight Committee, may make special salary allowances authorized by this section for recruitment or retention in amounts as the commission may determine equitable in view of the exacting duties that are involved as a part of the salary of the:

- (1) Director of the Arkansas Lottery Commission;

(2) Internal auditor of the commission; and

(3) Chief operating officer of the commission.

(b) The total compensation for a position subject to an allowance under subsection (a) of this section, including the salary authorized by the General Assembly and a special salary allowance, shall not exceed an amount equal to two and one-half (2 1/2) times the salary for the position authorized by the General Assembly.

(c)(1) The requirement of approval by the Arkansas Lottery Commission Legislative Oversight Committee before granting a special salary allowance under this section is not a severable part of this section.

(2) If the requirement of approval by the Arkansas Lottery Commission Legislative Oversight Committee is ruled unconstitutional by a court of competent jurisdiction, this section is void.

Arkansas Lottery Commission  
Detailed Schedule of General and Administrative Expenses  
For Budget Fiscal 2014

	GL#-Cost Center	2012 Audited	2013 Budget	Fiscal 2014 Budget	Comments
Public Information Expense	5722-E-GL-00000	1,489	-	1,000	Legal postings in newspapers Little Rock office includes annual rent
Office Lease & Improvements	5750-C-SH-00000	399,568	380,000	425,000	increases
Jonesboro Lease & Office expen	5751-A-CC-00000	31,087	32,000	38,500	Lease ,utilities, security contract
Springdale Lease & Office expen	5753-A-CC-00000	38,326	36,000	40,000	Lease ,utilities, security contract
Camden Lease & Office expense	5754-A-CC-00000	19,973	20,200	26,000	Lease ,utilities, security contract
Office Parking	5755-C-SH-00000	19,029	18,000	20,000	LR building parking
Retailer background checks	5760-D-GE-00000	6,430	6,200	6,000	Background checks for new retailers
Equipment-Low Value	5810-C-SH-10000	26,656	50,000	45,000	IT infrastructure
Equipment-Low Value	5810-G-00-10000	2,139	30,000	10,000	Administrative & other
Equipment-Low Value	5810-I-IA-10000	-	-	2,500	Internal Audit
Equipment Lease	5830-C-SH-10000	27,787	27,400	26,000	Copiers and postage machine
Maintenance & Repairs	5840-C-SH-10000	6,795	10,000	12,000	Building maintenance
Lottery Vehicle expenses	5845-C-SH-10000	11,712	10,000	10,000	Vehicle gas, oil, maintenance
Office Administrative expense	5850-C-SH-00000	-	-	500	General Office expense
Postage & Freight	5850-C-SH-10000	13,785	12,500	12,000	Postage
Postage & Freight	5850-G-00-10000	665	1,000	-	
Office Supplies & Expense	5855-A-00-10000	-	-	500	Departmental Office Supplies costs
Office Supplies & Expense	5855-A-AC-10000	-	500	500	Departmental Office Supplies costs
Office Supplies & Expense	5855-A-CC-10000	-	500	1,200	Departmental Office Supplies costs
Office Supplies & Expense	5855-C-SH-10000	53,817	60,000	40,000	Common office supplies
Office Supplies & Expense	5855-E-00-10000	250	-	500	Departmental Office Supplies costs
Office Supplies & Expense	5855-G-00-10000	831	-	800	Departmental Office Supplies costs
Office Supplies & Expense	5856-C-SH-10000	-	-	4,000	Departmental Office Supplies costs
Software Costs	5870-A-00-20000	12,542	15,000	1,000	Data processing supplies & software
Data Processing supplies	5870-C-SH-10000	-	-	3,000	Data processing supplies & software
Data Processing support & Srvc	5870-C-SH-11000	4,308	6,000	15,000	Data processing supplies & software
Software Costs	5870-C-SH-20000	-	-	15,000	Data processing supplies & software

Telephone	5880-C-SH-10000	195,377	196,000	254,000	Paid to DIS for phones and Communications
Mobil Telephones	5881-C-SH-00000	43,711	40,000	38,000	Cell phones and air cards
Travel and Mileage expense	5905-A-00-10000	150	200	500	Assumes no increase in mileage rate
Travel and Mileage expense	5905-A-AC-10000	1,548	700	1,500	General travel reimbursements
Travel and Mileage expense	5905-A-AI-10000	239	400	1,000	General travel reimbursements
Travel and Mileage expense	5905-A-CC-10000	947	1,000	1,000	General travel reimbursements
Travel and Mileage expense	5905-D-GE-10000	9,529	5,600	3,000	MSR Mileage
Travel and Mileage expense	5905-E-00-10000	5,206	3,000	1,500	MSR Mileage
Travel and Mileage expense	5905-E-GL-10000	1,057	4,000	1,000	MSR Mileage
Travel and Mileage expense	5905-E-LF-10000	3,454	500	1,000	MSR Mileage
Travel and Mileage expense	5905-G-00-10000	4,554	2,000	2,000	General travel reimbursements
Travel and Mileage expense	5905-G-GI-10000	(379)	700	1,000	General travel reimbursements
Travel and Mileage expense	5905-I-IA-10000	704	1,000	4,500	Internal Audit Travel
Travel and Mileage expense	5905-M-AD-10000	117	1,400	2,500	General travel reimbursements Primary ALC travel account for conferences and other trips
Travel and Mileage expense	5905-S-GS-10000	199,834	208,000	200,000	
Commission Travel and Mileage	5910-E-EC-10000	10,893	12,000	10,000	Commision Mileage Travel reimbursement for some ticket winners
Winner Travel Reimbursements	5913-S-GS-00000	85	500	500	
Dues and Memberships	5915-A-00-10000	1,025	-	600	Professional licenses and association dues
Dues and Memberships	5915-A-AC-10000	2,036	1,700	1,000	Professional licenses and association dues
Dues and Memberships	5915-A-CC-10000	3,000	1,000	200	Professional licenses and association dues
Dues and Memberships	5915-C-SH-10000	-	3,000	18,000	Professional licenses and association dues
Dues and Memberships	5915-E-00-10000	17,840	17,000	100	Professional licenses and association dues
Dues and Memberships	5915-E-AH-10000	1,994	1,000	2,000	Professional licenses and association dues
Dues and Memberships	5915-E-GL-10000	1,004	-	300	Professional licenses and association dues
Dues and Memberships	5915-G-00-10000	750	800	300	Professional licenses and association dues

Dues and Memberships	5915-I-IA-10000	285	400	400	Professional licenses and association dues
Education and Training	5917-A-00-10000	1,915	2,700	400	Conferences and continuing education costs
Education and Training	5917-A-AC-10000	2,312	2,000	2,000	Conferences and continuing education costs
Education and Training	5917-E-GL-10000	2,235	3,200	2,500	Conferences and continuing education costs
Education and Training	5917-I-IA-10000	345	500	200	Conferences and continuing education costs
Property Insurance	5925-C-SH-10000	(1,447)	3,000	2,000	For office equipment and vehicles Includes directors/officers liability
Liability Insurance	5930-C-SH-10000	63,486	58,000	53,000	annual premium
Bad Debt Expense	5980-C-CS-10000	13,632	-	-	None expected for F2014
Other Operating Expenses	5990-A-AC-10000	4,339	6,000	6,000	Other
IT division expenditures	5990-A-CC-10000	73	4,000	-	
Other Operating Expenses	5990-C-SH-10000	851	2,000	-	
Other Operating Expenses	5990-G-00-10000	157	1,400	2,000	Other
<b>Totals</b>		<b>1,270,047</b>	<b>1,300,000</b>	<b>1,370,000</b>	



The Government Finance Officers Association  
of the United States and Canada

*presents this*

# AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

**Finance Department**  
Arkansas Lottery Commission



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date May 9, 2013



Government Finance Officers Association  
203 N. LaSalle Street - Suite 2700  
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

05/09/2013

NEWS RELEASE

For Information contact:  
Stephen Gauthier (312) 977-9700

(Chicago)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Arkansas Lottery Commission** by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s), department or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to:

**Finance Department, Arkansas Lottery Commission**

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.