

MINUTES
ARKANSAS LOTTERY COMMISSION
Wednesday, April 11, 2012
1:30 p.m.
ALC Conference Room
Third Floor
124 West Capitol Avenue
Little Rock, Arkansas

Chairman Lamberth called the meeting to order. In attendance also were Commissioners Pickard, Campbell, Engstrom, Faris, Frazier, Hammons, Shipp and by telephone Malone. The ASL was represented by Director Woosley, Internal Auditor Hyde, Julie Baldrige, Patti Vick, Jerry Fetzer, Robert Stebbins, Joanna Bunten, Mike Smith, Anita Junior, Lance Huey, Valerie Basham, Jeremy Smith, Remmele Mazyck, Demetria King, and Whitnie Hall.

Chairman Lamberth requested approval of the minutes of the March 27 meeting, and after motion of Commissioner Shipp, seconded by Commissioner Frazier, the minutes were approved without dissent.

Chairman Lamberth next opened to the discussion of the Decades of Dollars audit, asking Director Woosley to explain. He said that under the terms of the Decades agreement, certain procedures must be audited annually, and it is time to begin preparation for that audit. The draw game is in its first year, and therefore this will be the first audit. The choices are to ask the Division of Legislative Audit to conduct the audit or to bid the audit out through the DLA. By motion of Commissioner Faris, seconded by Commissioner Pickard, the Commission approved without dissent asking DLA to conduct the Decades of Dollars audit. Director Woosley will contact DLA.

Commissioner Engstrom, returning to the March 27 minutes, called attention to his remark regarding being "screwed" and asked that it be rephrased as a question.

Commissioner Lamberth, introducing Internal Auditor Hyde for his vendor audit of the instant ticket contract and Recital of Selected Options amendment of 2009, asked that all questions be held until the end. Commissioner Shipp asked that Mr. Hyde present only new information and, in the interest of time, refrain from rehashing matters previously presented, discussed or reviewed. There were no objections. Mr. Hyde said that left only his recommendations, all four essentially the same, involving Tel-Sell, exclusivity, and Properties Plus. Commissioner Lamberth quizzed Mr. Hyde on why he called the final audit a Special Report (full document in file). He said it was a tight span so they put out a special report. Commissioner Shipp asked if any of his findings changed, and he said they did not. Commissioner Lamberth said she objected to the document being called a Special Report since the Commission had asked for an audit. Mr. Hyde mentioned pricing changes, Commissioner Engstrom said he saw reasons to seek legal guidance: Governor Beebe's television appearance, possible legislative concern, and no opinion from the Attorney General. Commissioner Lamberth said the Commission welcomes input from the Governor at any time.

Commissioner Lamberth read into the record a letter from Senator Johnny Key and Representative Mark Perry, Co-Chairs of the Legislative Oversight Committee (included in file). The letter confirmed Director Woosley's assertions that the original contract was affirmed by LOC at a 1.75%; that the Legislative Auditors had called out the Lottery management in fall

2010 because an amendment to the original contract had been signed without approval of the Commission or review by LOC; that the Lottery and the LOC had agreed on a process for such matters that had been followed from that point forward, including a clearing of the 2010 finding on the matter by both the DLA and the ALC Internal Auditor; and stating that the LOC anticipates no further review of the matter. Commissioner Engstrom asked Patrick Ralston, Bureau of Legislative Research staff for the LOC, whether the LOC performed an economic impact study and was told they did not. Director Woosley noted that all bidders made a specific reference to working with the ALC telemarketing staff and none evaluated a cost for implementing the telemarketing program for the Lottery. He said that SGI had extended its offer through today to provide \$2.2 Million in benefits to the Lottery and to relax exclusivity somewhat. He said he was recommending four linked games such as Wheel of Fortune and The Price Is Right with clarifications and a future rate card.

Commissioner Hammons asked for a technical clarification, noting that he understood there were three proposals in response to the instant ticket RFP, and three evaluators, and that early start up and cost were assessed. He also noted that the choice on the SGI proposal was 1.75% or 1.15% if Properties Plus was implemented at the time of the contract plus 2.3078% for the prize pool. Director Woosley answered that the 1.75% choice was implemented in the contract that was signed and approved. Commissioner Engstrom asked why Director Passailaigue didn't go back to the 1.15% option when he decided to add Properties Plus. Discussion followed.

By motion of Commissioner Pickard, seconded by Commissioner Frazier, it was proposed to reaffirm the Scientific Games contract and charge Director Woosley to finalize negotiations underway to revise the Scientific Games contract and report results of those negotiations back to the Commission and to the LOC. Commissioner Engstrom recommended delaying the vote. Commissioner Frazier said discussion could continue following affirmation of an existing contract. Commissioner Engstrom said a vote would preclude seeking redress. By a vote of seven to two, with Commissioners Engstrom and Hammons voting no, the motion passed.

Commissioner Lamberth said that the next item on the agenda was to discuss vendor offers, and Director Woosley said that the previous vote directed him on that matter. He said that he was not prepared to bring the Intralot offer. Commissioner Engstrom recommended that the Commission give the Director access to outside counsel, and the Commissioners had no objection.

Director Woosley was recognized to give his monthly report (included in file). He said the exciting news was that the \$640 Million Mega Millions jackpot drove sales to \$4.6 Million more in March 2012 than in March 2011. Commissioner Engstrom pointed out that the percentage of funds returned to the education trust from gross sales was much higher and said he was pleased. The Director said that scholarships for the Fiscal Year were \$73.7 Million with three months remaining. Commissioner Pickard said that he had often suggested setting a goal to move toward a 25% return and that he was very pleased. Mr. Woosley said that having draw games allowed into the Points for Prizes/Players Club should boost draw sales, which improves the percentage. He said that he expected to meet or exceed the \$94.2 Million in scholarship funds set in FY2011. He noted that the Lottery had seen two record sales months in the past two months, and one day had doubled the previous record day. Last, he said that there would be a record monthly education transfer at \$12.8 Million, almost \$2 Million higher than and the previous education high. He also pointed out the record draw sales day and month in March. He said he hoped to learn the pattern of lower sales months and to target promotions and advertising to assist sales in those months. He said that the sales of tickets in the claim

centers would begin in May at the Springdale center. Internal controls have been implemented to handle cash.

Commissioner Lamberth announced that, following a short break, the Commission would go into Executive Session for the purpose of discussing the evaluation of the Internal Auditor and the Director. Upon reconvening following the session, she announced that no action was taken in Executive Session. She said that the evaluations would be concluded at the end of the May meeting. In other business, Commissioner Malone announced that a tri-commission dinner would be hosted that evening in Northwest Arkansas: Parks and Tourism, Highway, and Economic Development. He said that it had been a long while since the ALC had held meetings around the state. He further noted that holding meetings on college campuses was a good reminder of the ALC mission. He said he wanted to invite the Commission to meet in western Arkansas and make a custom of meeting at campuses from time to time throughout the year. The Commissioners indicated an agreement, and it was decided that Commissioner Malone and Director Woosley would work toward a meeting in Northwest Arkansas.

There being no further business, the meeting was adjourned.

Arkansas



Scholarship Lottery

Report from the Director
May 21, 2012

Comparative Income Statements

April 2012 and 2011

<u>Statement</u>	<u>April 2012</u>	<u>April 2011</u>	<u>Variance</u>	<u>Percentage</u> <u>Variance</u>
REVENUES				
Instant tickets	\$ 33,176,481	\$ 30,985,569	\$ 2,190,912	7.1%
Online Tickets	6,208,270	7,142,398	(934,128)	-13.1%
Retailer app. fidelity	48,785	78,025	(29,240)	-37.5%
Interest Income	<u>28,276</u>	<u>31,205</u>	<u>(2,929)</u>	<u>-9.4%</u>
TOTAL Revenues	39,461,812	38,237,197	1,224,615	3.2%
COSTS AND EXPENSES				
Instant Prizes Net	22,907,877	21,590,544	1,317,333	6.1%
Online Prizes Net	3,386,218	3,541,500	(155,282)	-4.4%
Retailer Commissions	2,216,483	2,194,320	22,163	1.0%
Gaming Contract Costs	2,033,674	1,892,002	141,672	7.5%
Advertising	330,700	438,748	(108,048)	-24.6%
General and Admin.	576,441	670,427	(93,986)	-14.0%
Other Agency Services	<u>109,440</u>	<u>28,100</u>	<u>81,340</u>	<u>289.5%</u>
TOTAL Costs and Expenses	<u>31,560,833</u>	<u>30,355,641</u>	<u>1,205,192</u>	<u>4.0%</u>
Net Income	\$ <u>7,900,979</u>	\$ <u>7,881,556</u>	\$ <u>19,423</u>	<u>0.2%</u>

Comparative Income Statements

April 2012 Actual to Budget

<u>Statement</u>	<u>Actual</u> <u>April 2012</u>	<u>Budget</u> <u>April 2012</u>	<u>Variance</u>	<u>Percentage</u> <u>Variance</u>
REVENUES				
Instant tickets	\$ 33,176,481	\$ 29,955,703	\$ 3,220,778	10.8%
Online Tickets	6,208,270	7,284,789	(1,076,519)	-14.8%
Retailer app. fidelity	48,785	39,464	9,321	23.6%
Interest Income	<u>28,276</u>	<u>18,661</u>	<u>9,615</u>	<u>51.5%</u>
TOTAL Revenues	39,461,812	37,298,617	2,163,195	5.8%
COSTS AND EXPENSES				
Instant Prizes Net	22,907,877	20,220,099	2,687,778	13.3%
Online Prizes Net	3,386,218	3,784,363	(398,145)	-10.5%
Retailer Commissions	2,216,483	2,085,158	131,325	6.3%
Gaming Contract Costs	2,033,674	1,898,983	134,691	7.1%
Advertising	330,700	375,000	(44,300)	-11.8%
General and Admin.	576,441	707,605	(131,164)	-18.5%
Other Agency Services	<u>109,440</u>	<u>147,107</u>	<u>(37,667)</u>	<u>-25.6%</u>
TOTAL Costs and Expenses	<u>31,560,833</u>	<u>29,218,315</u>	<u>2,342,518</u>	<u>8.0%</u>
Net Income	\$ <u>7,900,979</u>	\$ <u>8,080,302</u>	\$ <u>(179,323)</u>	<u>-2.2%</u>

Comparative Income Statements

YTD April 30, 2012 Actual to Budget

<u>Statement</u>	<u>Actual</u> YTD 4/30/12	<u>Budget</u> YTD 4/30/12	<u>Variance</u>	<u>Percentage</u> Variance
REVENUES				
Instant tickets	\$ 331,704,411	\$ 305,219,724	\$ 26,484,687	8.7%
Online Tickets	70,025,212	72,277,647	(2,252,435)	-3.1%
Retailer app. fidelity	500,458	469,696	30,762	6.5%
Interest Income	<u>290,106</u>	<u>186,667</u>	<u>103,439</u>	<u>55.4%</u>
TOTAL Revenues	402,520,187	378,153,734	24,366,453	6.4%
COSTS AND EXPENSES				
Instant Prizes net	232,040,242	206,023,314	26,016,928	12.6%
Online Prizes Net	34,717,017	37,637,381	(2,920,364)	-7.8%
Retailer Commissions	22,551,830	21,140,612	1,411,218	6.7%
Gaming Contract Costs	20,661,927	19,253,058	1,408,869	7.3%
Advertising	3,375,044	3,750,000	(374,956)	-10.0%
General and Admin.	5,876,461	7,251,721	(1,375,260)	-19.0%
Other Agency Services	<u>1,253,840</u>	<u>1,471,067</u>	<u>(217,227)</u>	<u>-14.8%</u>
TOTAL Costs and Expenses	<u>320,476,361</u>	<u>296,527,153</u>	<u>23,949,208</u>	<u>8.1%</u>
Net Income	\$ <u>82,043,826</u>	\$ <u>81,626,581</u>	\$ <u>417,245</u>	<u>0.5%</u>

Comparative Income Statements

YTD April 30, 2012 Actual to Budget

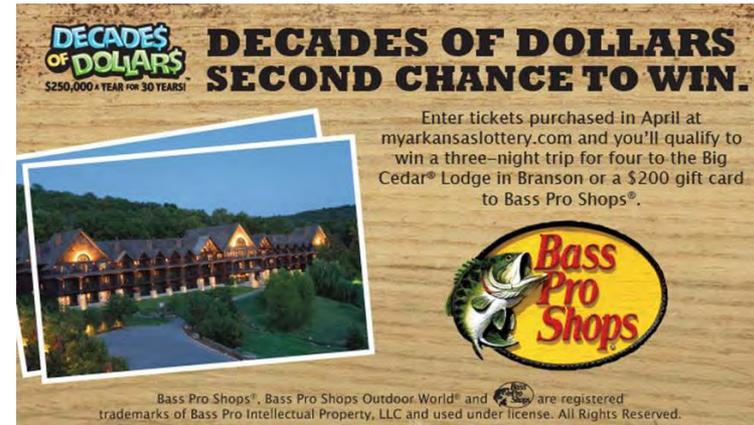
	% of Sales Actual <u>YTD 4/30/12</u>	% of Sales Budget <u>YTD 4/30/12</u>	<u>Variance</u>
Prizes net (-unclaimed)	66.3%	64.4%	1.9%
Retailer Commissions	5.6%	5.6%	0%
Gaming Contract Costs	5.1%	5.1%	.0%
Advertising	.8%	1.0%	-.2%
General and Admin.	1.5%	1.9%	-.4%
Other Agency Services	.3%	.4%	-.1%
Net Proceeds	20.4%	21.6%	1.2%
Instant Percentage of Total Sales	82.4%	80.7%	1.7%

Decades of Dollars April Promotion

Promotion Overview

Tickets purchased in April were eligible.

- Second chance drawings
 - \$200 Bass Pro Shops® gift cards (100)
 - Trip to Big Cedar® lodge.
- DOUBLE Points for Prizes earned in Player's Club.



Results

- 10.6% increase in Decades of Dollars (DoD) sales.
 - * Games without a rolling jackpot were down on average 9.6%, but DoD was up 1%. We estimate that running this promotion increased our DoD sales by nearly \$45,000 in April.
- The residual value from this promotion is difficult to quantify. Sales have remained up after the promotion ended.
- On May 10th we had four (4) \$10,000 winners in Arkansas. This was the highest number of \$10,000 winners in a single draw since joining the game over one (1) year ago.

“Power Package” Promotion

Concept: Bundle lottery products together and offer a value deal to our players. Retailers press one key and a pre-defined number of tickets will print.

Details: Player asks for the Power Package. Retailer would press one key and the following tickets would print:



\$2



\$1



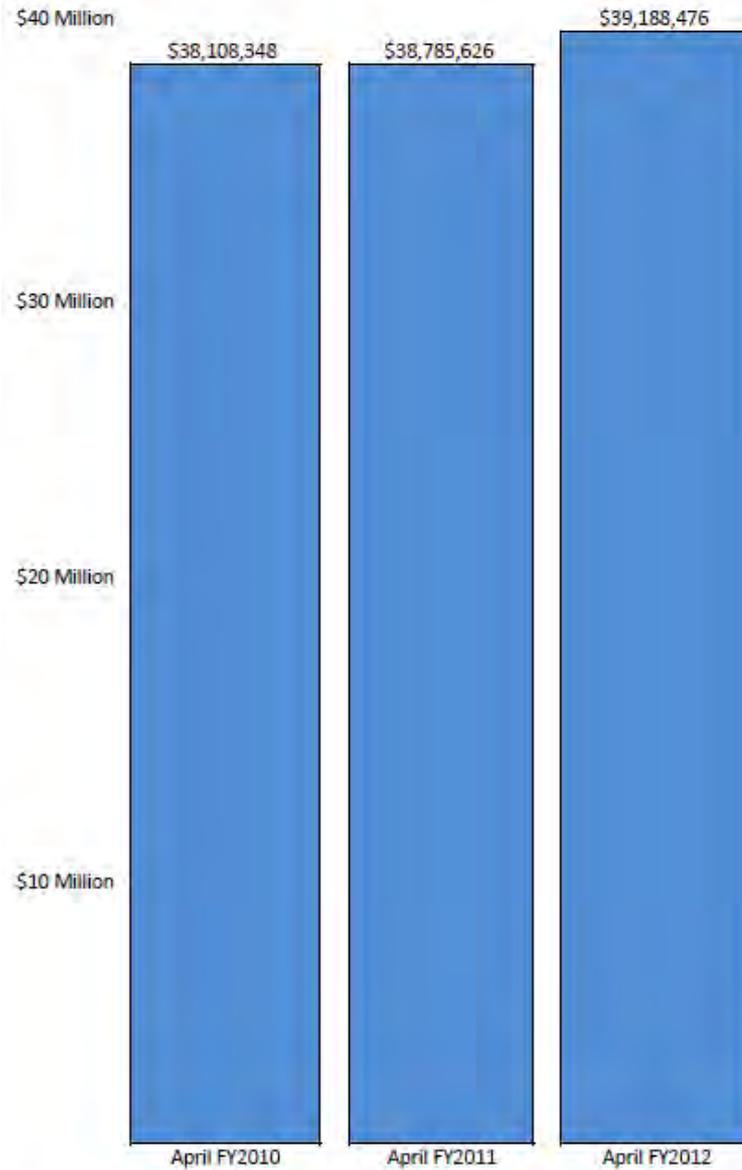
\$2



\$1 (free)

\$6 value for \$5!

April Sales by Fiscal year



Comparative Annual Budget FY2013 to FY2012

	2013 Budget	2012 Budget
Projected Online Sales	\$ 83,760,000	\$ 79,697,500
Projected Online Prizes	\$ 42,150,000	\$ 40,743,000
Projected Instant Sales	\$ 396,815,000	\$ 379,600,000
Projected Instant Prizes	\$ 274,787,000	\$ 256,230,000
Projected Vendor Costs	\$ 24,990,000	\$ 23,424,173
Projected Retailer Commissions	\$ 27,152,000	\$ 25,720,660
Staff Compensation	\$ 5,800,000	\$ 6,730,000
Marketing and Advertising	\$ 4,500,000	\$ 4,500,000
Services Provided by Other Agencies	*\$ 1,550,000	\$ 342,000
Projected Net Proceeds	\$ 98,000,000	\$ 102,931,131

*ADHE: \$1,300,000/Legislative Audit: \$250,000

Arkansas Lottery Commission
Budget Detail Schedules
For the Fiscal Year Ending June 30, 2013

	<u>2011 Audited</u>	%	<u>2012 Budget</u>	%	<u>2013 Budget</u>	%	Explanation for Change in Budget Amounts
Operating Revenues:							
Instant Games	\$ 390,114,991	83.88%	\$ 379,600,000	82.55%	\$ 396,815,000	82.48%	Instant Game sales have increased for F2012, but are expected to decrease for F2013 due to the Natural State jackpot game
OnLine Games	\$ 73,904,360	15.89%	\$ 79,697,500	17.33%	\$ 83,760,000	17.41%	Online game revenue is expected to increase slightly, due to new Natural State Jackpot game sales of \$5.2 million
Retailer application, fidelity	\$ 1,055,538	0.23%	\$ 555,000	0.12%	\$ 530,000	0.11%	Retailer communication and licensing fee forecast for F2012 did not recognize that license renewals were for two years, reducing licensing revenue by 50%
Non Gaming Revenue	\$ 5,450	0.00%	\$ 4,000	0.00%	\$ 5,000	0.00%	For purchase discounts and rebates
Total Operating Revenues	\$ 465,080,339	100.00%	\$ 459,856,500	100.00%	\$ 481,110,000	100.00%	
Operating Expenses:							
Instant Game Prizes	\$ 271,709,950	58.42%	\$ 256,230,000	55.72%	\$ 274,787,000	57.12%	Increased Instant Game sales prizes awarded are proportionate to the change in revenue
On-Line Game Prizes	\$ 35,744,755	7.69%	\$ 40,743,000	8.86%	\$ 42,150,000	8.76%	Online Game sales prizes awarded are proportionate to the change in revenue
Retailer Commissions	\$ 26,217,851	5.64%	\$ 25,720,660	5.59%	\$ 27,152,000	5.64%	No change in percentage paid to retailers. Higher budget amount due to increase in ticket revenues.
Gaming Contract Costs	\$ 24,111,720	5.18%	\$ 23,424,173	5.09%	\$ 24,990,000	5.19%	No change in percentage paid to gaming vendors. Higher budget amount due to overall increase in ticket revenues
Staff Compensation & Benefits	\$ 6,226,266	1.34%	\$ 6,730,000	1.46%	\$ 5,800,000	1.21%	No COLA or Merit increases projected. Decrease is due to several top level positions left vacant and others were filled at significantly lower compensation levels than for F2012.
Marketing, Advertising & Promotions	\$ 4,631,388	1.00%	\$ 4,500,000	0.98%	\$ 4,500,000	0.94%	Marketing and advertising have been consistently budgeted at \$4.5 million for the past three fiscal years, which is slightly less than 1% of sales
General and administrative expenses	\$ 1,434,229	0.31%	\$ 1,638,025	0.36%	\$ 1,300,000	0.27%	2012 Budget had several non-recurring office expenses that have been eliminated in the 2013 budget. ADHE admin expenses of \$1.3 million were not fully projected for F2012, but are expected to be incurred. F2013 includes \$1.3 million for ADHE administrative fee and \$250,000 for Legislative Audit fees for the annual audit.
Services Provided by Other Agencies:	\$ 1,451,438	0.31%	\$ 342,000	0.07%	\$ 1,550,000	0.32%	
Legal and Professional Services	\$ 8,484	0.00%	\$ 375,000	0.08%	\$ 95,000	0.02%	Included Legislative Audit fee for F2012. Includes only expected legal and professional fees for F2013.
Capital asset depreciation	\$ 179,750	0.04%	\$ 215,000	0.05%	\$ 200,000	0.04%	Reflects slight increase in depreciation over F2012 actual, due to increased purchases of vehicles and other fixed assets.
Total Operating Expenses	\$ 371,715,831	79.93%	\$ 359,917,857	78.27%	\$ 382,524,000	79.50%	
Operating Income	\$ 93,364,508	20.07%	\$ 99,938,643	21.73%	\$ 98,636,000	20.50%	Projected F2013 is approximately the same as the expected actual for F2012
Non-Operating Revenue (Expense):							
Interest Income	\$ 464,252	0.10%	\$ 220,000	0.05%	\$ 320,000	0.07%	Based upon an average balance of approximately \$60 million at 55 basis points
Income before Transfers	\$ 93,828,760	20.17%	\$ 100,158,643	21.78%	\$ 98,906,000	20.56%	
Transfers To:							
Arkansas Department to Health	(\$ 200,000)	-0.04%	\$ (200,000)	-0.04%	\$ (200,000)	-0.04%	Consistent with F2011 and expected F2012
Arkansas Department of Higher Education (Net Proceeds)	(\$ 74,229,349)	-15.96%	\$ (102,931,131)	-22.20%	\$ (98,000,000)	-20.37%	Projected F2013 is approximately the same as the expected actual for F2012
Change in Net Assets	\$ 19,399,411		\$ (2,972,488)		\$ 706,000		

Arkansas Lottery Commission
Net Proceeds Computation
For the Fiscal Year Ending June 30, 2013

Net Income Before Transfers \$ 98,906,000

Add:

Accrual Expenses

Depreciation \$ 200,000

Other Post Employment Benefits \$ - \$ 200,000

Unclaimed Prizes

Gross Unclaimed Prizes \$ 5,500,000

Less: Unclaimed Expended \$ (5,500,000)

Less: Additions to Unclaimed Carryover \$ - \$ -

Less:

Fixed Asset Purchases \$ (100,000)

Fidelity Fund Fees \$ (18,000) \$ (118,000)

Net Proceeds before Transfers \$ 98,988,000

Transfers To:

Arkansas Department of Health \$ 200,000

Arkansas Department of Higher Education (Net Proceeds) \$ 98,000,000

Total Transfers \$ 98,200,000

Increase to Net Assets \$ 706,000

Other - Accrual to cash adjustment \$ 82,000

Net proceeds after transfers \$ -

Arkansas Lottery Commission
Sales and Cost of Sales
For the Fiscal Year Ending June 30, 2013

BUDGET 2013											
	Instant Games	Fast Play	CASH 3	CASH 4	Decades of Dollars	Ark. Natural Jackpot	POWERBALL	MEGAMILLIONS	Retailer fees	Total	
Sales	\$ 396,815,000	\$ 2,900,000	\$ 5,650,000	\$ 3,350,000	\$ 5,500,000	\$ 5,760,000	\$ 37,350,000	\$ 23,250,000	\$ 530,000	\$ 481,105,000	
Gross prize expense	\$ (279,637,000)	\$ (2,050,000)	\$ (2,825,000)	\$ (1,675,000)	\$ (3,100,000)	\$ (3,050,000)	\$ (18,100,000)	\$ (12,000,000)		\$ (322,437,000)	
Gross Profit w/o unclaimed prizes	\$ 117,178,000	\$ 850,000	\$ 2,825,000	\$ 1,675,000	\$ 2,400,000	\$ 2,650,000	\$ 19,250,000	\$ 11,250,000	\$ 530,000	\$ 158,668,000	
Gross Profit %	29.53%	29.31%	50.00%	50.00%	43.64%	46.49%	51.54%	48.39%		32.97%	
Unclaimed prizes	\$ 4,850,000	\$ 60,000	\$ 35,000	\$ 25,000	\$ 55,000	\$ 100,000	\$ 225,000	\$ 150,000		\$ 5,500,000	
Less: Addn. Carryover										\$ - Additional carryover	
Net prize expense	\$ (274,787,000)	\$ (1,990,000)	\$ (2,790,000)	\$ (1,650,000)	\$ (3,045,000)	\$ (2,950,000)	\$ (17,875,000)	\$ (11,850,000)		\$ (316,937,000)	
Gross Profit	\$ 122,028,000	\$ 910,000	\$ 2,860,000	\$ 1,700,000	\$ 2,455,000	\$ 2,810,000	\$ 19,475,000	\$ 11,400,000		\$ 163,638,000	
Gross Profit %	30.75%	31.38%	# 50.62%	50.75%	44.64%	48.78%	52.14%	49.03%		34.01%	

Gross Profit from Games	<u>\$ 163,638,000</u>
Other Cost of Sales:	
Retailer sales commissions	\$ 23,980,000 4.98%
Retailer incentives & cashing commissions	\$ 3,172,000 0.66%
Instant Game Ticket Fee	\$ 6,716,000 1.69%
Other Instant Game Contract Costs	\$ 6,300,000 1.59%
On-line Game Contract Costs	\$ 11,774,000 2.45%
MUSL Admin fee & Compliance Fees	\$ 200,000
Total Other Cost of sales	<u>\$ 52,142,000</u>
Total Gross Profit	<u>\$ 111,496,000</u>

Includes Points for Prizes to be consistent with DLA

BUDGET 2012											
	Instant Game	Fast Play	CASH 3	CASH 4	Decades of Dollars	Raffle	POWERBALL	MEGAMILLIONS	Retailer fees	Total	
Sales	\$ 374,600,000	\$ 5,000,000	\$ 5,475,000	\$ 3,285,000	\$ 9,125,000	\$ 3,412,500	\$ 36,500,000	\$ 21,900,000	\$ 555,000	\$ 459,852,500	
Prize expense	\$ (252,855,000)	\$ (3,375,000)	\$ (2,737,500)	\$ (1,642,500)	\$ (5,018,750)	\$ (1,706,250)	\$ (18,250,000)	\$ (11,388,000)		\$ (296,973,000)	
Gross Profit	\$ 121,745,000	\$ 1,625,000	\$ 2,737,500	\$ 1,642,500	\$ 4,106,250	\$ 1,706,250	\$ 18,250,000	\$ 10,512,000	\$ 555,000	\$ 162,879,500	
Gross Profit %	32.50%	32.50%	50.00%	50.00%	45.00%	50.00%	50.00%	48.00%		35.42%	

Unclaimed Prizes	\$ 5,619,000	\$ 75,000	\$ 27,375	\$ 16,425	\$ 45,625	\$ 17,063	\$ 182,500	\$ 109,500		\$ 6,092,488	
										\$ (2,500,000) unclaimed used for operations	

Gross Profit from Games	<u>\$ 162,879,500</u>									\$ (1,000,000) unclaimed carryover	
Other Cost of Sales:										<u>\$ 2,592,488</u> Addition to Net Proceeds from unclaimed prizes	
Retailer sales commissions	\$ 23,176,409	5.04%									
Retailer incentives & cashing commissions	\$ 3,969,984	0.86%									
Instant Game Ticket Fee	\$ 6,330,866	1.69%									
Other Instant Game Contract Costs	\$ 5,733,345	1.53%									
On-line Game Contract Costs	\$ 11,259,961	2.45%									
MUSL Admin fee	\$ 100,000										
Total Other Cost of sales	<u>\$ 49,144,832</u>										
Total Gross Profit	<u>\$ 113,734,668</u>										

Includes Points for Prizes to be consistent with DLA

**Arkansas Lottery Commission
Compensation & Benefits
Budget 2013**

Employee	Grades	Position Title	Race	Gross	Soc Sec C	Medicare C	APERS C	Annual Gross	0.00%	0.00%	Gross	Annual Taxes	Annual APERS	Total Comp and Benefits
Antwon Ross	ACT-C112	Admin Support Spec III	BM	1,230.77	-76.31	-17.85	-175.26	\$ 32,000.00	\$ -	\$ -	\$ 32,000.00	\$ 2,448.00	\$	4,556.80
Ana M. Rodriguez	ACT-C115	Admin Analyst	OM	1,227.33	-76.09	-17.80	-174.77	\$ 31,910.59	\$ -	\$ -	\$ 31,910.59	\$ 2,441.16	\$	4,544.07
Angela D. Meredith	ACT-C115	Security Spec	BF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,138.79	\$	5,842.67
Crystal D. Thomas	C112	Claims Asst	BF	1,088.11	-66.22	-15.49	-152.10	\$ 27,770.89	\$ -	\$ -	\$ 27,770.89	\$ 2,124.47	\$	3,954.57
Donna C. Brooks	C112	Claims Asst	CF	1,060.22	-65.73	-15.37	-150.98	\$ 27,565.68	\$ -	\$ -	\$ 27,565.68	\$ 2,108.77	\$	3,925.35
Felicia R. Morehead	C112	Claims Asst	BF	1,068.11	-66.22	-15.49	-152.10	\$ 27,770.89	\$ -	\$ -	\$ 27,770.89	\$ 2,124.47	\$	3,954.57
Michael J. Taylor	C112	Animator	CM	1,451.54	-90.00	-21.05	-206.70	\$ 37,740.00	\$ -	\$ -	\$ 37,740.00	\$ 2,887.11	\$	5,374.18
Paula K. O'Brien	C112	Claims Asst	CF	1,068.11	-66.22	-15.49	-152.10	\$ 27,770.89	\$ -	\$ -	\$ 27,770.89	\$ 2,124.47	\$	3,954.57
Richard F. Roebain	C112	Claims Asst	CM	1,388.54	-86.09	-20.13	-197.73	\$ 36,101.95	\$ -	\$ -	\$ 36,101.95	\$ 2,761.80	\$	5,140.92
Susan D. Chamberlain	C112	Admin Support Spec	CF	1,314.03	-81.47	-19.05	-187.12	\$ 34,164.90	\$ -	\$ -	\$ 34,164.90	\$ 2,613.61	\$	4,865.08
Whitnie L. Hall	C112	Auditor	BF	1,604.54	-99.48	-23.27	-228.49	\$ 41,718.00	\$ -	\$ -	\$ 41,718.00	\$ 3,191.43	\$	5,940.64
Eric Huffstular	C113	Computer Operator	CM	1,320.00	-81.84	-19.14	-187.97	\$ 34,320.00	\$ -	\$ -	\$ 34,320.00	\$ 2,625.48	\$	4,887.17
Tewanda R. Kinchen	C113	Admin Support Spec	BF	1,065.68	-66.07	-15.45	-151.75	\$ 27,707.74	\$ -	\$ -	\$ 27,707.74	\$ 2,119.64	\$	3,945.58
Amber C. Tyler	C114	Graphic Spec	CF	1,806.88	-112.03	-26.20	-257.30	\$ 46,978.81	\$ -	\$ -	\$ 46,978.81	\$ 3,593.88	\$	6,689.78
Rosibel Solano	C114	Graphic Spec	OM	1,308.04	-81.10	-18.97	-186.26	\$ 34,009.00	\$ -	\$ -	\$ 34,009.00	\$ 2,601.69	\$	4,842.88
Rosalynn R. Bogard	C115	Licensing Spec	BF	1,236.47	-76.66	-17.93	-176.07	\$ 32,148.14	\$ -	\$ -	\$ 32,148.14	\$ 2,459.33	\$	4,577.90
Sherry Nelson	C115	Licensing Spec	OM	1,125.04	-69.75	-16.31	-160.21	\$ 29,251.00	\$ -	\$ -	\$ 29,251.00	\$ 2,237.70	\$	4,165.34
Webb Justin	C115	Admin Analyst	CM	1,586.15	-98.96	-23.14	-227.29	\$ 41,500.00	\$ -	\$ -	\$ 41,500.00	\$ 3,174.75	\$	5,909.60
Justin Rogers	C117	Application Support Specialist	CM	1,240.35	-76.90	-17.99	-176.63	\$ 32,249.00	\$ -	\$ -	\$ 32,249.00	\$ 2,467.05	\$	4,592.26
Rachel Dill	C117	Promotions & Events Coordinator	CF	1,313.74	-81.45	-19.05	-187.08	\$ 34,157.20	\$ -	\$ -	\$ 34,157.20	\$ 2,448.00	\$	4,863.99
Stephen L. Koch	C117	Copy Editor	CM	1,569.23	-97.29	-22.75	-223.46	\$ 40,800.00	\$ -	\$ -	\$ 40,800.00	\$ 2,441.16	\$	5,809.92
Ali K. Mustafa	C120	Marketing Sales Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,138.79	\$	5,842.67
Andrew J. Biernat	C120	Marketing Sales Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,124.47	\$	5,842.67
Barbara Campbell	C120	Marketing Sales Rep	CF	1,435.85	-89.02	-20.82	-204.46	\$ 37,332.00	\$ -	\$ -	\$ 37,332.00	\$ 2,108.77	\$	5,316.08
Charles E. Freeman	C120	Marketing Sales Rep	BM	1,566.40	-97.12	-22.71	-223.06	\$ 40,726.40	\$ -	\$ -	\$ 40,726.40	\$ 2,124.47	\$	5,799.44
Christopher M. Pabin	C120	Payroll Specialist	CM	1,435.85	-89.02	-20.82	-204.46	\$ 37,332.00	\$ -	\$ -	\$ 37,332.00	\$ 2,887.11	\$	5,316.08
Cindy L. Carlock	C120	Marketing Sales Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,124.47	\$	5,842.67
Dean E. Heard	C120	Marketing Sales Rep	BF	1,554.75	-96.39	-22.54	-221.40	\$ 40,423.62	\$ -	\$ -	\$ 40,423.62	\$ 2,761.80	\$	5,756.32
Debbie M. Stobaugh	C120	Marketing Sales Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,613.61	\$	5,842.67
Don S. Smith	C120	Marketing Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,191.43	\$	5,842.67
Frederick M. Dunavant	C120	Marketing Sales Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,625.48	\$	5,842.67
Jeffery C. Fitch	C120	Marketing Sales Rep	CM	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ -	\$ -	\$ 40,726.80	\$ 2,119.64	\$	5,799.50
LaTonyalyn K. White	C120	Marketing Sales Rep	BF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,593.88	\$	5,842.67
Linda G. Chambers	C120	Marketing Sales Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,601.69	\$	5,842.67
Merrill M. Forte	C120	Marketing Sales Rep	BM	1,566.42	-97.12	-22.71	-223.06	\$ 40,726.80	\$ -	\$ -	\$ 40,726.80	\$ 2,459.33	\$	5,799.50
Molly K. Harris	C120	Marketing Sales Rep	CM	1,566.40	-97.12	-22.71	-223.06	\$ 40,726.40	\$ -	\$ -	\$ 40,726.40	\$ 2,237.70	\$	5,799.44
Rhonda L. Harris	C120	Marketing Sales Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,174.75	\$	5,842.67
Rick G. Conrad	C120	Marketing Sales Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,467.05	\$	5,842.67
Robert L. Smith	C120	Marketing Sales Rep	OM	1,554.75	-96.39	-22.54	-221.40	\$ 40,423.62	\$ -	\$ -	\$ 40,423.62	\$ 2,613.03	\$	5,756.32
Samuel W. Tatom Jr	C120	Marketing Sales Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,121.20	\$	5,842.67
Susan D. Deveck	C120	Marketing Rep	CF	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 3,138.79	\$	5,842.67
Wendi R. Nix	C120	Claims Mgr	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ -	\$ -	\$ 44,901.11	\$ 3,138.79	\$	6,393.92
William W. Cotton	C120	Marketing Sales Rep	CM	1,578.08	-97.84	-22.88	-224.72	\$ 41,029.97	\$ -	\$ -	\$ 41,029.97	\$ 2,855.90	\$	5,842.67
Gillis B. Ward	C121	PT Draw Mgr	CF	816.40	-50.62	-11.84	-116.26	\$ 21,226.40	\$ -	\$ -	\$ 21,226.40	\$ 3,115.57	\$	3,022.64
Gwen N. Armbrust	C121	HR Generalist	CF	1,748.71	-108.42	-25.36	-249.02	\$ 45,466.46	\$ -	\$ -	\$ 45,466.46	\$ 2,855.90	\$	6,474.42
James H. Springer	C121	PT Draw Mgr	CM	816.40	-50.62	-11.84	-116.26	\$ 21,226.40	\$ -	\$ -	\$ 21,226.40	\$ 3,138.79	\$	3,022.64
Audra L. McCaskill	C122	Claims Mgr	BF	1,739.82	-107.87	-25.23	-247.75	\$ 45,235.36	\$ -	\$ -	\$ 45,235.36	\$ 3,092.41	\$	6,441.52
Cynthia L. Burnett	C122	Claims Mgr	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ -	\$ -	\$ 44,901.11	\$ 3,138.79	\$	6,393.92
Demetria P. King-Roberts	C122	Accountant	BF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ -	\$ -	\$ 44,901.11	\$ 3,138.79	\$	6,393.92
Rebecca L. Clark	C122	Claims Mgr	CF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ -	\$ -	\$ 44,901.11	\$ 3,138.79	\$	6,393.92
Shaunta L. Hudson	C122	Accountant	BF	1,791.87	-111.10	-25.98	-255.16	\$ 46,588.50	\$ -	\$ -	\$ 46,588.50	\$ 3,115.60	\$	6,634.20
Teressa A. Holloway	C122	Accountant	BF	1,726.97	-107.07	-25.04	-245.92	\$ 44,901.11	\$ -	\$ -	\$ 44,901.11	\$ 3,138.79	\$	6,393.92
Undrea Ellis	C122	Accountant	BF	1,911.32	-118.50	-27.71	-272.17	\$ 49,694.40	\$ -	\$ -	\$ 49,694.40	\$ 3,138.79	\$	7,076.48
William P. Lawson	C122	Accountant/Collections Mgr	CM	1,714.11	-106.27	-24.85	-244.09	\$ 44,566.86	\$ -	\$ -	\$ 44,566.86	\$ 3,115.60	\$	6,346.32
Lindsey E. Teague	C124	Promotions & Events Mgr	CF	2,121.38	-131.53	-30.76	-302.09	\$ 55,156.00	\$ -	\$ -	\$ 55,156.00	\$ 3,115.57	\$	7,854.21
Henry B. Gilmore Jr	C125	It Comm/App. Support Spec	BM	2,014.06	-124.87	-29.20	-286.80	\$ 52,365.47	\$ -	\$ -	\$ 52,365.47	\$ 3,138.79	\$	7,456.84
Patricia D. Vick	C126	Paralegal	CF	2,114.76	-131.12	-30.66	-301.14	\$ 54,983.75	\$ -	\$ -	\$ 54,983.75	\$ 3,138.79	\$	7,829.69

14.24%

Clifton C. Rassmann	C128	QA System Analyst	OM	2,569.13	-159.29	-37.25	-365.84	\$ 66,797.25	\$ -	\$ -	\$ 66,797.25	\$ 3,092.41	\$ 9,511.93
Tyler L. Pate	C128	IT Security Analyst	CM	2,588.25	-160.47	-37.53	-368.57	\$ 67,294.50	\$ -	\$ -	\$ 67,294.50	\$ 3,138.79	\$ 9,582.74
Jeremy K. Smith	C130	Network Engineer	CM	2,628.07	-162.94	-38.11	-374.24	\$ 68,329.80	\$ -	\$ -	\$ 68,329.80	\$ 3,138.79	\$ 9,730.16
Samuel L. Burks	C130	Sr Data Base Admin	CM	2,570.49	-159.37	-37.27	-366.04	\$ 66,832.76	\$ -	\$ -	\$ 66,832.76	\$ 3,434.93	\$ 9,516.99
Valerie N. Basham	C130	HR Manager	CF	2,532.50	-157.02	-36.72	-360.63	\$ 65,845.08	\$ -	\$ -	\$ 65,845.08	\$ 3,138.79	\$ 9,376.34
Bob C. Coleman Jr	C28	QA System Analyst	CM	2,121.38	-131.53	-30.76	-302.09	\$ 55,156.00	\$ -	\$ -	\$ 55,156.00	\$ 1,623.82	\$ 7,854.21
		SMB Project											
Ivan N. Hudson	N901	Coordinator	BM	2,550.00	-158.10	-36.98	-363.12	\$ 66,300.00	\$ -	\$ -	\$ 66,300.00	\$ 3,478.18	\$ 9,441.12
Lisa Tater	N901	Regional Sales Mgr	CF	2,550.00	-158.10	-36.98	-363.12	\$ 66,300.00	\$ -	\$ -	\$ 66,300.00	\$ 1,623.82	\$ 9,441.12
Mark D. Hearn	N901	Regional Sales Mgr	BM	2,550.00	-158.10	-36.98	-363.12	\$ 66,300.00	\$ -	\$ -	\$ 66,300.00	\$ 3,460.51	\$ 9,441.12
Terry L. Williams	N901	Controller	CM	2,500.00	-155.00	-36.25	-356.00	\$ 65,000.00	\$ -	\$ -	\$ 65,000.00	\$ 3,434.93	\$ 9,256.00
Timothy A. Pamish	N903	Treasurer	CM	2,758.08	-171.00	-39.99	-392.75	\$ 71,710.08	\$ -	\$ -	\$ 71,710.08	\$ 3,434.93	\$ 10,211.52
Anita J. Junior	N904	Product Developer	BF	2,812.15	-174.35	-40.78	-400.45	\$ 73,116.00	\$ -	\$ -	\$ 73,116.00	\$ 3,434.93	\$ 10,411.72
		Sales Training & Retail											
Kenneth K. McCarthy	N904	Coord	CM	3,138.46	-194.58	-45.51	-446.92	\$ 81,600.00	\$ -	\$ -	\$ 81,600.00	\$ 3,564.02	\$ 11,619.84
Remmele E. Mazyck	N904	Security Deputy	BM	2,942.31	-182.42	-42.66	-418.98	\$ 76,500.00	\$ -	\$ -	\$ 76,500.00	\$ 3,434.93	\$ 10,893.60
		Advertising/Marketing											
Joanna M. Bunten	N906	Director	CF	3,041.62	-188.58	-44.10	-433.13	\$ 79,082.00	\$ -	\$ -	\$ 79,082.00	\$ 3,801.62	\$ 11,261.28
Jerold K. Fetzner	N910	Chief Fiscal Officer	OM	3,769.23	-233.69	-54.65	-536.74	\$ 98,000.00	\$ -	\$ -	\$ 98,000.00	\$ 3,409.36	\$ 13,955.20
Lance T. Huey	N910	Security Director	CM	4,447.85	-275.77	-64.49	-633.37	\$ 115,644.00	\$ -	\$ -	\$ 115,644.00	\$ 4,219.43	\$ 16,467.71
Robert B. Stebbins	N910	Sales Director	CM	3,629.43	-225.02	-52.63	-516.83	\$ 94,365.30	\$ -	\$ -	\$ 94,365.30	\$ 4,005.96	\$ 13,437.62
Michael C. Smith	N919	IT Gaming Director	CM	5,884.82	-384.85	-85.33	-837.97	\$ 153,000.00	\$ -	\$ -	\$ 153,000.00	\$ 4,206.26	\$ 21,787.20
Julie A. Baldrige	N922	Executive Asst	CF	5,000.00	-310.00	-72.50	-712.00	\$ 130,000.00	\$ -	\$ -	\$ 130,000.00	\$ 5,109.99	\$ 18,512.00
William B. Woosley	Q145U	Lottery Director	CM	6,346.15	-393.46	-92.02	-903.69	\$ 165,000.00	\$ -	\$ -	\$ 165,000.00	\$ 5,148.03	\$ 23,496.00
Michael F. Hyde	Q146U	Internal Auditor	CM	4,648.85	-288.23	-67.41	-662.00	\$ 120,870.00	\$ -	\$ -	\$ 120,870.00	\$ 5,227.23	\$ 17,211.89
											\$ 5,112.71		
											\$ 5037.14862		
											\$ 4,219.43	\$ 590,181.05	\$ 4,738,930.30
											\$ 5,071.95		
											5071.95	\$ 374,640.00	
											5071.95	\$ -	
											4972.5	\$ 10,140.00	
											5485.82112	\$ 354,598.00	
											5593.374	\$ 6,700.00	
											6242.4	\$ 5,485,008.30	
											5852.25	\$ 5,800,000.00	
											6049.773	Use for Budget	
											7497		
											8846.766	14	
											7218.94545	7	21
											11704.5	21	
											9945	31	52
											12622.5	6	6
											9246.555	79	79

Active Positions					
Position Grades	Position titles	Base	Midpoint	Max	Notes
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	
C115	Licensing Specialist	\$ 31,052.00	\$ 40,367.00	\$ 49,683.00	
N908	Procurement Director	\$ 85,536.00	\$ 96,228.00	\$ 106,919.00	
N910	Chief Legal Counsel	\$ 92,515.00	\$ 104,080.00	\$ 115,644.00	
		<u>\$ 290,916.00</u>	<u>\$ 347,031.00</u>	<u>\$ 406,751.00</u>	
Employer taxes		\$ 22,255.07	\$ 26,547.87	\$ 31,116.45	
APERS		\$ 41,426.44	\$ 49,417.21	\$ 57,921.34	
Total budget		<u>\$ 354,597.51</u>	<u>\$ 422,996.09</u>	<u>\$ 495,788.79</u>	

Employer Health Premiums= \$446 per budgeted position (referred to as State Match)
 Avg monthly= 70 employees @ \$446= \$31,220 (\$31,220 x 12 months)= \$374,640

Career Service is given to employees with at least 10 years of service.
 9 fulltime employees
 2 part time employees. Part time employees are based on a % of hours worked.

Inactive Positions					
Vacant positions	Position titles	Base	Midpoint	Max	Notes
C122	Accountant	\$ 43,693.00	\$ 55,490.00	\$ 67,287.00	
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>\$ 817,268.00</u>	<u>\$ 783,957.00</u>	<u>\$ 1,191,817.00</u>	
Employer taxes		\$ 62,521.00	\$ 59,972.71	\$ 91,174.00	
APERS		\$ 116,378.96	\$ 111,635.48	\$ 169,714.74	
Total budget		<u>\$ 996,167.97</u>	<u>\$ 955,565.19</u>	<u>\$ 1,452,705.74</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.

Other Compensation Benefits

Unemployment Experience Rate= .22% (paid quarterly)

Quarterly Salaries= \$950,000 x .22%= \$2,090 x 4= \$8,360

Worker's Comp Experience Rate= 0%

WC Premium Tax 2012= \$3,800,000 x .000468= \$1,778.40 (annual fee)

Arkansas Lottery Commission
Detailed Schedule of General and Administrative Expenses
For Budget Fiscal 2013

GL#-Cost Center	Fiscal 2011	Year to Date Fiscal 2012	Annualized Fiscal 2012	Average	Other Factors- Amounts	Fiscal 2013 Budget	Comments
Office Lease & Improvements	5750-E-00-00000	354,587.90	299,561.36	399,415.15	377,001.52	380,000	Little Rock office including rent increases
Jonesboro Lease & Office expen	5751-A-AT-00000	60,871.08	22,946.02	30,594.69	45,732.89	32,000	Lease plus utilities
Springdale Lease & Office expe	5753-A-AT-00000	35,286.54	27,364.29	36,485.72	35,886.13	36,000	Lease plus utilities
Camden Lease & Office expense	5754-A-AT-00000	18,462.33	15,076.65	20,102.20	19,282.27	20,200	Lease plus utilities
Office Parking	5755-E-00-00000	15,934.63	13,813.23	18,417.64	17,176.14	18,000	
Retailer background checks	5760-G-GE-00000	6,600.00	4,290.00	5,720.00	6,160.00	6,200	
Equipment-Low Value	5810-A-00-10000	17,787.24	24,686.52	32,915.36	25,351.30	50,000	estimate for admin.
Equipment-Low Value	5810-G-00-10000	1,943.74	2,139.14	2,852.19	2,397.96	30,000	estimate for gaming
Equipment Lease	5830-A-00-10000	12,575.50	8,547.17	11,396.23	11,985.86	12,000	copiers and postage machine
Equipment Lease	5830-E-00-10000	10,255.77	10,707.35	14,276.47	12,266.12	14,200	marketing equipment
Equipment Lease	5830-G-00-10000	-	973.05	1,297.40	648.70	1,200	
Maintenance & Repairs	5840-A-00-10000	11,454.84	4,192.88	5,590.51	8,522.67	10,000	
Lottery Vehicle expenses	5845-G-00-10000	12,097.98	6,640.77	8,854.36	10,476.17	10,000	gas, oil, maintenance
Postage & Freight	5850-A-00-10000	14,090.69	9,214.60	12,286.13	13,188.41	12,500	
Postage & Freight	5850-G-00-10000	5,274.31	649.00	865.33	3,069.82	1,000	
Office Supplies & Expense	5855-A-00-10000	103,003.02	38,483.31	51,311.08	77,157.05	60,000	mostly office supplies from local vendors
Office Supplies & Expense	5855-E-00-10000	1,420.60	88.90	118.53	769.57	500	
Office Supplies & Expense	5855-G-00-10000	5,916.88	189.95	253.27	3,085.07	500	
Data Processing supplies	5870-A-00-10000	3,919.24	4,036.60	5,382.13	4,650.69	6,000	
Software Costs	5870-A-00-20000	10,158.17	8,546.50	11,395.33	10,776.75	15,000	
Data Processing supplies	5870-E-00-10000	8.51	-	-	4.26	-	
Data Processing supplies	5870-G-00-10000	182.24	-	-	91.12	-	
Telephone	5880-A-00-10000	238,166.31	144,689.57	192,919.43	215,542.87	196,000	paid to DIS
Mobil Telephones	5881-A-00-00000	54,979.83	32,022.19	42,696.25	48,838.04	40,000	Cell phones and air cards
Travel and Mileage expense	5905-A-00-10000	442.00	149.83	199.77	320.89	200	
Travel and Mileage expense	5905-A-AC-10000	1,338.84	509.10	678.80	1,008.82	700	
Travel and Mileage expense	5905-A-AH-10000	1,664.26	-	-	832.13	-	
Travel and Mileage expense	5905-A-AI-10000	1,095.44	230.75	307.67	701.55	400	
Travel and Mileage expense	5905-A-AT-10000	2,676.85	675.97	901.29	1,789.07	1,000	
Travel and Mileage expense	5905-A-MB-10000	-	116.77	155.69	77.85	200	
Travel and Mileage expense	5905-E-00-10000	1,994.05	2,578.72	3,438.29	2,716.17	3,000	
Travel and Mileage expense	5905-E-EA-10000	5,974.68	2,756.87	3,675.83	4,825.25	4,000	
Travel and Mileage expense	5905-G-00-10000	6,762.60	1,309.76	1,746.35	4,254.47	2,000	
Travel and Mileage expense	5905-G-GA-10000	2,526.92	218.60	291.47	1,409.19	500	



Retail Sales Overview

May 2012

Overview

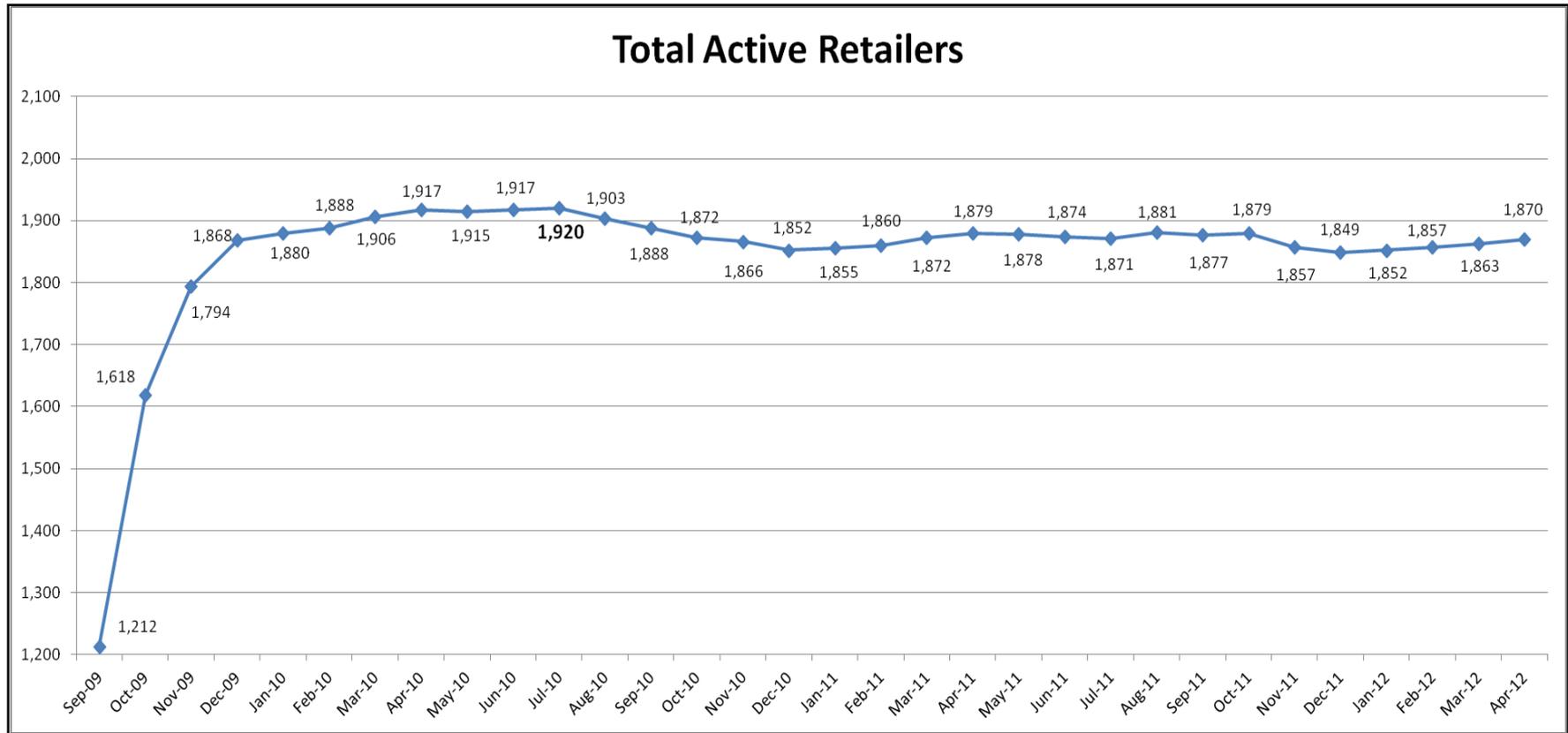
Retailer Network

**Sales Overview & Initiatives
to Increase Sales**

Retailer Feedback

Retailer Network

Total Active Retailers



Approximately 600 retailers have stopped selling for the ASL – so we have been consistently recruiting new businesses in order to maintain our retailer network.

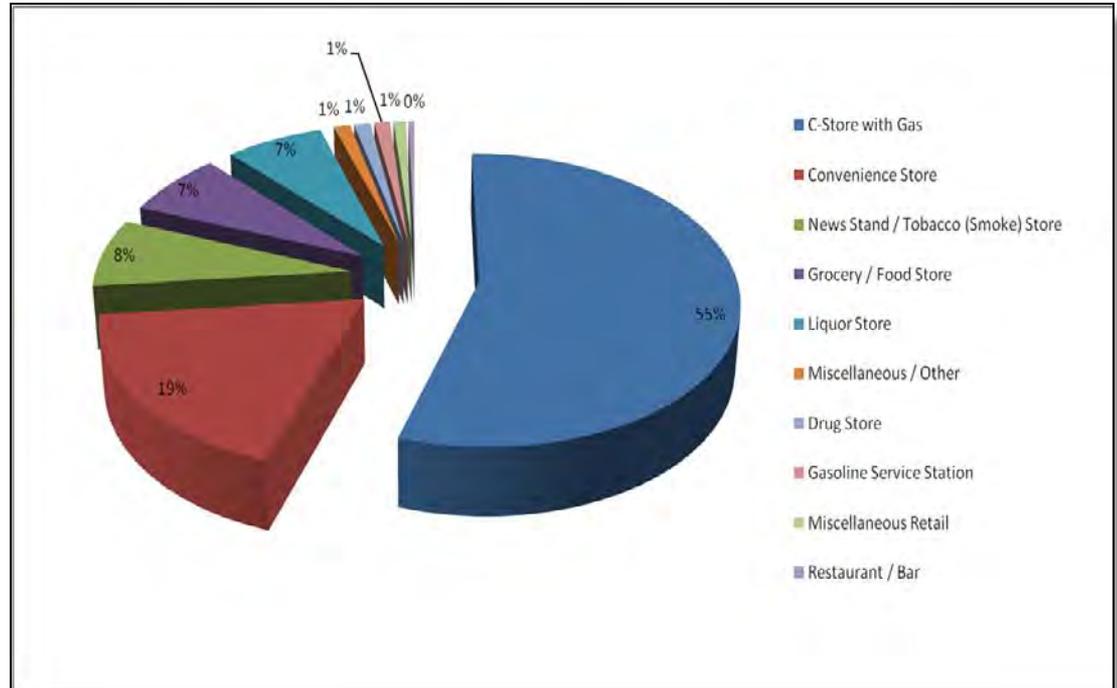
Retailer Networks in Other States

RANKING	STATE	POPULATION	Total Retailers	RETAILERS PER 1,000 Residents	Keno Retailers	Pulltab Retailers
1	ARIZONA	6,412,700	2,914	2.20		
2	OKLAHOMA	3,764,887	1,969	1.92		
3	CALIFORNIA	37,341,989	21,000	1.70	6,979	
4	MINNESOTA	5,314,879	3,021	1.76		
5	ILLINOIS	12,864,380	7,936	1.75		
6	NEW MEXICO	2,067,273	1,207	1.72		
7	NORTH DAKOTA	675,907	959	1.69		
8	DELAWARE	900,877	99	1.68		
9	INDIANA	6,501,587	3,919	1.66		692
10	COLORADO	5,044,930	3,069	1.64		
11	VIRGINIA	8,037,736	4,907	1.64		
12	LOUISIANA	4,553,960	2,967	1.59		
13	WASHINGTON	6,753,360	4,274	1.58	4,274	
14	KANSAS	2,863,813	1,819	1.57		
15	NEBRASKA	1,831,823	1,166	1.57		
16	WISCONSIN	5,698,230	3,692	1.57		
17	ARKANSAS	2,926,225	1,870	1.56		
18	IDAHO	1,573,495	1,006	1.56		77
19	KENTUCKY	4,350,606	2,920	1.54		869
20	NORTH CAROLINA	9,565,781	6,299	1.56		
21	TEXAS	25,268,416	16,790	1.52		
22	PENNSYLVANIA	12,734,905	8,920	1.49		
23	NEW JERSEY	8,807,501	6,100	1.44		
24	FLORIDA	18,900,772	19,199	1.44		
25	MARYLAND	5,789,926	4,217	1.97	4,217	
26	TENNESSEE	6,375,431	4,700	1.98		
27	SOUTH DAKOTA	819,761	617	1.89		
28	MONTANA	994,416	752	1.92		
29	CONNECTICUT	3,581,629	2,722	1.92		
30	DISTRICT OF COLUMBIA	599,677	460	1.80	86	
31	SOUTH CAROLINA	4,645,972	3,691	1.26		
32	MISSOURI	6,011,476	4,778	1.28	1,012	
33	OHIO	11,568,495	9,296	1.24	1,192	
34	NEW YORK	19,421,052	15,980	1.21	9,900	
35	GEORGIA	9,727,560	8,179	1.19	1,214	
36	IOWA	3,053,787	2,600	1.17		
37	WEST VIRGINIA	1,859,812	1,996	1.17	911	
38	NEW HAMPSHIRE	1,321,442	1,199	1.10		
39	MAINE	1,333,074	1,900	1.00		
40	OREGON	3,848,600	3,922	0.98	9,908	
41	MICHIGAN	9,911,626	10,797	0.92	2,450	1,000
42	RHODE ISLAND	1,055,247	1,297	0.92	676	
43	VERMONT	630,337	741	0.92		
44	MASSACHUSETTS	6,559,644	8,071	0.82	4,679	175
TOTALS		293,865,036	207,350	1.42	33,076	2,753

- Arkansas ranks #17 out of 44 lotteries in retailers per 1,000 residents
- Ahead of Texas, Tennessee, Missouri, Ohio, New York, Massachusetts, Florida and South Carolina

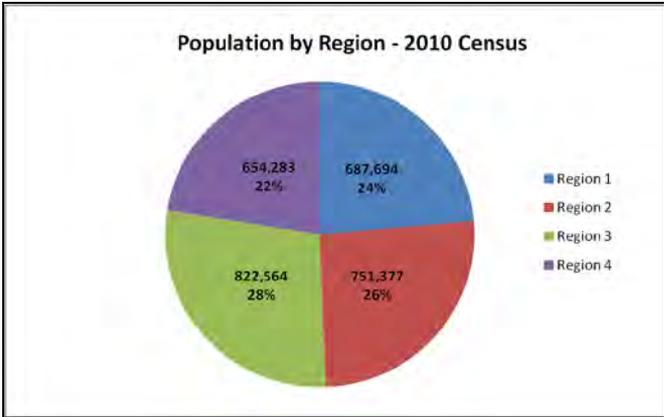
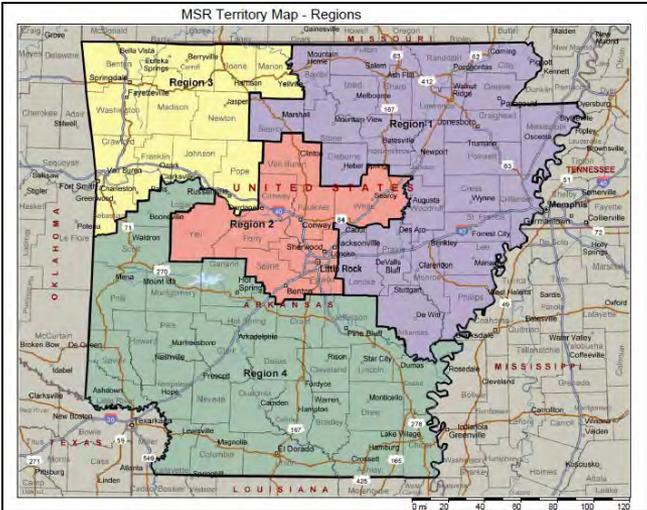
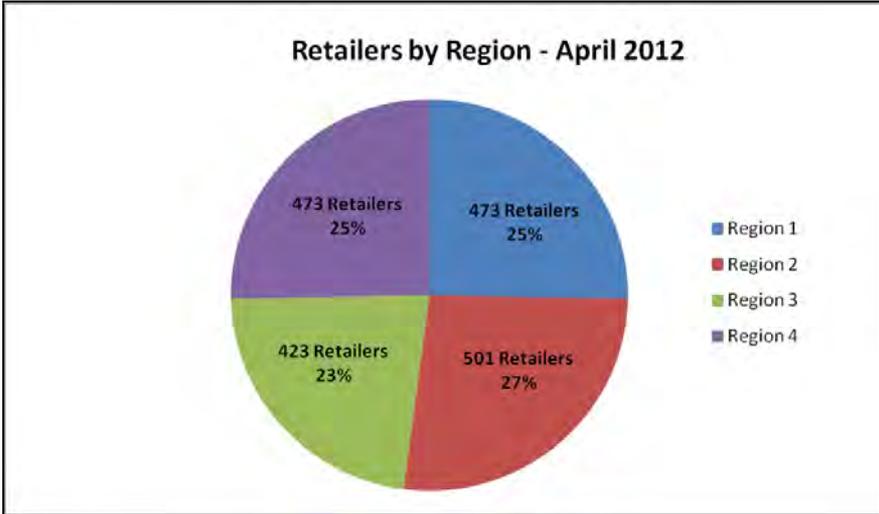
Retailer Business Categories

Business Category	#	%
C-Store with Gas	1,028	55%
Convenience Store	345	18%
News Stand / Tobacco (Smoke) Store	142	8%
Grocery / Food Store	134	7%
Liquor Store	132	7%
Miscellaneous / Other	22	1%
Drug Store	22	1%
Gasoline Service Station	21	1%
Miscellaneous Retail	17	1%
Restaurant / Bar	8	0%
Total	1,871	100%

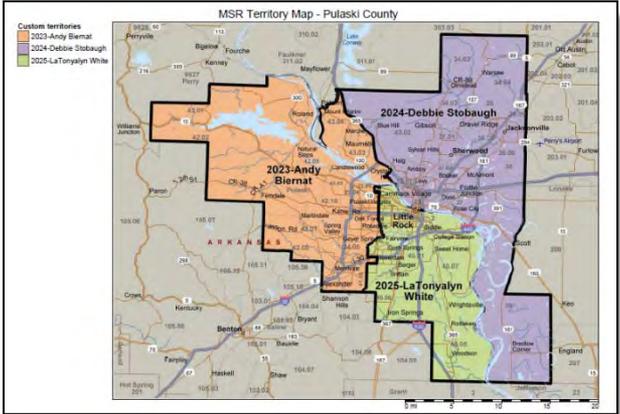
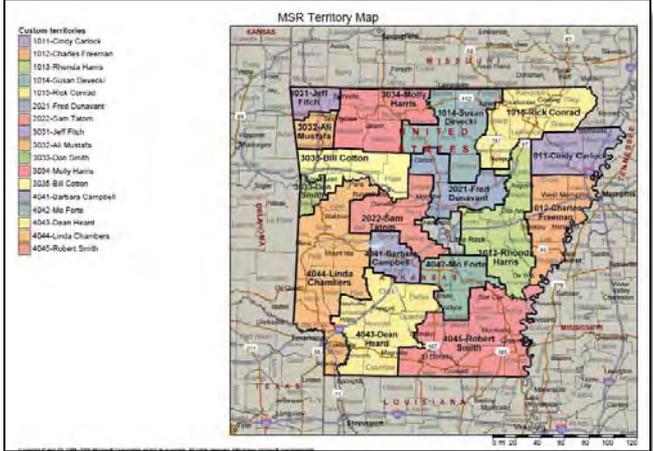
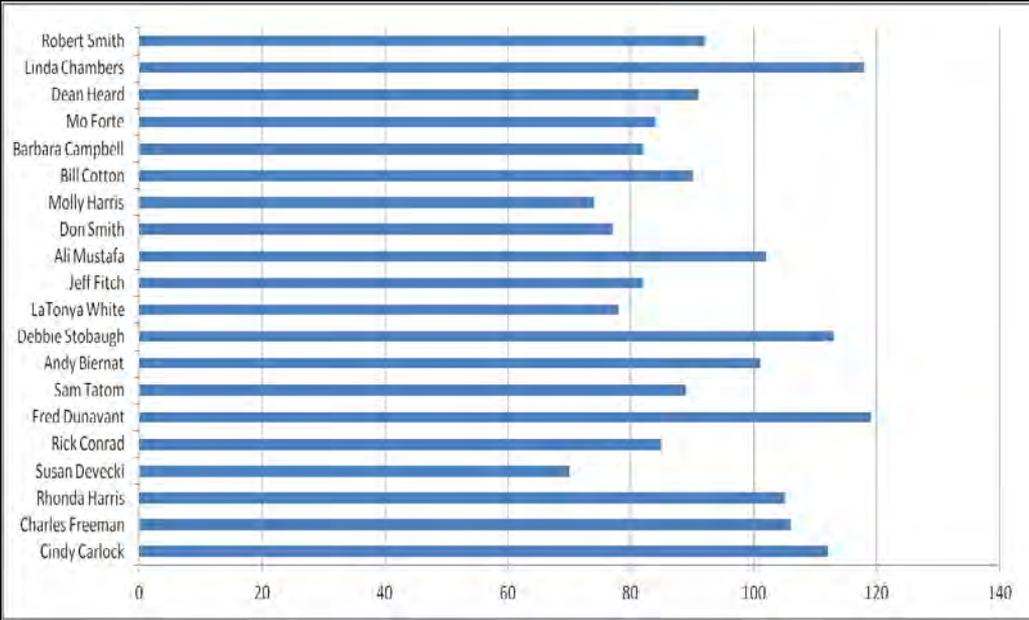


National Averages for all Business Categories	%
C-Store with Gas	38%
Convenience Store	18%
Grocery / Food Store	16%
Liquor Store	10%
Restaurant / Bar	7%
Miscellaneous / Other	5%
News Stand / Tobacco (Smoke) Store	2%
Miscellaneous Retail	2%
Drug Store	1%
Gasoline Service Station	1%
Total	100%

Retailer Totals by Region



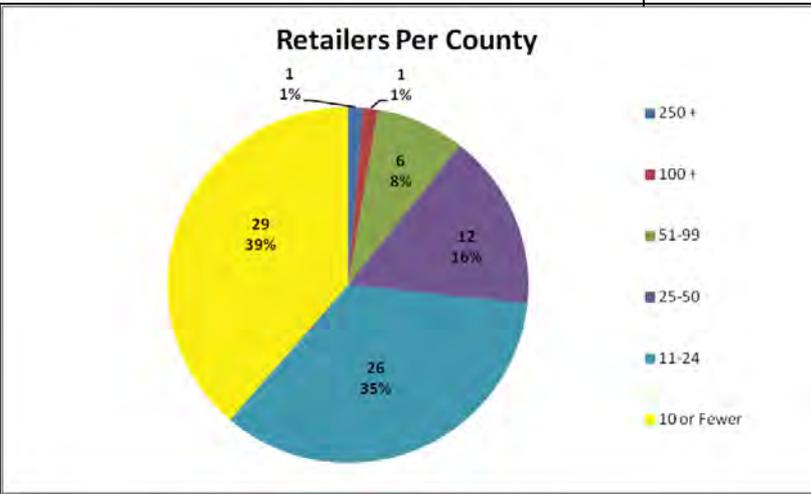
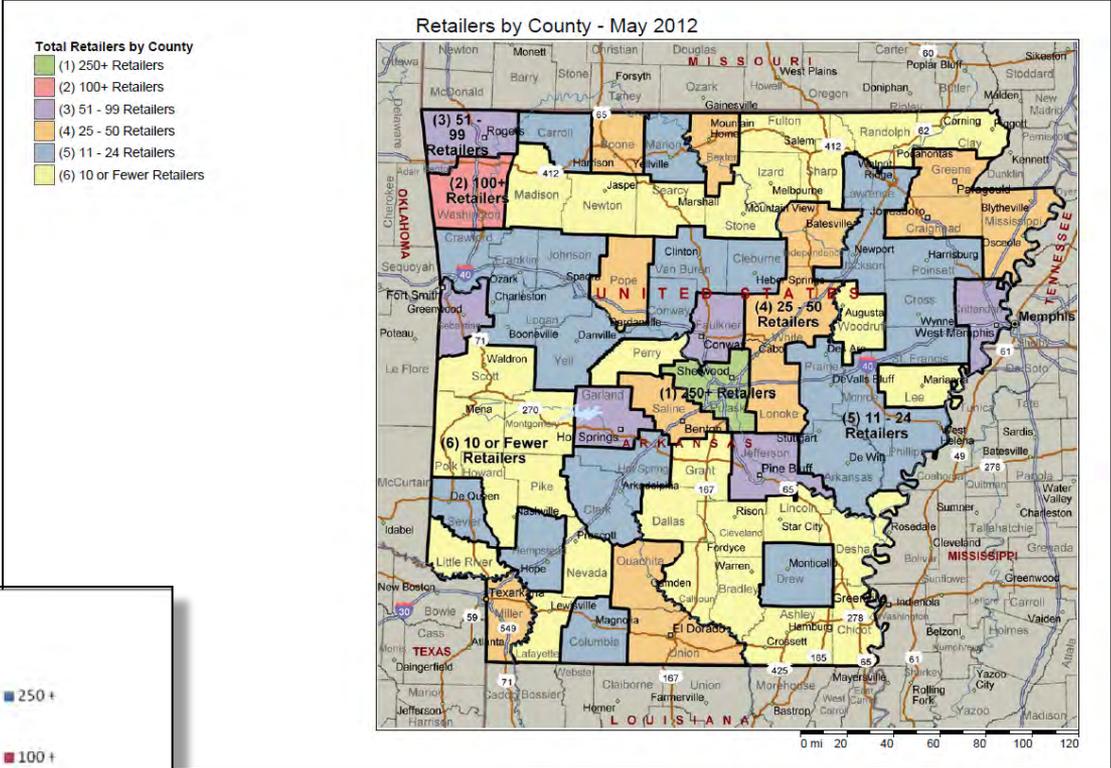
Retailer Totals by MSR Territory



Focus on Northwest Arkansas and on territories with fewer than 80 retailers – that alone would add 21 locations.

Retailer Totals by County

	RETAILERS	
PULASKI	294	
WASHINGTON	103	
BENTON	81	
SEBASTIAN	76	
GARLAND	69	
JEFFERSON	67	
FAULKNER	59	
CRITTENDEN	54	
CRAIGHEAD	49	
SALINE	49	



Focus on 23 counties with fewer than 10 retailers - would add 81 locations.

Key Accounts & Retail Chains

Top 10 Locations	Total
E-Z Mart	111
Murphy USA	64
Flash Market	57
Kroger	54
Tobacco Superstore	48
J & P Flash Inc.	37
Crackerbox	33
Double Bee's	31
Kum & Go	31
USA Drug	29
Jordan's Quik Stop	27

Top 10 Total Sales	Total
E-Z Mart	\$56,444,514
Murphy USA	\$44,413,782
Flash Market	\$37,513,300
Double Bee's	\$35,578,454
Tobacco Superstore	\$34,647,841
Kum & Go	\$29,437,557
Crackerbox	\$22,321,990
Jordan's Quik Stop	\$21,238,589
Kroger	\$16,795,087
J & P Flash	\$13,927,558
Tobacco Town	\$13,459,068

These 10 Retail Chains account for 28% of all locations and 26% of all sales.



Retailer Growth Strategies

Focus on Region 3 – Northwest Arkansas

Continue to Pursue Regional/National Chains

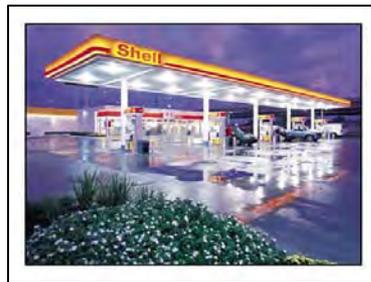
Win-Back Best Prospects from Terminated Retailer List

Expand & Grow Business Categories Other than C-Stores

Continue to Sell Retailers On Benefits

\$61 Million
paid to Arkansas
Scholarship Lottery
Retailers

**6% of total revenue*



Join the
Arkansas
Scholarship
Lottery team

We make it easy and profitable
for you to be an Arkansas
Scholarship Lottery retailer.

- No setup costs
- No training fees
- No installation charges
- No equipment purchases or rental fees
- No lottery display charges
- No up-front expenses for lottery tickets

**Developing new
Retailer Recruitment
brochure.**

Arkansas Scholarship Lottery (ASL) was created in 2009 to provide scholarships to deserving Arkansas students to attend college and pursue higher learning in the state. Thousands of scholarships have been awarded to college-bound students across the state since the ASL began. ASL retailers in every corner of the state play a crucial role in making this possible. Contact the ASL to find out just how easy it can be to become a lottery retailer. Call 1-800-955-2000 or visit arkansaslottery.com for the Retailer tab to find a retailer application packet. For more information, call 501-683-2000 with extension 2.

ASL support for new retailers gets you off to a flying start.
We handle the installation, training and support and promotion.

The ASL does all the work to get retailers up and running, including installing the equipment — with no installation charges or equipment rental fees.

There are no costs for the ASL retailer training. We train you and your associates in the operation of the ASL lottery terminal, proper bookkeeping procedures, sales and marketing tips and ideas — right in your location.

ASL retailers receive special signage and point-of-sale displays to announce the arrival of new games, promotions and events. The ASL constantly advertises and promotes its products statewide — at no cost to retailers.

Every time someone buys an ASL game at your business, you win!
You receive a commission on every ticket sold and cashed.

Your base compensation is 5% commission on every ticket sold — plus a 1% cashing commission on every winning ticket cashed in one of your retail locations. This includes all computer-generated (on-line) tickets and/or instant (scratch) tickets. As an ASL retailer, you may also be eligible for a selling bonus whenever you sell a ticket containing a top prize of \$10,000 or higher. For winning tickets that means you could earn from \$100 to \$10,000. And if you sell a Powerball® or Mega Millions® jackpot winning ticket, you could win up to \$50,000!

Our retailer web portal keeps you informed.
The ASL retailer web portal is a secure, password-protected website for our retail partners. It offers easy access to information about sales, ticket inventories, new games and promotions.

ASL support for our retailer partners goes beyond the initial training. ASL field representatives visit your store every two weeks to give you the latest advertising material and bring you up to speed on everything going on at the ASL. Our in-house sales team provides marketing support and sales advice.

Look for the retail portal log in button.

MEET SOME OF THE CREW

“THE LOTTERY HAS BROUGHT IN EXTRA TRAFFIC... NEW FACES IN OUR SMALL TOWN. IT'S CREATED NEW BUSINESS FOR US. IT'S GREAT TO SEE PEOPLE TAKING CARE OF US.”
— Chris & Jean Langston, The Big Easy (Springtown)

“OUR FAVORITE THING ABOUT THE LOTTERY IS IT BRINGS IN A FLOW OF BUSINESS.”
— Pammy, Preston & Son's, Turkey Creek, High School (Turkey Creek)

“THERE HADN'T BEEN ANY PURSES WITH IT — YOU HAVE GOOD PEOPLE TAKING CARE OF US.”
— Wendy Adams, A-Cut Express (Jonesboro)

Retailer Recruitment 2012

Region 1 and 3 Prospect calls thru 4-16-12 updated

MR	Week of	DATE of Call	Time of Call	Business Name	Address	City	Contact Name	Role	Phone Number	Response	Result
Tues	2/9/2012	8:00 PM	Flash Market 404	865 9th St	Mt Home	Rodney	clerk	478-628-8768	278-628-8768	just received their new back up car. Eric Brierle @ Corporate	2
Tues	2/9/2012	3:30:00 PM	870 Bosto	759 Hwy 61 E, Ste 431	Mt Home	Bandy Thomp	owner	478-628-8768	478-628-8768	Wanted, will still assist. Left this week.	2
Tues	2/29/2012	12:40 PM	Horseshoe Lane	505 Market St	Horseshoe Bend	Larry Smith	Owner	478-678-1846	478-678-1846	Interested but wants to discuss with wife, call back.	2
Tues	2/29/2012	1:20 PM	Brenan's Country Store	14 Hwy 289 S	Glencoe	Sandy Brown	Owner	478-678-1861	478-678-1861	Interested but wants to discuss with wife, call back.	2
Tues	2/29/2012	9:35 PM	Sandra D's	3562 Hwy 301 N.	Garnett	Sandra D	Owner	478-688-2801	478-688-2801	Not interested from website. Call Englewood leads. Will stop by next week or the week after if she is interested.	2
Tues	3/1/2012	11:05 AM	Hughes Grocery	15634 Hwy 5 S	Norfolk	Darrin Hughes	Owner	478-688-7833	478-688-7833	Interested but has employees that he is not comfortable with using money. Will consider back next month.	2
Tues	3/1/2012	11:30 AM	Tobacco Outlet	429 Sylvanore	Mt View	Willis Hughes	Owner	478-788-8802	478-788-8802	Interested, check back in a few weeks. Talked with Will Hughes @ area contact number.	2
Tues	3/2/2012	12:35 PM	Cornerstone Pawn	1310 Eastside Cir, Ste	Mt Home	Chad Merritt	Owner	478-628-7396	478-628-7396	May be interested, check back in a month or so.	2
Tues	3/6/2012	1:10 PM	Pfiffy Six Country Store	6661 Hwy 34 E	Pfiffy Six	Richard Welch	owner	478-781-2764	478-781-2764	Interested but would like to discuss prospect who works out of state. Will consider. Call 1-800-368-3683.	2
Tues	3/7/2012	11:30 AM	Blanchard Liquor	15472 Hwy 34 E	Big Flat	Carol	mgr	478-388-4444	478-388-4444	Owner Howard Mitchell may be interested. My cell has no service. Will call tomorrow.	2
Tues	3/7/2012	12:15 PM	Kate's Grocery	8005 Hwy 34	Big Flat	Connie Chalm	mgr	478-688-5678	478-688-5678	May be interested but need to talk with brother.	2
Tues	3/7/2012	5:20 PM	Wendy's Pizza & Deli	221 US 65	Marshall	Wendy Barner	owner	478-968-6762	478-968-6762	Interested but still in process of seeing more business prospect's location.	2
Tues	3/13/2012	8:30 AM	Gateway Country Junk	2334 Heller Springs Rd	Quitman	Lisa Stovall	owner	478-388-2288	478-388-2288	We should call that she is again interested in being a retailer, she had business in 2008 but then she had to leave. She is now in the area. She would like to see the store.	2
Tues	3/13/2012	12:40 PM	Daly's Clark Fly Fisher	1200 W Main	Cotter	Faye	clerk	478-628-4048	478-628-4048	Call the store, check out how they did and call if interested but she said it may be too late.	2
Tues	3/14/2012	1:50 PM	Gateway Country Junk	2324 Heller Springs Rd	Quitman	Karen	owner	478-388-2288	478-388-2288	Prepared for new application packet for 80 State.	2
Tues	3/21/2012	9:50 AM	56 Country Store	6661 Hwy 34 E	Pfiffy Six	Richard Welch	owner	478-781-2764	478-781-2764	He has not yet returned to contact who is working on it. They will be back.	2
Tues	3/21/2012	9:55 AM	Wendy's Pizza & Deli	221 N US 65	Marshall	Wendy Barner	owner	478-968-6762	478-968-6762	Not ready to reach, check back.	2
Tues	3/21/2012	10:00 AM	Tobacco Outlet	429 Sylvanore Ave	Mt View	Lisa	clerk	478-788-8802	478-788-8802	Owner Will Hughes call.	2
Tues	3/22/2012	10:00 AM									

Region 2 and 4 MR Prospect Calls thru 4-16-12 (3)

MR	Week Ending	DATE of Call	Time of Call	Business Name	Address	City	Contact Name	Role	Phone Number	Response	Outcome
Robert	2/24/2012	2:11:12	12:10 PM	Razorback Liquor	208 Hwy 65 N	McGehee	Martha Wells	Owner	870-222-6114	Not interested	1
Robert	2/24/2012	2:11:12	9:00 AM	Weatherly's Exxon	800 N Main St	Hamburg	Steven	clerk	870-553-8939	Not interested	1
Robert	2/24/2012	2:11:12	10:30 AM	Green Top Liquor	703 Saint Mary St	Lake Village	Bob Davidson	Owner	870-265-2247	Not interested	1
Robert	2/24/2012	2:11:12	3:45 PM	J & A One Stop	314 S Main St	Hamburg	Pablo Hanson	Owner	870-553-8382	Not interested	1
Robert	2/25/2012	2:7:12	10:45 AM	Pure	151 Hwy 65 S	Dumas	Keith Bryan	Mgr	870-265-8151	Don't want to hear sales anymore.	1
Robert	2/25/2012	2:7:12	9:45 AM	B17 Liquor	817 Saint Mary St	Lake Village	Marissa Allen	Mgr	870-265-8151	Don't want to hear sales anymore.	1
Robert	2/25/2012	2:7:12	1:05 PM	Sunflower Deli and Post	340 S Main St	Eudora	Tommy Mills	Mgr	870-355-4028	Not interested	1
Robert	2/25/2012	2:9:12	9:15 AM	If Modern's	1752 Heynewille Hwy	El Dorado	Lynett Sifton	clerk	870-863-8813	Not interested	1
Robert	2/25/2012	2:9:12	10:10 AM	Day & Nite	1207 W Millboro St	El Dorado	Pat McConli	Corporate Mgr	803-838-8597	Interested but still wants to see website.	1
Robert	2/25/2012	2:9:12	10:10 AM	Day & Nite	461 N Martin St	Warren	Pat McConli	Corporate Mgr	803-838-8597	Interested but still wants to see website.	1
Robert	2/25/2012	2:9:12	10:10 AM	Day & Nite	105 N Lee	Hampton	Pat McConli	Corporate Mgr	803-838-8597	Interested but still wants to see website.	1
Robert	3/25/2012	3:39:12	9:35 AM	Tiler Store & Cafe	4450 Hwy 277 E	Tiler	Jane Holmes	clerk	870-362-2355	Not interested	1
Robert	3/25/2012	3:39:12	8:10 AM	Caro Liquor Store	8707 Magnolia Hwy	El Dorado	Neil Fioore	Mgr	870-863-8714	Not interested	1
Robert	3/25/2012	3:39:12	1:00 PM	Newton's Grocery Center	38918 State Hwy 11 S	Star City	Brenda Brand	Owner	870-592-2235	Not interested	1
Robert	3/26/2012	3:28:12	12:30 PM	Jenny's Grocery and Deli	4918 Stephens Hwy	Strong	Mike Jern	Owner	870-797-2181	Not interested	1
Robert	3/26/2012	3:28:12	9:30 AM	Mason's Indis Store	2815 Stephens Hwy	Albany	Tommy Adams	Owner	870-254-2332	Not interested	1
Robert	3/26/2012	3:28:12	8:45 AM	A-1 Power and Storage	1780 W 7th St	Grandover	Ronald Green	Owner	870-725-2862	Not interested, but might be right.	1
Robert	3/26/2012	3:28:12	10:30 AM	Jambon's Liquor	503 Lee St S	Hamilton	Sam Murthy	Mgr	870-786-2650	Not interested	1
Robert	3/26/2012	3:30:12	10:45 PM	The Bottle Shop	701 South Parkway Dr	El Dorado	David Goff	Owner	870-863-8318	Not interested	1
Robert	3/6/2012	3:6:12	11:25 AM	Eudora Liquor Store	111 E Armstrong St	Eudora	Amy Johnson	Owner	870-339-4701	Not interested	1
Robert	3/6/2012	3:6:12	1:40 PM	Royal Liquor Store	127 E Inack St	Dermott	Curtis Lee	Owner	870-538-5529	Not interested right now.	1
Robert	3/6/2012	3:7:12	10:25 AM	Don's Food Mart	105 Pembury Hwy	Smackover	Louise	Owner	870-725-5942	Not interested	1
Robert	3/6/2012	3:7:12	10:30 AM	Thrifty Liquor	4658 Smackover Hwy	Smackover	D.C. Mobis	Owner	870-725-2175	Not interested	1
Robert	3/6/2012	3:8:12	1:05 PM	Archie Gas & Tackle, LLC	306 N Main St	Hamburg	Danney Riley	Owner	870-833-0831	Not interested	1
Robert	3/6/2012	4:12:12	11:00 AM	Meat Shop	405 E 1st Ave	Crossett	James Cooper	clerk	870-384-5331	Not interested, religious beliefs.	1
Sam	2/9/2012	1/29/2012	1:40 PM	Graphic's Express	701 Military Rd	Benton--72019	Philip Sparks	Owner/Gen.M	503-776-1299	Not interested as this area has a lot of other retailers.	1
Sam	2/9/2012	1/29/2012	4:15 PM	Beamy's Diner	821 Edison Ave	Benton--72019	Jenny Galley	Owner/Gen.M	503-776-8400	Not interested as this area has a lot of other retailers.	1
Sam	2/9/2012	2/3/2012	4:00 PM	Larry's Pizza Buffet	4500 Hwy 5 North	Bryant--72022	Larry & Greg	Owner & Gen	503-947-5003	Not interested	1
Sam	2/9/2012	2/3/2012	10:25 AM	The Claret Eatery	Marketplace Ave	Bryant--72022	Lindy FFFF	Manager	503-947-2644	Business in process of closing.	1
Sam	2/9/2012	2/3/2012	10:55 AM	Parties Etc.	611 Office Park Dr	Bryant--72022	Jenny Francis	Owner & Man	503-947-1301	Not interested	1
Sam	2/9/2012	2/3/2012	1:00 PM	Providence Sign & Neon	21133 Arch Street	East End--72026	Eddie Proven	Owner	505-888-7233	Not interested/has other work.	1
Sam	2/29/2012	2/3/2012	1:40 PM	Harvest Foods	20385 Arch Street	East End--72026	Kenny/Charles	Owners	503-888-8274	Not interested/Check on area.	1
Sam	2/29/2012	2/3/2012	2:25 PM	Harvest Foods	14154 Chuck Rd	Mableton--721	Charlie Lee	Owner	503-888-1766	Not interested/Check on area.	1
Sam	2/29/2012	2/3/2012	3:40 PM	Harvest Foods	1312 Salem Rd	Benton--72019	Joe Paster	Owner/Manag	503-315-6588	Not interested	1
Sam	2/29/2012	2/7/2012	11:40 AM	U's Truck Stop/Rest	130 East 306	Benton--72015	Rick Duran	Co-Owner	503-776-2295	Not interested/Check on area.	1

REGIONS	Yes	Maybe	No	Total Prosect Calls
Regions 1 & 3	20	236	183	439
Regions 2 & 4	71	282	278	631
OVERALL	91	518	461	1070
	9%	48%	43%	100%

ASL Marketing Sales Representatives are always canvassing their territories prospecting for new retailers.



Terminated Retailers = Opportunity

Current Status	Retailer ID	Name	Address	Prior Status	Phone	Region
3 - Terminated	100003	WHITE OAK #6	113 HWY 62 E	Active Inactive Terminated	SALEM AR 72876 (870) 856-2336 05/23/2009 testroom 06/05/2010 Enu/Muller 06/09/2010 R/Theeman	1
	100004	WHITE OAK #31	500 S MAIN	Terminated	HARDY AR 72542 (870) 856-3490 06/28/2010 C/Chandler	1
	100037	J AND J GROCERY	355 HWY 49	Active Terminated Active Terminated	MARVELL AR 72366 (870) 829-2536 09/18/2009 testroom 04/16/2010 J/Head 06/21/2010 C/Chandler 09/28/2010 M/Carbridge	1
	100041	SHELL TRUCKSTOP 9	4710 KEIGER	Active Inactive Active Terminated	OGDEOLA AR 72310 (870) 563-4923 05/05/2006 testroom 10/05/2009 testroom 10/30/2009 testroom 05/12/2010 Arkos	1
	100043	INTERSTATE SHELL 6	241 N SERVICE RD	Active Terminated	ELYTHEVILLE AR 72315 (870) 762-8190 09/18/2009 testroom 05/06/2010 R/Theeman	1
	100076	IN & OUT TOBACCO	2450 HWY 62 S 412	Active Terminated	HARDY AR 72542 (870) 856-3122 09/21/2009 testroom 12/13/2010 C/Chandler	1
	100077	K STOP FOOD MART	128 S MAIN ST	Active Terminated	BRINKLEY AR 70021 (870) 589-2750 09/16/2009 testroom 10/14/2010 R/Nease	1
	100100	GEORGE'S LIQUOR STORE	511 MALCOLM AVE	Active Terminated	NEWPORT AR 72112 (870) 623-2149 09/26/2009 testroom 01/15/2010 J/Head	1
	100111	FLASH MARKET 374	802 W MAIN ST	Active Active Terminated Terminated	WALNUT RIDGE AR 72476 (870) 896-3637 09/11/2009 testroom 09/17/2009 testroom 12/17/2009 testroom 12/17/2009 testroom	1
	100118	ROCK HOUSE BEER LIQUORS	4072 HWY 101	Active Terminated	GAMALIEL AR 72537 (870) 467-5618 09/25/2009 testroom 09/05/2010 J/Head	1

Number of Terminated Retailers = 600

Total Sales by Terminated Retailers
= \$137 Million

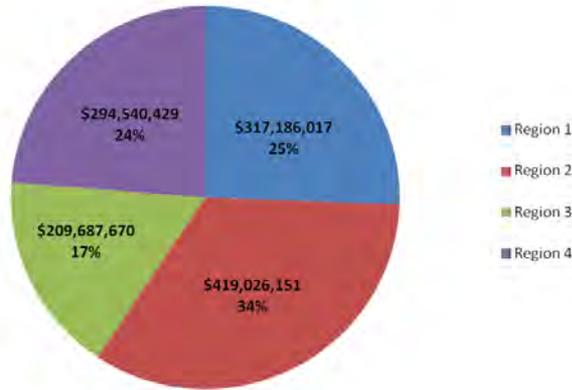
Change of Ownerships account
for approximately 15% of all terminations

Review List & Identify
Best Prospects to Win-Back

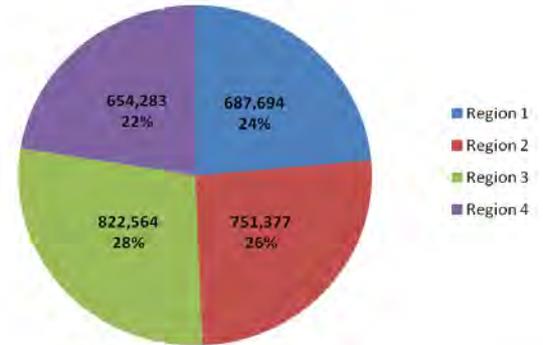
Sales Overview & Initiatives to Increase Sales

Sales Totals by Region

Sales by Region - April 2012

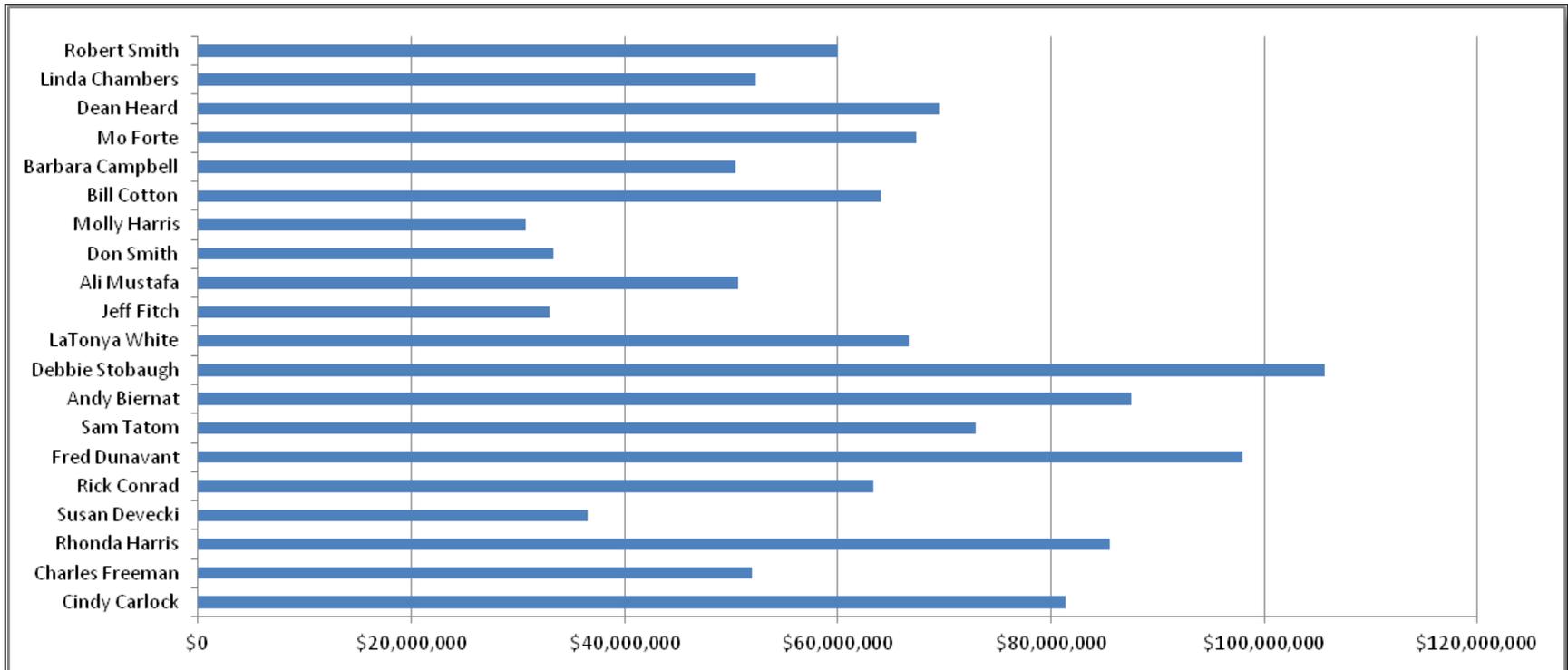


Population by Region - 2010 Census



REGIONS	COUNTIES	POPULATION	PERCENTAGE	TOTAL SALES	PERCENTAGE	AVERAGE WEEKLY	Average Weekly Sales Per Person
Region 1	26	687,694	24%	\$317,186,017	25%	\$2,349,526	\$3.42
Region 2	8	751,377	26%	\$419,026,152	34%	\$3,103,897	\$4.13
Region 3	12	822,564	28%	\$209,687,671	17%	\$1,553,242	\$1.89
Region 4	29	654,283	22%	\$294,540,429	24%	\$2,181,781	\$3.33
OVERALL	75	2,915,918	100%	\$1,240,440,268	100%	\$9,188,446	\$3.15

Sales Totals by MSR Territory

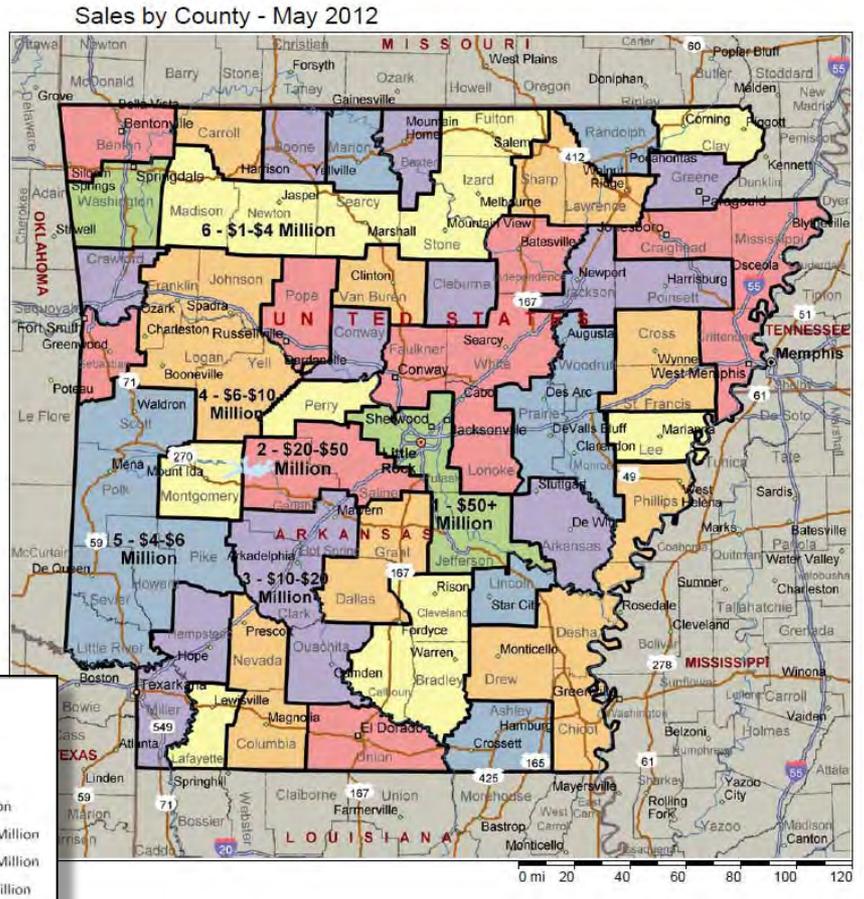


***Three of the four lowest sales territories are in Region 3 –
and all four are in North & Northwest Arkansas***

Sales by County

Total Sales by County

- 1 - \$50+ Million
- 2 - \$20-\$50 Million
- 3 - \$10-\$20 Million
- 4 - \$6-\$10 Million
- 5 - \$4-\$6 Million
- 6 - \$1-\$4 Million



Top 10	Total
PULASKI	251,201,087
JEFFERSON	55,784,164
WASHINGTON	51,362,568
SALINE	48,709,887
FAULKNER	45,853,254
WHITE	41,016,141
LONOKE	40,831,750
CRAIGHEAD	40,770,413
GARLAND	37,080,771
SEBASTIAN	33,276,895

Bottom 10	Total
SEARCY	3,492,806
MADISON	3,390,189
CLEVELAND	3,334,591
IZARD	2,987,785
CLAY	2,898,613
LITTLE RIVER	2,703,629
LAFAYETTE	2,643,475
FULTON	2,037,684
NEWTON	2,004,106
CALHOUN	1,984,065
MONTGOMERY	1,105,403

Sales Per County



- \$50+ Million
- \$20 - \$50 Million
- \$10 - \$20 Million
- \$6 - \$10 Million
- \$4 - \$6 Million
- \$1 - \$4 Million

Sales Growth Strategies

Develop & Utilize Sales Trend Reporting Tools

Establish MSR/Territory Sales Goals for FY2013

Develop Retailer Sales Incentive Programs

Complete TVM Deployment & Establish Sales Expectations

Sales Trend Report & Tracking

Retailer Sales Trend Report April 2012

Retailer ID	NAME	STATUS	BUSINESS	CITY	COUNTY	REGION	MSR	01/2012	02/2012	03/2012	04/2012	% +/-	
100509	FLASH MARKET #18	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 28,007	\$ 32,893	\$ 38,838	\$ 29,394	-32%	
100130	KUM & GO 379	Active	C-Store w/Gas	BLACK ROCK	LAWRENCE	1	Conrad, Rick	\$ 30,136	\$ 43,003	\$ 47,760	\$ 35,950	-32%	
100186	KOON EXPRESS	Active	C-Store w/Gas	PLEASANT PLAINS	INDEPENDENCE	1	Conrad, Rick	\$ 10,064	\$ 33,300	\$ 23,724	\$ 17,200	-46%	
100760	JORDAN'S KWIK STOP #7	Active	Convenience / Food Store	PARAGOULD	GREENE	1	Conrad, Rick	\$ 14,848	\$ 22,360	\$ 24,181	\$ 10,474	-46%	
100762	FLASH MARKET #112	Active	C-Store w/Gas	POCAHONTAS	RANDOLPH	1	Conrad, Rick	\$ 13,892	\$ 20,919	\$ 24,311	\$ 10,438	-31%	
100665	FLASH MARKET #38	Active	Convenience Store	WALNUT RIDGE	LAWRENCE	1	Conrad, Rick	\$ 35,350	\$ 48,628	\$ 49,079	\$ 37,840	-30%	
100107	FLASH MARKET #44	Active	C-Store w/Gas	RAVENDE	LAWRENCE	1	Conrad, Rick	\$ 18,000	\$ 17,243	\$ 28,800	\$ 19,820	29%	
100646	WIDEF CTNG	Active	C-Store w/Gas	MOORE	LAWRENCE	1	Conrad, Rick	\$ 26,713	\$ 40,317	\$ 37,378	\$ 20,028	29%	
100612	MURPHY USA #604	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 17,776	\$ 68,108	\$ 60,842	\$ 63,028	29%	
100568	TOBACCO WAREHOUSE #2	Active	News Stands / Tobacco	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 27,211	\$ 32,479	\$ 36,777	\$ 31,112	29%	
100014	MURPHY USA #533	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 68,351	\$ 91,500	\$ 90,601	\$ 68,072	28%	
100096	T MART 8	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 77,897	\$ 107,280	\$ 101,243	\$ 79,889	27%	
100118	PLEASANT PLAINS VIDEO	Active	Music/Video Rental	PLEASANT PLAINS	INDEPENDENCE	1	Conrad, Rick	\$ 3,800	\$ 7,870	\$ 8,228	\$ 6,049	26%	
100182	HAWING EXXON	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 85,605	\$ 78,164	\$ 81,801	\$ 85,408	25%	
100147	TOBACCO SUPERSTORE 18	Active	News Stands / Tobacco	POCAHONTAS	RANDOLPH	1	Conrad, Rick	\$ 30,873	\$ 46,437	\$ 48,724	\$ 39,280	24%	
100033	JORDAN'S KWIK STOP #28	Active	C-Store w/Gas	PIGGOTT	CLAY	1	Conrad, Rick	\$ 13,024	\$ 19,005	\$ 23,497	\$ 19,010	24%	
100490	T MART 11	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 28,760	\$ 44,817	\$ 48,043	\$ 28,180	23%	
100072	JORDAN'S KWIK STOP 1	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 33,066	\$ 42,023	\$ 44,202	\$ 38,237	22%	
100124	B I STORE	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 30,810	\$ 16,664	\$ 40,030	\$ 32,080	21%	
100445	PRICE CHOPPER	Active	Structure / Food Store	PARAGOULD	GREENE	1	Conrad, Rick	\$ 7,400	\$ 9,223	\$ 10,647	\$ 8,778	21%	
100552	BUTLER'S TOBACCO & TAG	Active	News Stands / Tobacco	PLEASANT PLAINS	INDEPENDENCE	1	Conrad, Rick	\$ 6,984	\$ 8,858	\$ 7,795	\$ 6,410	21%	
100168	DODGE STORE #173	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 81,010	\$ 72,270	\$ 83,848	\$ 69,566	21%	
100422	NORTH POINT 66	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 98,503	\$ 44,810	\$ 53,213	\$ 44,751	19%	
100225	FLASH MARKET #175	Active	C-Store w/Gas	CORNING	CLAY	1	Conrad, Rick	\$ 22,356	\$ 38,250	\$ 41,980	\$ 35,438	18%	
100104	FLASH MARKET 106	Active	C-Store w/Gas	MADRY	SHARP	1	Conrad, Rick	\$ 12,474	\$ 12,021	\$ 16,822	\$ 14,313	18%	
100263	RED HILL MART	Active	Quick Food	NEWARK	INDEPENDENCE	1	Conrad, Rick	\$ 43,911	\$ 62,868	\$ 49,460	\$ 40,877	18%	
100118	FLASH MARKET #43	Active	C-Store w/Gas	CAVE CITY	SHARP	1	Conrad, Rick	\$ 33,386	\$ 37,706	\$ 41,230	\$ 35,128	17%	
100472	COUNTRY MART	Active	Convenience / Food Store	PIGGOTT	CLAY	1	Conrad, Rick	\$ 8,376	\$ 11,343	\$ 10,822	\$ 9,180	16%	
100097	T MART 9	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 21,348	\$ 29,301	\$ 29,528	\$ 25,481	16%	
100185	TOBACCO SUPERSTORE 78	Active	News Stands / Tobacco	PARAGOULD	GREENE	1	Conrad, Rick	\$ 13,110	\$ 18,305	\$ 19,190	\$ 16,588	16%	
100564	FLASH MARKET #37	Active	Convenience Store	WALNUT RIDGE	LAWRENCE	1	Conrad, Rick	\$ 30,660	\$ 43,602	\$ 37,880	\$ 33,007	16%	
100204	FLASH MARKET #20	Active	C-Store w/Gas	ASH FLAT	SHARP	1	Conrad, Rick	\$ 31,288	\$ 30,681	\$ 38,812	\$ 31,888	15%	
100226	FLASH MARKET #176	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 45,134	\$ 68,728	\$ 60,375	\$ 51,227	14%	
100094	EXPRESS MART WEST	Active	C-Store w/Gas	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 40,374	\$ 21,070	\$ 48,892	\$ 43,189	13%	
100176	MURPHY USA #600	Active	C-Store w/Gas	SHARP	SHARP	1	Conrad, Rick	\$ 44,829	\$ 17,179	\$ 43,433	\$ 29,120	13%	
100159	KUM & GO 348	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 68,441	\$ 87,020	\$ 70,746	\$ 85,110	12%	
100015	MURPHY USA #6030	Active	C-Store w/Gas	POCAHONTAS	RANDOLPH	1	Conrad, Rick	\$ 16,587	\$ 20,469	\$ 20,714	\$ 16,800	10%	
100492	THE CORNIB CONVENIENCE	Active	C-Store w/Gas	PLEASANT PLAINS	INDEPENDENCE	1	Conrad, Rick	\$ 17,296	\$ 22,331	\$ 14,880	\$ 13,700	9%	
100528	SHOP 'N GO #203	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 10,858	\$ 10,712	\$ 13,811	\$ 10,547	9%	
100114	FLASH MARKET #39	Active	C-Store w/Gas	INBOGON	LAWRENCE	1	Conrad, Rick	\$ 19,747	\$ 28,168	\$ 20,874	\$ 24,818	8%	
100618	DIVINE GAS	Active	Convenience Store	PARAGOULD	GREENE	1	Conrad, Rick	\$ 18,743	\$ 26,107	\$ 28,334	\$ 27,038	4%	
100131	JORDAN'S KWIK STOP #73	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 22,840	\$ 27,405	\$ 21,910	\$ 21,450	-2%	
100538	PHOENIX GROCERY	Active	Structure / Food Store	KNOBE	CLAY	1	Conrad, Rick	\$ 13,032	\$ 19,112	\$ 14,094	\$ 13,780	-2%	
100181	FLASH MARKET 114	Active	C-Store w/Gas	EVENING SHADE	SHARP	1	Conrad, Rick	\$ 18,993	\$ 17,810	\$ 19,181	\$ 18,950	1%	
100134	DOUBLEEES #130	Active	C-Store w/Gas	CAVE CITY	SHARP	1	Conrad, Rick	\$ 51,650	\$ 46,494	\$ 43,817	\$ 44,100	1%	
100272	TOBACCO WAREHOUSE #7	Active	News Stands / Tobacco	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 22,761	\$ 27,132	\$ 34,140	\$ 34,669	2%	
100201	S & H QUICK STOP	Active	C-Store w/Gas	MADISON	LAWRENCE	1	Conrad, Rick	\$ 16,610	\$ 12,208	\$ 12,762	\$ 13,089	2%	
100144	Jordan's Kwik Stop #54	Active	Convenience Store	POCAHONTAS	RANDOLPH	1	Conrad, Rick	\$ 16,418	\$ 22,220	\$ 23,360	\$ 25,210	6%	
100491	MIS ADDRES	Active	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 7,993	\$ 12,870	\$ 9,006	\$ 10,801	6%	
100659	EXPRESS MART	Active	Convenience Store	NEWARK	INDEPENDENCE	1	Conrad, Rick	\$ 6,731	\$ 10,206	\$ 8,884	\$ 8,078	6%	
100112	100092	EXPRESS MART	Active	C-Store w/Gas	CAVE CITY	SHARP	1	Conrad, Rick	\$ 23,720	\$ 28,861	\$ 20,485	\$ 22,862	5%
100102	TRUCKS	Active	Convenience Store	PARAGOULD	GREENE	1	Conrad, Rick	\$ 3,441	\$ 3,504	\$ 3,089	\$ 4,008	5%	
100114	100196	CUSHMAN COUNTRY STORE	Active	Convenience / Food Store	BATESVILLE	INDEPENDENCE	1	Conrad, Rick	\$ 0,300	\$ 9,138	\$ 5,320	\$ 7,130	5%
100261	100047	SAM'S MINI MART	Active/Reopened	Convenience Store	MARYDALE	GREENE	1	Conrad, Rick	\$ 4,808	\$ 11,795	\$ 9,722	\$ 11,761	17%
100279	100030	JORDAN'S KWIK STOP #73	Inactive	C-Store w/Gas	PARAGOULD	GREENE	1	Conrad, Rick	\$ 28,842	\$ 30,748	\$ 37,800	\$ 6,647	682%
								TOTAL	\$ 38,726,004	\$ 48,226,962	\$ 51,843,837	\$ 38,168,476	33%

Shows sales trend of every retailer – can be pulled weekly, monthly or annually.

Allows ASL to quantify sales levels over time and identify significant increases or decreases in sales.

Enables our MSRs to track, advise and encourage retailers to increase sales.

Moving from relationship managers to informed, active sales advocates.

New reporting tool developed with Gaming Division and online game vendor that will help our Sales Team track and impact sales at the individual retailer level.



Sales Goals for FY 2013

MSR	Total Sales	% of Total Sales	FY 2013 Sales Goal
Cindy Carlock	\$81,381,182	6.46%	\$31,028,145
Charles Freeman	\$51,902,627	4.12%	\$19,788,878
Rhonda Harris	\$85,449,968	6.78%	\$32,579,449
Susan Devecki	\$36,536,698	2.90%	\$13,930,321
Rick Conrad	\$63,383,859	5.03%	\$24,166,319
Fred Dunavant	\$97,975,331	7.77%	\$37,354,985
Sam Tatom	\$72,910,678	5.78%	\$27,798,602
Andy Biernat	\$87,475,294	6.94%	\$33,351,643
Debbie Stobaugh	\$105,632,890	8.38%	\$40,274,577
LaTonya White	\$66,596,334	5.28%	\$25,391,137
Jeff Fitch	\$32,993,853	2.62%	\$12,579,543
Ali Mustafa	\$50,683,991	4.02%	\$19,324,249
Don Smith	\$33,319,424	2.64%	\$12,703,673
Molly Harris	\$30,688,908	2.43%	\$11,700,738
Bill Cotton	\$64,073,155	5.08%	\$24,429,126
Barbara Campbell	\$50,405,061	4.00%	\$19,217,902
Mo Forte	\$67,328,038	5.34%	\$25,670,113
Dean Heard	\$69,453,209	5.51%	\$26,480,376
Linda Chambers	\$52,257,247	4.15%	\$19,924,083
Robert Smith	\$60,013,071	4.76%	\$22,881,141
Totals	\$1,260,460,818	100%	\$480,575,000

In addition to new retailer goals, we are considering adding a Sales Performance Goal for our Sales Team in FY 2012-2013.

Retailer Incentive Programs

Develop incentive programs to businesses to become retailers.

Develop incentive programs to motivate retailers to increase sales.

Develop sales contests for our Marketing Sales Representatives.



Ticket Vending Machines (TVMs)



82 of 100 TVMs are deployed.
Negotiating with potential new retailers before committing final 18.

Total Sales of \$4,261,169
thru April 2012 (*less than 1% of total sales*)

Analyzing sales to determine minimum sales expectations for retailers with TVMs.

Performing due diligence to determine if additional TVMs should be acquired.

The single retailer with the most TVMs is Kroger with 32 locations across the state. More than half of all TVM sales (\$2.45 million) come from these Kroger stores.

Retailer Feedback

Mystery Shopper Results

Surveyed All ASL Retailers in Summer 2010

Two Surveys – One Completed by MSRs and the other Completed by Retailers

Received more than 1,700 Completed Surveys Back from Retailers

Retailers that returned the surveys were entered into a prize drawing.

Dear Retailer,

We appreciate your participation with the Arkansas Scholarship Lottery. We want to thank you for what you're doing and for the role you play in making the ASL what it is today. We hope you will continue to be a part of our success.

RETAILER GIVEAWAY
UP TO \$500
Complete this form and return it to the ASL office for a chance to win a \$500 gift card.

Retailer # 4000714 4000710 Contact Person 9703077669
Store Name 7-11 Home For Sale
Address 2011 Hwy 108 Suite 27 Position Owner
City Sold The Top So Phone 9703077669

1) Do you have any other Marketing Sales Representatives (MSRs) in your area? Yes No
2) How often does your MSR visit your store? Daily Weekly Monthly Other
3) What is the last business product(s) you saw the MSRs with your store? MSR MSR Sales Rep business in window
4) Do you have any other business product(s) you saw the MSRs with your store? MSR MSR Sales Rep business in window
5) How often does your MSR visit your store? Daily Weekly Monthly Other
6) What is the last business product(s) you saw the MSRs with your store? MSR MSR Sales Rep business in window
7) How often does your MSR visit your store? Daily Weekly Monthly Other
8) What is the last business product(s) you saw the MSRs with your store? MSR MSR Sales Rep business in window
9) How often does your MSR visit your store? Daily Weekly Monthly Other
10) What is the last business product(s) you saw the MSRs with your store? MSR MSR Sales Rep business in window

Arkansas Scholarship Lottery

According to our OWN Arkansas Scholarship Lottery Retailers – more than 86% of all information, training and assistance on lottery matters comes directly from our Marketing Sales Representatives (MSRs).

Retailer Sales Rallies

RETAILER SALES RALLIES



Save the Date!
July 30-August 3

- Locations across the state
- Prizes and Games
- Retailer Awards
- Training Opportunities

Ask your Marketing Sales Rep for more details.

Arkansas
Scholarship Lottery



Working with our ASL vendors to hold our first-ever Retailer Sales Rallies in late July 2012.

Retailer Focus Groups

Focus Group Research Report for Arkansas Scholarship Lottery and Scientific Games



Prepared By:



Pat Fettig
December 2011

Arkansas Scholarship Lottery Focus Groups Retailers 12/6-8/2011 Fayetteville, Little Rock, Pine Bluff

- I. Introduction (5 minutes)
 - Introduction of moderator
 - General purpose of group
 - Discuss Instant Games
 - Disclosure
 - Video-taping
 - Ground Rules
 - no right/wrong, don't have to agree, like to hear from everyone
 - question, not looking for consensus, only one person at a time
 - have fun
- II Warm-up (5 minutes)
 - Introduction of participants
 - name, what store, top selling scratch off ticket in their store
- III Concept Testing (25 minutes)
(Tattoo Doublers, Monopoly, Harley-Davidson, Black Pearls, Dallas Cowboys)
 - Before participants discuss each of the games, they will identify the game as hot, warm or cold. They will place one chip (red = hot; white = warm; blue = cold) in a choice on the evaluation form.
 - Games will be discussed individually and probed for:
 - initial reactions, reaction to name/theme
 - clarity – how to play/win
 - strengths/weaknesses
 - Participants will then be shown the uncovered version. Again... be the game as hot, warm or cold. They will place one chip (red = hot; white = warm; blue = cold) beside their previous choice and record it on the evaluation form.
 - Follow-up/discussion
 - Look for changes in chip colors – why?
 - clarity – how much won
 - changes/improvements
 - show of hands – how many would consider buying this ticket
 - Games within price point will be rotated between groups
 - Retailers will be asked to think of their players when responding

Harley - Davidson \$5 Tested Okay/Warm

Harley - Davidson tested warm in focus groups. The idea of a Harley - Davidson ticket is appealing to some and some like the black ticket and others don't like it so much. Some of the responses to this ticket by players and retailers was based on what they thought of the previous Harley ticket. If they liked that one or it sold well for the retailers they think the same of this one. Some of the players in these focus groups said they had played the Arkansas Limited ticket, but many were not aware of it.

"This is a format I like to play. I can look at it and know how to play. It's just simple."

There was a lot of discussion in many of the focus groups that this ticket does have the true Harley orange on it so it won't catch as much attention. Many retailers said this ticket should not be launched without the orange. Other retailers said the black would sell.

"The color is not right."
"If you are going to do the branding get the colors right."
"The colors won't catch their attention, but if they are a Harley fan they will like it." (Retailer)

There was also some talk of this being an "old" ticket since a Harley - Davidson ticket has been out there already and players will not want to buy it because of that.

Although this is easy to play some want one more winning number to match. They feel like that gives them more chances to win and other \$5 tickets have five winning numbers to match.

This ticket might mimic the sales of the past Harley - Davidson or Arkansas Limited tickets. It can be launched or it doesn't seem like it would be greatly missed if it didn't launch.



Retail Sales Overview

Thank You

Questions?

The purpose of the Arkansas Scholarship Lottery (ASL) Minority and Female-Owned Business validation program is to increase to the greatest extent possible the number of minority-owned and female-owned firms that supply their products and services to ASL and to provide an expansive database of validated minority and female-owned business for future vendors to access. This program is also designed to ensure that a diverse business is actually owned, controlled, and operated by the applicant(s) and meets the eligibility criteria of the program.

“Female-owned business” means a business:

- A. Whose management and daily business operations are under control of one (1) or more females; and
- B. Either:
 - i. Individually owned by a female who reports as her personal income for Arkansas income tax purposes the income of the business;
 - ii. Which is a partnership in which a majority of the ownership interest is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or
 - iii. Which is a corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation.

“Member of a minority” means a lawful permanent resident of this state who is:

- A. African American;
- B. Hispanic American;
- C. American Indian;
- D. Asian American; or
- E. Pacific Islander American;

“Minority-owned business” means a business that is owned by:

- A. An individual who is a member of a minority who reports his or her personal income for Arkansas income tax purposes the income of the business;
- B. A partnership in which a majority of the ownership interest is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or
- C. A corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation.

The certification program will include:

- Document review to determine that the business is structured as minority or female-owned
- Verification of diverse ownership and control of the business, with potential for site visit
- Educational activities to encourage diverse businesses to compete for contracts
- Annual updates validating continuing diverse ownership and control
- A formal online application process

Document Review

Vendors that participate in the program will be required to submit documentation that demonstrates diverse ownership and control of the business. Specific documents that will be requested are:

1. Copy of the Articles of Incorporation or Fictitious Name Certificate
2. Copy of owner(s) resume
3. Partnership or Operating Agreement for businesses with two (2) or more owners, evidencing division of shares and profit distribution
4. Signed and notarized affidavit from vendor verifying information and documentation is accurate and correct
5. Liability, worker's compensation or unemployment insurance**
6. Bonding Information **
7. Copy of Professional License**

**If required or accepted as a normal function of the business

In the event that a non-validated minority or female-owned business bids on a contract solicited by ASL, additional documentation may be requested. Once a vendor has been selected, and before a contract is awarded, the respective vendor will be required to complete and sign an affidavit on ASL letterhead and notarized by a third-party.

ASL will also take into account the timing of any modifications and updates to legal documents. For example, if a minority or female is designated as 51% owner of an enterprise shortly before or after a bid is submitted, that could possibly disqualify that vendor from competing for the contract.

Educational Activities and Outreach

ASL will begin by spreading the word about the certification program by contacting diverse vendors that are currently in the supply pipeline as well as non-active. Vendors will be solicited to participate in the program. ASL will also leverage activities and events outside the agency to inform prospective vendors of real-time opportunities to do business with the Lottery.

Annual Reviews

In the fourth quarter of each fiscal year, each vendor in the database will receive a survey, requesting an update on any information that has changed with the business, with respect to ownership and infrastructure.

Online Application

With an existing web presence, the “Business” section of the ASL site can be enhanced to include the online application process for vendors to access the diverse vendor certification program. Feasibility of in-house creation will be determined by Advertising & Marketing Division. The online platform will allow the agency to reach vendors outside of central Arkansas and capture all of the necessary documents required for certification.



Arkansas Scholarship Lottery

Minority and Female-Owned
Business Validation Program

Purpose

- Increase Number of Firms that Supply to ASL
- Provide Database for Future Vendors to Access
- Validate Business Ownership and Control

Minority-Owned Business

- African American
- Hispanic American
- American Indian
- Asian American
- Pacific Islander American
- Over 50% of business ownership

Female-Owned Business

- Management and Daily Operations Under Control of one (1) or more Females
- Over 50 Percent Business Ownership

Document Review

- Determine Business is Structured as Minority or Female-owned
 - Articles of Incorporation
 - Resume of Owner(s)
 - Operating Agreement
 - Signed Affidavits
 - Insurance, Bonding, Professional License
- Timing of Updates to Documents Considered

Education & Communication

- Contact Current and Former Vendors
- Leverage Activities and Events Outside Agency (i.e. Procurement/Matchmaking Events)
- Site Visits
- Annual Reviews

Web Presence

- Enhance “Business” Section to Include Online Application for Program
- Indicate Diverse Classification
- Indicate Industry/Commodity
- Reach Vendors Outside Central Arkansas
- Frequently Asked Questions



Authorized Job Title: Lottery CMSN Internal Auditor

Internal Job Title: Internal Auditor

Department: Internal Audit

FLSA Status: Exempt

Reports to: Arkansas Lottery Commissioners

Position Summary: The Internal Auditor is responsible for providing an objective, independent review of the Lottery's activities and internal controls to help the Commission and management monitor and evaluate internal control adequacy and effectiveness and ensure compliance with applicable statements of policy and procedure, state and federal laws and regulations, and in a manner consistent with high standards of administrative practice. The Arkansas Lottery Commission's Internal Auditor reports directly to the Commission.

Typical Functions:

- Develops annual audit plan which prioritizes the audit program based upon risk and sets forth guidelines for performance of audit work;
- Establishes and maintains effective internal controls over Arkansas State Lottery financial reporting, including the monitoring of ongoing activities;
- Establishes and maintains effective controls over data processing and other computer service, including auditing the computer systems of the Arkansas State Lottery and its vendors and retailers;
- Prevents, detects and reports known or suspected fraud and known or suspected illegal activity, including that involving Arkansas State Lottery employees or contractors;
- Prevents, detects and reports known or suspected violations of the Arkansas Constitution, applicable statutes, rules, contracts, agreements or grants;
- Audits Arkansas State Lottery monthly reports, annual reports, and annual operating budgets provided to the Governor and the Arkansas Lottery Commission Legislative Oversight Committee;
- Oversees financial statement preparation, record production and record maintenance to ensure compliance with statutory requirements;
- Serves as the primary contact for audits of the Arkansas State Lottery conducted by the State Auditor, legislative oversight bodies and other external auditors, accountants or consultants and assists in providing information or performing required analyses for those entities;
- Conducts special investigations, participates in special investigations, and accurately communicates results and recommendations of special investigations to the Arkansas Lottery Commission;
- Identifies opportunities to improve Arkansas State Lottery policies, operational procedures, accounting systems and practices and recommends needed changes;
- Ensures implementation of corrective actions recommended as the result of all audits;
- Organizes, directs and reviews the work of any internal audit staff; and
- Performs other duties and oversees special projects as may be assigned by the Commission.

Knowledge, Skills and Abilities:

- Knowledge of the Standards for the Professional Practice of Internal Auditing
- Knowledge of Government Auditing Standards
- The ability to implement and supervise a complex audit program
- The ability to interpret and analyze accounting and financial reports and records for audit purposes
- Management and leadership skills
- Excellent communication skills, both written and oral
- The ability to establish and maintain effective working relationships
- The ability to understand Arkansas State Lottery policies and applicable rules and regulations

Special Job Dimensions:

- Will require some in-state and out-of-state travel

Minimum Education and/Experience:

- A Bachelor's Degree from an accredited college or university in Accounting, Finance or a related field
- Certified Public Accountant designation (required)
- Certified Information Systems Auditor, Certified Internal Auditor and Certified Fraud Examiner certifications (preferred)
- At least 8 years experience in audit or other senior financial management role
- Gaming or lottery management experience or relevant substitute

Reporting to this position:

- Internal Audit Staff



Authorized Job Title: Licensing Specialist

Internal Job Title: Licensing Manager

Department: Security

FLSA Status: Exempt

Reports to: Security Director Administration

Position Summary: The Licensing Manager oversees the licensing process for licensure of retailers as prescribed by the Arkansas Lottery Act, provides guidance and instruction to Licensing Specialists, develops and implements licensing procedures and changes to licensing procedures, and provides resources, including coordination with other departments and state agencies.

Typical Functions:

- Review application process and input into the ASL operating system (BOS) and other spreadsheets used to track application process
- Provide leadership and guidance to Licensing Specialists
- Determine next task, troubleshoots task, and then assigns tasks to Licensing Specialists
- Determine and acquire needed resources for Licensing Specialist to facilitate the application process
- Conduct meetings with Licensing Specialists for updates and information
- Ensure retailers are properly licensed in accordance with the Arkansas Lottery Act by continually reviewing completed applicant file for completeness, reviewing BOS input and other spreadsheets, and approving retailer applications
- Provide regular reports and to Director of Security and other sections using information housed in BOS, spreadsheets and retailer files
- Assist Treasury with correspondence to retailers with delinquent accounts
- Respond to difficult and/or complex retailer inquiries
- Provide technical support and analysis to retailers, the Retailer Advisory Board, IT and others, as requested on Licensing status and procedures
- Act as contact person on key issues with the Department of Finance and Administration and other agencies
- Approve leave and timesheets for Licensing Specialists
- Identify needed changes in licensing procedures
- Make recommendations to changes in policy and procedures to Director of Security

Knowledge, Skills and Abilities:

- Working knowledge of Microsoft Word, Excel and Outlook; and, database applications
- Working knowledge of organizational structure
- Good organizational and communication skills
- Ability to prioritize assignments
- Ability to comply with ASL Licensing procedures, the Arkansas Lottery Act, and ASL procedures
- Ability to research, gather information and use appropriate resource to correctly respond to retailer requests or to compile reports for ASL
- Ability to construct and edit correspondence so that convenience is clear and concise
- Ability to review files for correctness and provide feedback to Licensing Specialists

Special Job Dimensions:

- Attention to detail Accuracy in verbal and written reports
- Understanding and communication of complex procedures to retailers and others
- Protect privacy of retailer information
- Work side by side with Specialists on a daily basis to complete licensing processes

Minimum Education and/Experience:

- 5 years administrative work experience that requires attention to detail
- 3-5 years of supervisory/management experience
- Experience with Microsoft Word, Excel and Outlook
- Experience with database applications
- Customer service experience

Preferred Qualifications

- Experience with Lottery
- Responsibility for a major program or project requiring multi-tasking and teamwork

Arkansas Scholarship Lottery Personnel Committee
DRAFT RECORD
5.7.2012

The meeting was called to order by Commissioner George Hammons, Chair, who noted the presence of Commissioners Steve Faris and Raymond Frazier, and Commissioners Patty Shipp and Smokey Campbell by conference call. Director Bishop Woosley and staff members Julie Baldridge, Valerie Basham and Patti Vick were also present.

Commissioner Hammons recognized Director Woosley, asked for permission to post two positions: Licensing Manager and Chief Legal Counsel. He noted that both positions had been in place since early in the lottery and had become vacant. He noted that he had made slight changes in the job description of each position to make it more accurate. In answer to a question, he said that the Chief Legal Counsel was a N910 position, and the Licensing Manager was a C115.

With the Chief Legal Counsel, he said, he added that the applicant must be an attorney licensed in the State of Arkansas and must be current on their continuing education requirements. He also added a requirement that the applicant have a minimum of 5 years legal experience. He asked for approval to post the position for applicants and for a waiver of the requirement that this job be first posted internally, since he is the only attorney currently on staff. On a motion by Commissioner Shipp, seconded by Commissioner Faris, the Committee approved the Director's request to fill the position of Chief Legal Counsel, to be posted externally immediately.

As for the Licensing Manager, he noted that the Division had become a part of Security and reports directly to the Director of Security, and had broadened the potential applicant pool some changes to the educational requirements. He said the position would be posted internally and, if still unfilled, externally after 10 business days. On a motion by Commissioner Faris, seconded by Commissioner Campbell, the Committee approved the Director's proposal without dissent.

There being no further business, Commissioner Hammons adjourned the meeting.



Authorized Job Title: Chief Legal Counsel

Internal Job Title: Chief Legal Counsel

Department: Legal

FLSA Status: Exempt

Reports to: Director/ALC

Position Summary: The purpose of the Chief Legal Counsel is to serve as the legal counsel to the Director and the Arkansas Lottery Commission (ALC). The Chief Legal Counsel directs the legal and administrative activities of the Legal Division. The Chief Legal Counsel directly reports to the Director.

Typical Functions:

- Ensures that ALC is in compliance with State laws and regulations, including but not limited to the Arkansas Scholarship Lottery Act, Arkansas Freedom of Information Act, Arkansas state procurement laws, the Arkansas Administrative Procedures Act and all Arkansas ethical rules and statutes. Provides legal interpretation of the laws and regulations of the State.
- Advises the ALC, the Director of ALC, and management personnel on legal implications of proposed rules, policies and procedures, administrative decisions, and actions.
- Serves as the ALC point of contact with the Arkansas Legislative Lottery Oversight Committee (LOC) and prepares and coordinates the filing of all documentation and reports which must be statutorily filed with the LOC.
- Promulgates all ALC rules in conjunction with the ALC Legal Committee and ensures that those rules are properly filed with the necessary agencies and are in compliance with state and federal laws.
- Provides assistance to the Director in formulating and interpreting policies and procedures. Drafts and interprets legislative bills, resolutions and amendments related to the Arkansas Scholarship Lottery Act.
- Organizes and directs the activities of the Legal Division of the ALC and oversees the daily operation of the Division.
- Reviews procurement contracts with ALC management and lottery vendors and reviews and advises on the terms of procurements recommended by the Director to ensure compliance with the Arkansas Procurement Code and the Arkansas Scholarship Lottery Act. Develops contracts with lottery retailers and reviews the terms of the contracts.
- Represents the ALC in civil proceedings and administrative adjudication related to issues involving the day-to-day operations of the ALC.
- Serves as primary contact with outside law firms that are contracted to provide any legal support to the ALC.
- Provides information to the Arkansas Lottery Commissioners, legislators and their staffs regarding the ALC and its activities. Supports the Director in response to public and media relations.
- Performs other duties and oversees special projects as may be assigned by the Director and the ALC Board.

Knowledge, Skills and Abilities:

- Knowledge of the laws of Arkansas
- Ability to interpret and apply Arkansas law
- Knowledge of the legislative and judicial processes
- Ability to communicate effectively, both orally and in writing
- Ability to manage and supervise the work of subordinates and make sound judgments regarding the legal activities of the Commission.

Minimum Education and/Experience:

- Requires a juris doctor degree from an accredited law school and a minimum of five (5) years experience as a practicing attorney in a public or private setting; Currently licensed in to practice law in Arkansas and current on all continuing education requirements.

Record, Line of Succession Meeting
Arkansas Lottery Commission
May 4, 2012
124 West Capitol Avenue, Little Rock, AR

Commissioners Shipp, Faris (both by conference call) and Frazier met on Arkansas Lottery Commission officer line of succession. The conversation involved all members present.

They discussed staff research that other like boards and commissions (Game & Fish, Highway, UA Board of Trustees) have a tradition of a line of succession which they have followed for decades. Although not a rule, an orderly rotation based primarily on seniority has been a set practice at these three boards or commissions.

At these governing boards, variation from the traditional process has occurred only in extraordinary instances, usually when the member next-in-line chooses not to move up and therefore goes off the rotation. Rarely, but not unheard of, the full membership chooses to skip over an officer in line for Chair. The annual vote, then, is called to elect the entry office (in the case of the current Arkansas Lottery Commission offices, that would be Secretary-Treasurer) and confirm (or deny) the ascension of one slot by each of the other two officers.

It was brought up that a decision on the matter should be in place by the time all Commissioners hold a six-year term and noted that the Lottery Commission's line will be different since there are three sets of Commissioners with the same level of seniority. With that said, those present agreed to encourage the full Arkansas Lottery Commission to discuss and consider eventual adoption of a line-of-succession tradition to provide long-term predictability and continuity to the leadership of the Commission when all have full terms. The group agreed that there was no need for a formal motion.