

MINUTES  
ARKANSAS LOTTERY COMMISSION  
Monday, October 15, 2012  
10:30 A.M.  
ALC Conference Room  
Third Floor  
124 West Capitol Avenue  
Little Rock, Arkansas

Chairman Ben Pickard called the meeting to order. Commissioners George Hammons, Steve Faris, Smokey Campbell, Bruce Engstrom (by phone), Raymond Frazier, Mike Malone (by phone), Dianne Lamberth, and Patty Shipp were present. A number of staff members were present including Director Bishop Woosley, Julie Baldridge, Jerry Fetzer, Mike Smith, Patti Vick, Valerie Basham, Robert Stebbins, Lance Huey, Jeremy Smith and Joanna Bunten. Derrick Smith, of Mitchell Williams law firm, was also in attendance as outside legal counsel.

The first order of business was consideration of the draft minutes of the September 17 and the October 1 meetings. It was pointed out that Commissioner Campbell's name was left off the September 17 minutes and a correction was made. By motion of Commissioner Faris, seconded by Commissioner Engstrom, the minutes of both meetings were approved without dissent.

Next, Chairman Pickard recognized Director Woosley for his regular report (included in file). He noted that net proceeds with unclaimed prizes added were ahead of September 2011 by more than \$200,000. He said costs are down and draw tickets made up a higher percentage of sales. He noted that at the Lottery's three-year anniversary took place on September 28, the Lottery is showing \$1.4 Billion in sales, \$900 Million in prizes, with \$80.5 Million to retailers and \$286.5 to scholarship funding. He said that the first week of October showed the highest sales of instant tickets since May 2012.

He said that Claim Center sales had totaled \$6,000, with the same overhead, representing some additional income. The Natural State Jackpot is selling briskly, with sales of more than \$1.2 Million in the six weeks since launch, he said. He said that sales were \$14 Million down for the fiscal year but expenses are also \$14 Million down, thus the growth in proceeds. He described plans for the Buy One, Get One (BOGO) free November promotions, where players can buy a 50/50 draw ticket and get a free Hunting for Hundreds instant ticket, with similar promotional plans for December and January. He noted that jackpots are unpredictable and said that, if the winter and spring bring good jackpots, it is possible that the sales will catch up as they did in FY2012 after a very slow fall.

The Commission and the Director discussed of the possibility of a Mississippi Lottery, which would require action by their legislature but has already been approved by their voters in 1992. The Director said it would created additional competition and would have a deleterious effect on Arkansas sales. He noted that as of June, a national premium game was expected to start up in September, and now it has been postponed to 2013. He said the industry was relatively unpredictable.

Commissioner Pickard talked about a meeting he recently attended and becoming aware that internet gaming was already going on in some states and others were rushing to get into the

action, and that this may impact the Arkansas bottom line. Director Woosley pointed out that the federal government is considering federalizing internet gaming and cutting states out completely. The Director said that lottery staff would do everything in its power to meet the projected scholarship goal but that it would be difficult to do so. He said the staff would continue to meet frequently with ADHE officials to report revenues.

The Director then brought forth an amendment of the Intralot contract for Intralot providing, at no cost to the Lottery and in exchange for devices that the Lottery has paid for but cannot use, 600 Product Advertising Displays (PADs) for jackpot awareness, promotional information, and product awareness. He said they would be 17" and 19" units, depending on what is needed in each location. He said that Intralot was providing wiring and the mounts at no charge, and expect installation to begin on January 21. He said that the PADs will go into retailers with high, medium, and low sales. The amendment also allows management to purchase more of the devices should the PADs prove rewarding. Further, it allows the addition of outside advertising to be sold on the displays. Discussion followed about the PADs as well as the efficacy of sales in big box stores. By motion of Commissioner Lamberth, seconded by Commissioner Malone, the amendment was approved without dissent. The Chairman thanked Intralot and Steve Beck, Intralot's regional manager, for their cooperation in this matter.

Internal Auditor Matt Brown was recognized for his report (in file). He said the licensing audit was completed, with no issues, and the outstanding travel review was virtually resolved but has been placed on hold as the CAFR is completed. He said the review of the Claim Centers had proceeded to visits at each facility and was well underway. He said all reviews thus far were moving more quickly than he originally anticipated. He said that Intralot was again voluntarily financing the SOC-1, and that it was essentially complete and had been reviewed .

He said that CFO Jerry Fetzer's team had done a great job on the CAFR and that he didn't see the IA role being too extensive. Commissioner Engstrom paid tribute to Jerry Fetzer in obviating the need for the difficulties of 2011, including the outside accounting firm expense. Director Woosley noted that CFO Fetzer and Advertising Director Bunten and their teams were knocking it out of the park with the CAFR. He said he expected it to be completed in a few weeks. He said both groups had worked very hard.

Chairman Pickard called on Personnel Committee Chair Patty Shipp for a report. She said that there was an issue brought up by Valerie Basham in the interval between the Committee meeting and the convening of the Commission meeting and that she preferred there be no Commission action at this time and that the matter be returned to the Committee.

Chairman Pickard announced the next meeting on December 3 at Arkansas Tech in Russellville, with a January 28 meeting at ASU in Jonesboro, with February 4 on hold if there is inclement weather. He said that there would be a luncheon at 11:30 a.m. and the meeting at 1 p.m. on both occasions. He also reminded the Commissioners that the Vendor Committee would meet immediately upon adjournment. There being no further business, the meeting was adjourned.

MINUTES  
ARKANSAS LOTTERY COMMISSION  
Monday, November 14, 2012  
10:00 A.M.  
ALC Conference Room  
Third Floor  
124 West Capitol Avenue  
Little Rock, Arkansas

Chairman Ben Pickard called the meeting to order. Commissioners George Hammons, Steve Faris (in person), Smokey Campbell, Bruce Engstrom, Raymond Frazier, Dianne Lamberth, and Patty Shipp were present. A number of staff members were present including Director Bishop Woosley, Julie Baldridge, Jerry Fetzer, Patti Vick, and Valerie Basham. Derrick Smith, of Mitchell Williams law firm, was also in attendance by phone as outside legal counsel.

The Chair recognized Director Woosley to present the only order of business, consideration of tomorrow's MUSL meeting and permission for the Director to take action. The Director explained that about two years ago, MUSL was sued on a patent matter regarding the multiplier. The Federal Court advised the parties meet, with an initial conference in August. Last month, there was a tentative meeting of the minds between the two parties, and MUSL has proposed to the 33-state membership to purchase the patents in return for dismissal of the lawsuit and a covenant not to sue again. MUSL members will be asked to vote on the matter tomorrow, and if the vote is in the affirmative, Arkansas will be assessed about \$54,000 as its share of the settlement, based on pro rata sales. The Director asked the Commission for their approval to vote and to pay the settlement share if the proposal is approved.

There being no discussion, Commissioner Faris moved that Director Woosley receive permission to cast a vote in the ALC's behalf according to his best judgment and that the ALC staff be authorized to pay Arkansas's share should the proposal pass. The motion was seconded by Commissioner Lamberth, and was approved without dissent. There being no further business, the meeting was adjourned. The next scheduled meeting is at 1 p.m. on December 3 at Arkansas Tech University in Russellville.

**Academic Challenge Scholarship  
Awards by Institution  
Academic Year 2013**



**Prepared for  
Arkansas Lottery Commission  
December 3, 2013**

**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
Arkansas Baptist College	47	\$104,251
Arkansas Northeastern College	158	\$174,191
Arkansas State University Beebe	724	\$804,419
Arkansas State University Jonesboro	3,551	\$8,229,722
Arkansas State University Mountain Home	213	\$233,599
Arkansas State University Newport	189	\$208,193
Arkansas Tech University	3,043	\$7,044,273
Arkansas Tech University Ozark Campus	96	\$105,943
Baptist Health Schools - Little Rock	67	\$78,752
Black River Technical College	248	\$271,667
Central Baptist College	203	\$466,377
College of the Ouachitas	75	\$81,223
Cossatot Community College UA	168	\$183,224
Crowley's Ridge College	63	\$145,500
East Arkansas Community College	100	\$109,065
Ecclesia College	23	\$52,375
Harding University	639	\$1,488,878
Henderson State University	1,382	\$3,201,569
Hendrix College	314	\$740,750
Jefferson School of Nursing	*	\$2,626
John Brown University	328	\$733,200
Lyon College	253	\$591,063
Mid South Community College	119	\$130,723
National Park Community College	306	\$325,895
North Arkansas College	297	\$326,797
Northwest Arkansas Community College	808	\$853,556
Ouachita Baptist University	630	\$1,476,188
Ozarka College	158	\$174,816
Philander Smith College	64	\$145,938
Phillips Community College UA	95	\$106,126
Pulaski Technical College	685	\$699,735
Rich Mountain Community College	94	\$102,410



**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
South Arkansas Community College	107	\$114,568
Southeast Arkansas College	126	\$126,360
Southern Arkansas University	850	\$1,964,452
Southern Arkansas University Tech	117	\$128,753
University of Arkansas at Monticello College of Technology	23	\$24,564
University of Arkansas Community College Batesville	209	\$234,409
University of Arkansas Community College Hope	176	\$196,658
University of Arkansas Community College Morrilton	362	\$399,354
University of Arkansas Fayetteville	5,874	\$13,635,091
University of Arkansas for Medical Sciences	172	\$404,751
University of Arkansas Fort Smith	2,035	\$4,660,150
University of Arkansas Little Rock	1,907	\$4,281,162
University of Arkansas Monticello	708	\$1,628,695
University of Arkansas Pine Bluff	355	\$794,619
University of Central Arkansas	4,123	\$9,594,078
University of the Ozarks	203	\$474,250
Williams Baptist College	268	\$626,563
<b>Overall - Summary</b>	<b>32,758</b>	<b>\$68,681,521</b>

Totals Category include, Traditional, Nontraditional, Current Achiever and Original Challenge Recipients

\* indicates Restricted Value and is used where the aggregate was less than ten (10).

Restricted Values are used to ensure the privacy of student records under Federal and State law.

ADHE Status Reports totals will vary due to Restricted Values.

Source: Arkansas Department of Higher Education Financial Aid Data Warehouse

Unaudited data as of November 30, 2012

**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Traditional 2012 High School Graduates**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
Arkansas Baptist College	21	\$47,250
Arkansas Northeastern College	101	\$113,625
Arkansas State University Beebe	428	\$481,500
Arkansas State University Jonesboro	1,210	\$2,722,500
Arkansas State University Mountain Home	109	\$122,625
Arkansas State University Newport	105	\$118,125
Arkansas Tech University	1,060	\$2,385,000
Arkansas Tech University Ozark Campus	39	\$43,875
Baptist Health Schools - Little Rock	10	\$11,250
Black River Technical College	122	\$137,250
Central Baptist College	61	\$137,250
College of the Ouachitas	33	\$37,125
Cossatot Community College UA	108	\$121,500
Crowley's Ridge College	32	\$72,000
East Arkansas Community College	66	\$74,250
Ecclesia College	16	\$36,000
Harding University	216	\$486,000
Henderson State University	530	\$1,192,500
Hendrix College	98	\$220,500
John Brown University	91	\$204,750
Lyon College	97	\$218,250
Mid South Community College	76	\$85,500
National Park Community College	151	\$169,875
North Arkansas College	159	\$178,875
Northwest Arkansas Community College	416	\$468,000
Ouachita Baptist University	197	\$443,250
Ozarka College	85	\$95,625
Philander Smith College	22	\$49,500
Phillips Community College UA	51	\$57,375
Pulaski Technical College	261	\$293,625



**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Traditional 2012 High School Graduates**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
Rich Mountain Community College	48	\$54,000
South Arkansas Community College	57	\$64,125
Southeast Arkansas College	43	\$48,375
Southern Arkansas University	321	\$720,120
Southern Arkansas University Tech	80	\$90,000
University of Arkansas at Monticello College of Technology	11	\$12,375
University of Arkansas Community College Batesville	127	\$142,875
University of Arkansas Community College Hope	129	\$145,125
University of Arkansas Community College Morrilton	217	\$244,125
University of Arkansas Fayetteville	2,079	\$4,677,750
University of Arkansas Fort Smith	793	\$1,784,250
University of Arkansas Little Rock	555	\$1,248,750
University of Arkansas Monticello	337	\$758,250
University of Arkansas Pine Bluff	129	\$278,946
University of Central Arkansas	1,617	\$3,638,250
University of the Ozarks	81	\$182,250
Williams Baptist College	103	\$231,750
<b>Overall - Summary</b>	<b>12,698</b>	<b>\$25,146,066</b>

Source: Arkansas Department of Higher Education Financial Aid Data Warehouse  
 Unaudited data as of November 30, 2012



**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Traditional Student Totals**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
Arkansas Baptist College	33	\$74,500
Arkansas Northeastern College	141	\$159,125
Arkansas State University Beebe	650	\$734,375
Arkansas State University Jonesboro	2,645	\$6,126,500
Arkansas State University Mountain Home	180	\$203,375
Arkansas State University Newport	156	\$176,375
Arkansas Tech University	2,264	\$5,222,000
Arkansas Tech University Ozark Campus	60	\$68,875
Baptist Health Schools - Little Rock	37	\$44,000
Black River Technical College	190	\$215,250
Central Baptist College	152	\$351,250
College of the Ouachitas	48	\$54,375
Cossatot Community College UA	140	\$157,625
Crowley's Ridge College	60	\$138,000
East Arkansas Community College	83	\$93,750
Ecclesia College	21	\$48,250
Harding University	500	\$1,158,750
Henderson State University	1,115	\$2,576,250
Hendrix College	249	\$579,500
John Brown University	230	\$530,000
25,096	191	\$440,500
Mid South Community College	103	\$116,250
National Park Community College	220	\$248,500
North Arkansas College	236	\$267,250
Northwest Arkansas Community College	577	\$652,375
Ouachita Baptist University	528	\$1,225,250
Ozarka College	131	\$148,000
Philander Smith College	49	\$112,000
Phillips Community College UA	87	\$98,375
Pulaski Technical College	374	\$423,250
Rich Mountain Community College	76	\$86,125



**Arkansas Department of Higher Education**  
**Academic Challenge Scholarship Program**  
**Awards by Institution**  
**Traditional Student Totals**  
**Academic Year 2013**

<b>Institution</b>	<b>Award Count</b>	<b>Award Amount</b>
South Arkansas Community College	84	\$95,000
Southeast Arkansas College	67	\$76,000
Southern Arkansas University	678	\$1,558,323
Southern Arkansas University Tech	106	\$119,375
University of Arkansas at Monticello College of Technology	15	\$16,875
University of Arkansas Community College Batesville	188	\$211,875
University of Arkansas Community College Hope	157	\$177,000
University of Arkansas Community College Morrilton	303	\$342,500
University of Arkansas Fayetteville	4,626	\$10,699,000
University of Arkansas for Medical Sciences	37	\$92,000
University of Arkansas Fort Smith	1,589	\$3,659,250
University of Arkansas Little Rock	1,256	\$2,904,500
University of Arkansas Monticello	606	\$1,390,566
University of Arkansas Pine Bluff	269	\$601,663
University of Central Arkansas	3,218	\$7,427,500
University of the Ozarks	173	\$401,000
Williams Baptist College	198	\$457,500
<b>Overall - Summary</b>	<b>25,096</b>	<b>\$52,759,927</b>

Source: Arkansas Department of Higher Education Financial Aid Data Warehouse  
Unaudited data as of November 30, 2012

**Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Variables**

		Original Projections	Actual		
			FY11	FY12	SIS
Four Year Traditional Retention Rates	After year 1	64%	63%	64%	69%
Four Year Traditional Retention Rates	After Year 2	50%		56%	56%
Four Year Traditional Retention Rates	After Year 3	42%			50%

Two Year Traditional Retention Rates	After year 1	41.20%	44%	47%	49%
Two Year Traditional Retention Rates	After Year 2	28.40%		23%	28%
Two Year Traditional Retention Rates	After Year 3	16.50%			17%

Two Year Traditional Transfer Rates	After year 1	0.00%			
Two Year Traditional Transfer Rates	After Year 2	10.00%			
Two Year Traditional Transfer Rates	After Year 3	10.00%			

Two Year Growth Projections:		1.00%	21%	11%	
Four Year Growth Projections:		2.50%	6%	3%	

Four Year Second Semester Retention Rates:			80%	82%	
Two Year Second Semester Retention Rates:			90%	91%	



Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Fiscal 2009-2018 Projected Balances

	\$4,500 - \$2,250			\$3,300 - \$1,650			\$3,000 - \$1,500			\$2,000-\$3,000-\$4,000-\$5,000		
Net Proceeds	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000
General Revenue	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000
Nov-09	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212	8,120,212
Dec-09	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542	17,160,542
Jan-10	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932	27,995,932
Feb-10	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762	37,132,762
Mar-10	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329	47,614,329
Apr-10	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461	58,649,461
May-10	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797	67,611,797
Jun-10	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684	76,707,684
Jul-10	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809	82,799,809
Aug-10	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722	91,340,722
Sep-10	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441	49,699,441
Oct-10	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199	57,104,199
Nov-10	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745	64,319,745
Dec-10	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014	72,576,014
Jan-11	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779	79,272,779
Feb-11	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672	35,187,672
Mar-11	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413	43,417,413
Apr-11	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657	53,709,657
May-11	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079	62,107,079
Jun-11	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863	70,628,863



Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Fiscal 2009-2018 Projected Balances

	\$4,500 - \$2,250			\$3,300 - \$1,650			\$3,000 - \$1,500			\$2,000-\$3,000-\$4,000-\$5,000		
Net Proceeds	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000
General Revenue	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000
Jul-11	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140	74,344,140
Aug-11	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043	81,497,043
Sep-11	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490	31,694,490
Oct-11	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670	38,667,670
Nov-11	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376	46,801,376
Dec-11	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503	54,795,503
Jan-12	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782	62,683,782
Feb-12	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296	16,304,296
Mar-12	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890	26,033,890
Apr-12	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263	38,861,263
May-12	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451	45,927,451
Jun-12	53,499,105	55,499,105	55,499,105	53,499,105	55,499,105	55,499,105	53,499,105	55,499,105	55,499,105	53,499,105	55,499,105	55,499,105
Jul-12	60,678,330	62,678,330	62,678,330	60,678,330	62,678,330	62,678,330	60,678,330	62,678,330	62,678,330	60,678,330	62,678,330	62,678,330
Aug-12	65,430,832	67,430,832	67,430,832	65,430,832	67,430,832	67,430,832	65,430,832	67,430,832	67,430,832	65,430,832	67,430,832	67,430,832
Sep-12	19,532,642	21,532,642	21,532,642	19,532,642	21,532,642	21,532,642	19,532,642	21,532,642	21,532,642	19,532,642	21,532,642	21,532,642
Oct-12	26,117,598	28,117,598	28,117,598	26,117,598	28,117,598	28,117,598	26,117,598	28,117,598	28,117,598	26,117,598	28,117,598	28,117,598
Nov-12	32,750,464	34,750,464	34,750,464	32,750,464	34,750,464	34,750,464	32,750,464	34,750,464	34,750,464	32,750,464	34,750,464	34,750,464
Dec-12	40,998,206	43,712,492	44,426,778	40,998,206	43,712,492	44,426,778	40,998,206	43,712,492	44,426,778	40,998,206	43,712,492	44,426,778
Jan-13	49,245,948	52,674,520	53,721,221	49,245,948	52,674,520	53,721,221	49,245,948	52,674,520	53,721,221	49,245,948	52,674,520	53,721,221
Feb-13	(1,554,297)	2,588,561	3,967,677	(1,554,297)	2,588,561	3,967,677	(1,554,297)	2,588,561	3,967,677	(1,554,297)	2,588,561	3,967,677
Mar-13	6,693,445	11,550,589	13,262,120	6,693,445	11,550,589	13,262,120	6,693,445	11,550,589	13,262,120	6,693,445	11,550,589	13,262,120
Apr-13	14,941,187	20,512,617	22,556,563	14,941,187	20,512,617	22,556,563	14,941,187	20,512,617	22,556,563	14,941,187	20,512,617	22,556,563
May-13	23,188,929	29,474,645	31,851,006	23,188,929	29,474,645	31,851,006	23,188,929	29,474,645	31,851,006	23,188,929	29,474,645	31,851,006
Jun-13	31,436,671	38,436,673	41,145,449	31,436,671	38,436,673	41,145,449	31,436,671	38,436,673	41,145,449	31,436,671	38,436,673	41,145,449



Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Fiscal 2009-2018 Projected Balances

	\$4,500 - \$2,250			\$3,300 - \$1,650			\$3,000 - \$1,500			\$2,000-\$3,000-\$4,000-\$5,000		
Net Proceeds	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000
General Revenue	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000
Jul-13	38,936,671	46,353,340	49,478,782	38,936,671	46,353,340	49,478,782	38,936,671	46,353,340	49,478,782	38,936,671	46,353,340	49,478,782
Aug-13	46,436,671	54,270,007	57,812,115	46,436,671	54,270,007	57,812,115	46,436,671	54,270,007	57,812,115	46,436,671	54,270,007	57,812,115
Sep-13	(9,274,954)	(1,024,951)	2,933,823	(2,411,254)	5,838,749	9,797,523	(695,329)	7,554,674	11,513,448	3,494,921	11,744,924	15,703,698
Oct-13	(1,774,954)	6,891,716	11,267,156	5,088,746	13,755,416	18,130,856	6,804,671	15,471,341	19,846,781	10,994,921	19,661,591	24,037,031
Nov-13	5,725,046	14,808,383	19,600,489	12,588,746	21,672,083	26,464,189	14,304,671	23,388,008	28,180,114	18,494,921	27,578,258	32,370,364
Dec-13	13,225,046	22,725,050	27,933,822	20,088,746	29,588,750	34,797,522	21,804,671	31,304,675	36,513,447	25,994,921	35,494,925	40,703,697
Jan-14	20,725,046	30,641,717	36,267,155	27,588,746	37,505,417	43,130,855	29,304,671	39,221,342	44,846,780	33,494,921	43,411,592	49,037,030
Feb-14	(23,740,106)	(13,406,768)	(7,364,664)	(10,754,006)	(420,668)	5,621,436	(7,507,481)	2,825,857	8,867,961	499,769	10,833,107	16,875,211
Mar-14	(16,240,106)	(5,490,101)	968,669	(3,254,006)	7,495,999	13,954,769	(7,481)	10,742,524	17,201,294	7,999,769	18,749,774	25,208,544
Apr-14	(8,740,106)	2,426,566	9,302,002	4,245,994	15,412,666	22,288,102	7,492,519	18,659,191	25,534,627	15,499,769	26,666,441	33,541,877
May-14	(1,240,106)	10,343,233	17,635,335	11,745,994	23,329,333	30,621,435	14,992,519	26,575,858	33,867,960	22,999,769	34,583,108	41,875,210
Jun-14	6,259,894	18,259,900	25,968,668	19,245,994	31,246,000	38,954,768	22,492,519	34,492,525	42,201,293	30,499,769	42,499,775	50,208,543
Jul-14	13,759,894	26,176,567	34,302,001	26,745,994	39,162,667	47,288,101	29,992,519	42,409,192	50,534,626	37,999,769	50,416,442	58,541,876
Aug-14	21,259,894	34,093,234	42,635,334	34,245,994	47,079,334	55,621,434	37,492,519	50,325,859	58,867,959	45,499,769	58,333,109	66,875,209
Sep-14	(30,593,356)	(17,343,349)	(8,384,583)	(6,408,256)	6,841,751	15,800,517	(361,981)	12,888,026	21,846,792	11,006,769	24,256,776	33,215,542
Oct-14	(23,093,356)	(9,426,682)	(51,250)	1,091,744	14,758,418	24,133,850	7,138,019	20,804,693	30,180,125	18,506,769	32,173,443	41,548,875
Nov-14	(15,593,356)	(1,510,015)	8,282,083	8,591,744	22,675,085	32,467,183	14,638,019	28,721,360	38,513,458	26,006,769	40,090,110	49,882,208
Dec-14	(8,093,356)	6,406,652	16,615,416	16,091,744	30,591,752	40,800,516	22,138,019	36,638,027	46,846,791	33,506,769	48,006,777	58,215,541
Jan-15	(593,356)	14,323,319	24,948,749	23,591,744	38,508,419	49,133,849	29,638,019	44,554,694	55,180,124	41,006,769	55,923,444	66,548,874
Feb-15	(45,761,856)	(30,428,514)	(19,386,418)	(11,575,956)	3,757,386	14,799,482	(3,029,481)	12,303,861	23,345,957	11,467,769	26,801,111	37,843,207
Mar-15	(38,261,856)	(22,511,847)	(11,053,085)	(4,075,956)	11,674,053	23,132,815	4,470,519	20,220,528	31,679,290	18,967,769	34,717,778	46,176,540
Apr-15	(30,761,856)	(14,595,180)	(2,719,752)	3,424,044	19,590,720	31,466,148	11,970,519	28,137,195	40,012,623	26,467,769	42,634,445	54,509,873
May-15	(23,261,856)	(6,678,513)	5,613,581	10,924,044	27,507,387	39,799,481	19,470,519	36,053,862	48,345,956	33,967,769	50,551,112	62,843,206
Jun-15	(15,761,856)	1,238,154	13,946,914	18,424,044	35,424,054	48,132,814	26,970,519	43,970,529	56,679,289	41,467,769	58,467,779	71,176,539



Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Fiscal 2009-2018 Projected Balances

	\$4,500 - \$2,250			\$3,300 - \$1,650			\$3,000 - \$1,500			\$2,000-\$3,000-\$4,000-\$5,000		
Net Proceeds	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000
General Revenue	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000
Jul-15	(8,261,856)	9,154,821	22,280,247	25,924,044	43,340,721	56,466,147	34,470,519	51,887,196	65,012,622	48,967,769	66,384,446	79,509,872
Aug-15	(761,856)	17,071,488	30,613,580	33,424,044	51,257,388	64,799,480	41,970,519	59,803,863	73,345,955	56,467,769	74,301,113	87,843,205
Sep-15	(54,065,231)	(35,815,220)	(21,856,462)	(5,167,631)	13,082,380	27,041,138	7,056,769	25,306,780	39,265,538	21,446,269	39,696,280	53,655,038
Oct-15	(46,565,231)	(27,898,553)	(13,523,129)	2,332,369	20,999,047	35,374,471	14,556,769	33,223,447	47,598,871	28,946,269	47,612,947	61,988,371
Nov-15	(39,065,231)	(19,981,886)	(5,189,796)	9,832,369	28,915,714	43,707,804	22,056,769	41,140,114	55,932,204	36,446,269	55,529,614	70,321,704
Dec-15	(31,565,231)	(12,065,219)	3,143,537	17,332,369	36,832,381	52,041,137	29,556,769	49,056,781	64,265,537	43,946,269	63,446,281	78,655,037
Jan-16	(24,065,231)	(4,148,552)	11,476,870	24,832,369	44,749,048	60,374,470	37,056,769	56,973,448	72,598,870	51,446,269	71,362,948	86,988,370
Feb-16	(70,533,106)	(50,199,760)	(34,157,672)	(8,421,406)	11,911,940	27,954,028	7,106,519	27,439,865	43,481,953	21,511,769	41,845,115	57,887,203
Mar-16	(63,033,106)	(42,283,093)	(25,824,339)	(921,406)	19,828,607	36,287,361	14,606,519	35,356,532	51,815,286	29,011,769	49,761,782	66,220,536
Apr-16	(55,533,106)	(34,366,426)	(17,491,006)	6,578,594	27,745,274	44,620,694	22,106,519	43,273,199	60,148,619	36,511,769	57,678,449	74,553,869
May-16	(48,033,106)	(26,449,759)	(9,157,673)	14,078,594	35,661,941	52,954,027	29,606,519	51,189,866	68,481,952	44,011,769	65,595,116	82,887,202
Jun-16	(40,533,106)	(18,533,092)	(824,340)	21,578,594	43,578,608	61,287,360	37,106,519	59,106,533	76,815,285	51,511,769	73,511,783	91,220,535
Jul-16	(33,033,106)	(10,616,425)	7,508,993	29,078,594	51,495,275	69,620,693	44,606,519	67,023,200	85,148,618	59,011,769	81,428,450	99,553,868
Aug-16	(25,533,106)	(2,699,758)	15,842,326	36,578,594	59,411,942	77,954,026	52,106,519	74,939,867	93,481,951	66,511,769	89,345,117	107,887,201
Sep-16	(80,358,606)	(57,108,591)	(38,149,841)	(560,106)	22,689,909	41,648,659	19,389,519	42,639,534	61,598,284	29,403,769	52,653,784	71,612,534
Oct-16	(72,858,606)	(49,191,924)	(29,816,508)	6,939,894	30,606,576	49,981,992	26,889,519	50,556,201	69,931,617	36,903,769	60,570,451	79,945,867
Nov-16	(65,358,606)	(41,275,257)	(21,483,175)	14,439,894	38,523,243	58,315,325	34,389,519	58,472,868	78,264,950	44,403,769	68,487,118	88,279,200
Dec-16	(57,858,606)	(33,358,590)	(13,149,842)	21,939,894	46,439,910	66,648,658	41,889,519	66,389,535	86,598,283	51,903,769	76,403,785	96,612,533
Jan-17	(50,358,606)	(25,441,923)	(4,816,509)	29,439,894	54,356,577	74,981,991	49,389,519	74,306,202	94,931,616	59,403,769	84,320,452	104,945,866
Feb-17	(98,193,356)	(72,860,006)	(51,817,926)	(2,572,256)	22,761,094	43,803,174	21,333,019	46,666,369	67,708,449	27,566,269	52,899,619	73,941,699
Mar-17	(90,693,356)	(64,943,339)	(43,484,593)	4,927,744	30,677,761	52,136,507	28,833,019	54,583,036	76,041,782	35,066,269	60,816,286	82,275,032
Apr-17	(83,193,356)	(57,026,672)	(35,151,260)	12,427,744	38,594,428	60,469,840	36,333,019	62,499,703	84,375,115	42,566,269	68,732,953	90,608,365
May-17	(75,693,356)	(49,110,005)	(26,817,927)	19,927,744	46,511,095	68,803,173	43,833,019	70,416,370	92,708,448	50,066,269	76,649,620	98,941,698
Jun-17	(68,193,356)	(41,193,338)	(18,484,594)	27,427,744	54,427,762	77,136,506	51,333,019	78,333,037	101,041,781	57,566,269	84,566,287	107,275,031



Arkansas Department of Higher Education  
Academic Challenge Scholarship Program  
Fiscal 2009-2018 Projected Balances

	\$4,500 - \$2,250			\$3,300 - \$1,650			\$3,000 - \$1,500			\$2,000-\$3,000-\$4,000-\$5,000		
Net Proceeds	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000	90,000,000	95,000,000	100,000,000
General Revenue	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000	110,000,000	115,000,000	120,000,000
Jul-17	(60,693,356)	(33,276,671)	(10,151,261)	34,927,744	62,344,429	85,469,839	58,833,019	86,249,704	109,375,114	65,066,269	92,482,954	115,608,364
Aug-17	(53,193,356)	(25,360,004)	(1,817,928)	42,427,744	70,261,096	93,803,172	66,333,019	94,166,371	117,708,447	72,566,269	100,399,621	123,941,697
Sep-17	(109,223,731)	(80,973,712)	(57,014,970)	4,405,469	32,655,488	56,614,230	32,812,769	61,062,788	85,021,530	34,509,769	62,759,788	86,718,530
Oct-17	(101,723,731)	(73,057,045)	(48,681,637)	11,905,469	40,572,155	64,947,563	40,312,769	68,979,455	93,354,863	42,009,769	70,676,455	95,051,863
Nov-17	(94,223,731)	(65,140,378)	(40,348,304)	19,405,469	48,488,822	73,280,896	47,812,769	76,896,122	101,688,196	49,509,769	78,593,122	103,385,196
Dec-17	(86,723,731)	(57,223,711)	(32,014,971)	26,905,469	56,405,489	81,614,229	55,312,769	84,812,789	110,021,529	57,009,769	86,509,789	111,718,529
Jan-18	(79,223,731)	(49,307,044)	(23,681,638)	34,405,469	64,322,156	89,947,562	62,812,769	92,729,456	118,354,862	64,509,769	94,426,456	120,051,862
Feb-18	(128,138,481)	(97,805,127)	(71,763,055)	1,601,319	31,934,673	57,976,745	34,036,269	64,369,623	90,411,695	31,823,269	62,156,623	88,198,695
Mar-18	(120,638,481)	(89,888,460)	(63,429,722)	9,101,319	39,851,340	66,310,078	41,536,269	72,286,290	98,745,028	39,323,269	70,073,290	96,532,028
Apr-18	(113,138,481)	(81,971,793)	(55,096,389)	16,601,319	47,768,007	74,643,411	49,036,269	80,202,957	107,078,361	46,823,269	77,989,957	104,865,361
May-18	(105,638,481)	(74,055,126)	(46,763,056)	24,101,319	55,684,674	82,976,744	56,536,269	88,119,624	115,411,694	54,323,269	85,906,624	113,198,694
Jun-18	(98,138,481)	(66,138,459)	(38,429,723)	31,601,319	63,601,341	91,310,077	64,036,269	96,036,291	123,745,027	61,823,269	93,823,291	121,532,027



**Report from the Director**  
**December 3, 2012**



# Pope County Scholarships

	2010-11	2011-12	2012-2013
ATU	2,575	2,914	3,045
ATU-Ozark	72	86	90

## Estimated Value of Scholarships

ATU	\$12,231,250	\$13,841,500	\$14,463,750
ATU-Ozark	\$171,000	\$201,875	\$213,750

ATU Total Est. Value: \$40.5 Million

ATU Ozark Total Est. Value: \$586,625



# Pope County Sales

- **Totals from September 28, 2009 to November 29, 2012**  
(first three fiscal years)

Pope County Sales	\$37.3 Million
Pope County Prizes	\$21 Million
Retailer Commissions	\$2.1 Million

- There are 36 lottery retailers in Pope County:  
Russellville, Atkins, Pottsville, London and Dover

\$300,000,000  
for  
Scholarships



# Comparative Income Statements

## Actual Versus Budget October 2012

GAAP Basis Income Statement	October 2012 Actual	October 2012 Budget	Favorable/ (Unfavorable)	Percentage Variance
<b>Revenues</b>				
Instant tickets	\$ 28,682,567	\$ 31,312,400	\$ (2,629,833)	-8.4%
Online Tickets	5,181,763	6,806,600	(1,624,837)	-23.9%
Retailer App/Fidelity	<u>41,543</u>	<u>52,200</u>	<u>(10,657)</u>	<u>-20.4%</u>
<b>TOTAL Revenues</b>	<b><u>33,905,873</u></b>	<b><u>38,171,200</u></b>	<b><u>(4,265,327)</u></b>	<b><u>-11.2%</u></b>
<b>Operating Expense</b>				
Instant Game Prizes	19,841,828	21,689,390	1,847,562	8.5%
Online Game Prizes	2,582,476	3,449,110	866,634	25.1%
Retailer Commissions	1,894,953	2,154,700	259,747	12.1%
Gaming Contract Cost	1,741,461	1,969,100	227,639	11.6%
Advertising	350,221	404,862	54,641	13.5%
General and Admin.	643,081	645,427	2,346	0.4%
Other Agency Service	<u>135,000</u>	<u>129,200</u>	<u>(5,800)</u>	<u>-4.5%</u>
<b>TOTAL Operating Expenses</b>	<b><u>27,189,020</u></b>	<b><u>30,441,789</u></b>	<b><u>3,252,769</u></b>	<b><u>10.7%</u></b>
<b>Operating Income</b>	<b>6,716,853</b>	<b>7,729,411</b>	<b>(1,012,558)</b>	<b>-13.1%</b>
Interest Income	26,293	26,600	(307)	-1.2%
<b>Income before transfers</b>	<b>\$ <u>6,743,146</u></b>	<b>\$ <u>7,756,011</u></b>	<b>\$ <u>(1,012,865)</u></b>	<b><u>-13.1%</u></b>
<b>Net Proceeds</b>	<b>\$ <u>6,632,866</u></b>	<b>\$ <u>7,756,011</u></b>	<b>\$ <u>(1,123,145)</u></b>	<b><u>-14.5%</u></b>

Note A – 2012 Net Proceeds excludes unclaimed prize expense of \$445,362 that will be recognized at year end June 30, 2013 and Budget includes unclaimed prize expense.

# Comparative Income Statements

## YTD October 31 2012 Compared to October 31, 2011

<u>Statement</u>	<u>Actual</u> <u>YTD 10/31/12</u>	<u>Actual</u> <u>YTD 10/31/11</u>	<u>Favorable/</u> <u>(Unfavorable)</u>	<u>Percentage</u> <u>Variance</u>
<b>Revenues</b>				
Instant tickets	\$ 108,251,630	\$ 127,254,019	\$ (19,002,389)	-14.9%
Online Tickets	24,056,928	23,361,403	695,525	3.0%
Retailer app. fidelity	<u>193,261</u>	<u>214,819</u>	<u>(21,558)</u>	<u>-10.0%</u>
<b>TOTAL Revenues</b>	<b><u>132,501,819</u></b>	<b><u>150,830,241</u></b>	<b><u>(18,328,422)</u></b>	<b><u>-12.2%</u></b>
<b>Operating Expense</b>				
Instant Prizes Net	74,641,911	89,525,525	14,883,614	16.6%
Online Prizes Net	11,632,850	11,641,624	8,774	0.1%
Retailer Commissions	7,385,285	8,477,423	1,092,138	12.9%
Gaming Contract Costs	6,645,019	7,875,372	1,230,353	15.6%
Advertising	1,201,567	1,010,701	(190,866)	-18.9%
General and Admin.	2,377,486	2,416,565	39,079	1.6%
Other Agency Services	<u>540,000</u>	<u>550,660</u>	<u>10,660</u>	<u>1.9%</u>
<b>TOTAL Operating Expenses</b>	<b><u>104,424,118</u></b>	<b><u>121,497,870</u></b>	<b><u>17,073,752</u></b>	<b><u>14.1%</u></b>
<b>Operating Income</b>	<b>28,077,701</b>	<b>29,332,371</b>	<b>(1,254,670)</b>	<b>-4.3%</b>
Interest Income	<u>114,364</u>	<u>120,850</u>	<u>(6,486)</u>	<u>-5.4%</u>
<b>Income before transfers</b>	<b>\$ <u>28,192,065</u></b>	<b>\$ <u>29,453,221</u></b>	<b>\$ <u>(1,261,156)</u></b>	<b><u>-4.3%</u></b>
<b>Net Proceeds</b>	<b>\$ <u>25,163,611</u></b>	<b>\$ <u>29,803,342</u></b>	<b>\$ <u>(4,639,731)</u></b>	<b><u>-15.6%</u></b>

Note A – 2012 Net Proceeds excludes unclaimed prize expense of \$1,996,426 that will recognized at year end June 30, 2013 and 2011 includes unclaimed prize expense.

# Preliminary Comparative Income Statement

## November 2012, 2011

<u>GAAP Basis Income Statement</u>	<u>Estimated November, 2012</u>	<u>November 2011</u>	<u>Favorable/ (Unfavorable)</u>	<u>Percentage Variance</u>
<b>Gaming Revenues</b>				
Instant Tickets	\$ 27,453,000	\$ 30,595,595	\$ (3,142,595)	-10.3%
Online Tickets	<u>11,504,000</u>	<u>5,903,819</u>	<u>5,600,181</u>	<u>94.9%</u>
TOTAL Game Revenues	<u>38,957,000</u>	<u>36,499,414</u>	<u>2,457,586</u>	<u>6.7%</u>
<b>Prize Expense</b>				
Instant Prizes Net	18,929,000	21,731,770	2,802,770	12.9%
Online Prizes Net	<u>5,562,000</u>	<u>2,710,087</u>	<u>(2,851,913)</u>	<u>-100.0%</u>
TOTAL Prize Expense	<u>24,491,000</u>	<u>24,441,857</u>	<u>(49,143)</u>	<u>-.2%</u>
Gross Profit	\$ <u>14,466,000</u>	\$ <u>12,057,557</u>	<u>\$ 2,408,443</u>	<u>20.0%</u>

# ADHE Transfer Analysis

<u>Month</u>	<u>2013 Transfers</u>	<u>2013 Unclaimed Prizes</u>	<u>2013 Budget</u>	<u>Over/Under Budget</u>	<u>Cumulative Balance</u>
July, 2012	\$4,752,502	475,984	\$ 7,522,865	-\$2,294,379	-\$2,294,379
August	7,193,286	339,013	7,451,392	80,907	-2,213,472
September	6,584,957	736,068	7,058,362	262,663	-1,950,809
October	6,632,866	445,361	7,756,011	-677,784	-2,628,593
November			7,473,772		
December			8,809,750		
January, 2013			8,675,137		
February			8,911,452		
March			9,887,846		
April			7,986,661		
May			9,158,268		
June			<u>7,808,484</u>		
Totals	<u>\$25,163,611</u>	<u>\$1,996,426</u>	<u>\$98,500,000</u>		



## Net Proceeds to ADHE

	FY 2011	FY 2012	FY 2013
July	\$8,540,913	\$7,152,902	\$ 4,752,502
August	\$7,966,836	\$7,543,553	\$ 7,193,286
September	\$7,404,758	\$6,973,179	\$ 6,584,956
October	\$7,215,546	\$8,133,705	\$ 6,632,866
November	\$8,256,269	\$7,994,127	TBD
			TBD
			unclaimed \$ 1,996,425
	\$39,384,322	\$37,797,466	TBD
Total Net Proceeds	\$94,229,349	\$95,510,280	TBD

## Net Proceeds to ADHE

	FY 2010	FY 2011	FY 2012
November	\$9,040,331	\$8,256,269	\$7,994,127
December	\$10,885,390	\$6,696,765	\$7,888,279
January	\$9,136,830	\$9,033,775	\$5,522,747
February	<u>\$10,481,566</u>	<u>\$8,229,742</u>	<u>\$9,729,594</u>
Total	\$39,544,117	\$32,216,551	\$31,134,747

## Net Proceeds to ADHE - \$9,000,000 +

	2009	2010	2011	2012
September				
October	\$8,120,212.99			
November				
December	\$10,835,389.61			
January			\$9,033,775.08	
February		\$10,481,566.39		\$9,729,593.58
March		\$11,035,131.37	\$10,292,243.05	\$12,827,373.05
April				
May		\$9,095,887.03		
June				\$9,179,224.65
July				
August				



## ***Lottery Sales from October 8 through December 1, 2012***

November 26-December 1 (6 days):	\$11,506,850.50
November 19-25:	\$ 8,764,532.00
November 12-18:	\$ 8,010,231.50
November 5-11:	\$ 8,009,127.00
October 29-November 4:	\$ 7,666,924.50
October 22-28:	\$ 7,183,115.00
October 15-21:	\$ 7,427,299.00
October 8-14:	\$ 7,883,063.50

Arkansas Democrat-Gazette (11-13-2012)

Gasoline prices in Arkansas have dropped about 42 cents since mid-October, and industry analysts expect prices to continue to fall into the winter months.

The price of a gallon of gasoline is being pushed down by low demand — a normal occurrence for this time of year, said Tom Kloza, chief oil analyst for Oil Price Information Service.

“It happens every November,” he said. “Last year, we bottomed on wholesale gasoline on December 21, and that is kind of a normal time for prices to bottom.”



Sales for record-breaking \$588 million dollar jackpot began on October 4 and ended November 28.

Total Sales for Powerball Run:	\$10,575,205
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Prizes for Players in Arkansas:	\$1,187,622
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Retailer Commissions:	\$540,636
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Student Scholarships (41%):	\$4,335,834
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On November 28, 3 of the top 10 retailers were in Lake Village (Chicot County):

1. Rick's Express #7
2. The Filling Station 22
8. White Oak Station 35

# Powerball Sales on November 28, 2012



00:00 - 00:59 AM	\$1,315.00
01:00 - 01:59 AM	\$782.00
02:00 - 02:59 AM	\$1,020.00
03:00 - 03:59 AM	\$1,478.00
04:00 - 04:59 AM	\$4,034.00
05:00 - 05:59 AM	\$14,037.00
06:00 - 06:59 AM	\$42,756.00
07:00 - 07:59 AM	\$74,519.00
08:00 - 08:59 AM	\$92,485.00
09:00 - 09:59 AM	\$105,794.00
10:00 - 10:59 AM	\$125,991.00
11:00 - 11:59 AM	\$155,741.00
12:00 - 12:59 PM	\$203,089.00
01:00 - 01:59 PM	\$207,503.00
02:00 - 02:59 PM	\$229,186.00
03:00 - 03:59 PM	\$273,586.00
04:00 - 04:59 PM	\$359,453.00
05:00 - 05:59 PM	\$491,074.00
06:00 - 06:59 PM	\$447,068.00
07:00 - 07:59 PM	\$291,785.00
08:00 - 08:59 PM	\$183,675.00
<b>TOTAL</b>	<b>\$3,306,371.00</b>





- Total Prizes to Date: \$932,867,468
- FY10-FY13 Terminal Generated Sales: \$242,132,619
- Total Instant Sales: \$1,240,325,657
- FY10-FY13 Total Cash Sales: \$1,482,458,276
- Play it Again Prizes Paid to Date: \$6,634,728
- Terminal-Generated Percent of Total Sales: 16.33%
- Instant Percent of Total Sales: 83.67%

# Total Active Retailers



Highest Retailer Count – 1,920 in July 2010

Lowest Retailer Count – 1,852 in January 2012

Current Retailer Count – 1,901 in October 2012

## ***CASINO NEWS***

- **Mississippi October Casino Revenue Dips Near 15-Year Low**
- JACKSON, Mississippi (November 28, 2012) -- Mississippi casinos stumbled through their worst revenue month since September 1998 in October, with gamblers losing 8 percent less than in October 2011, the *'Associated Press'* reports.
- State-wide casino revenue fell to \$167.4 million, according to Mississippi Department of Revenue figures.
- If poor results continue, the state's gambling halls could collect less money in 2012 than in 2011, even though the prior year saw Mississippi River casinos closed for much of May because of flooding.
- The 17 river casinos from Tunica to Natchez won \$83.9 million, down 11 percent from the \$93.9 million they won in October 2011. The 12 coastal casinos won \$83.5 million from gamblers, down 5 percent from the \$88.2 million they won in October 2011.
- The numbers exclude Choctaw Indian casinos, which aren't required to report winnings to the state.
- SOURCE: Associated Press.



**SPECIAL PROMOTION!**  
AVAILABLE NOVEMBER 1 THROUGH NOVEMBER 30.

**BUY** **\$5 ARKANSAS**  
**50/50**  
**RAFFLE**  
**TICKET**

**GET** **\$1 HUNTING**  
**FOR**  
**HUNDREDS**  
**FAST PLAY**  
**TICKET**

**FREE**



- September: \$25,285.00

Average Daily Sales: \$842.83

- October: \$18,575.00

Average Daily Sales: \$599.19

- November: **\$116,570.00**

Average Daily Sales: **\$3,885.67**



**SPECIAL PROMOTION!**  
AVAILABLE DECEMBER 1 THROUGH DECEMBER 31.

**BUY** **\$5 OR MORE** **Cash 3** **OR**  
**\$5 OR MORE** **Cash 4**  
**TICKET**  
**&**  
**GET** **\$1 CANDY CANE CASH**  
**FAST PLAY**  
**TICKET**  
**FREE**

A Cash 3 or Cash 4 ticket of \$5 or more will qualify for one free Fast Play ticket.  
All Cash 3 or Cash 4 plays must be purchased on a single ticket to receive a free Fast Play ticket.  
Cash 3 and Cash 4 tickets eligible for the free ticket promotion cannot be cancelled.  
See rules for complete details.

Call 1-800-522-4700 for problem gambling helpline.



**Arkansas Lottery Commission  
Monthly Internal Audit Update  
December 3, 2012**

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FY 2012 Audit Plan Status Report .....	2
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Out of State Travel Review .....	5
Audit Universe (for reference) .....	6

**Arkansas Lottery Commission  
FY 2012 Internal Audit Plan  
Status Report  
December 3, 2012**

Project Number <sup>1</sup>	Project Category	Project	Description	Status <sup>2</sup>	Comments	Estimated Remaining Hours <sup>3</sup>
23	Audit	Prize Validations & Payments	Review of the internal controls surrounding high-tier prize validations and payments.	Complete	<b>Status Update:</b> Issued Prize Validations & Payments report on November 21, 2012. No issues noted.	-
33	Periodic Review	Employee Travel Reimbursement	Review of employee travel reimbursements. Ensure sufficient documentation is obtained and confirm reimbursement amounts. Provide Arkansas Lottery Commission with a quarterly schedule of employee out-of-state travel.	Complete	<b>Status Update:</b> Issued Out of State Travel report and related schedules on November 1, 2012. Two observations noted, both of which had been addressed by Management prior to issuance of the report.	-
34	Periodic Review	Revenue/Prize Payments/Reserves - Online Games	Annual review of online game sales, prize expenses, prizes payable, reserve accounts, and unclaimed prizes.	Complete	<b>Status Update:</b> Issued Decades of Dollars report (only remaining report to be issued) on November 16, 2012. No issues noted.	-
35	Periodic Review	Revenue/Prize Payments Instant Ticket Games	Annual review of instant ticket game sales, prize expenses, prizes payable, and unclaimed prizes.	Complete	<b>Status Update:</b> Issued Revenue/Prize Payments - Instant Ticket Games report on November 21, 2012. No issues noted.	-
25	Audit	Retailer Sweeps / Commissions / Accounts Receivable & Adjustments	Assessment of the existence and effectiveness of the controls and processes established by management of the Arkansas Lottery Commission to ensure the proceeds from on-line and instant ticket lottery game sales are collected in full and in a timely manner.	In Progress	<b>Status Update:</b> Fieldwork in progress. <b>Action Items:</b> IA will perform a complete review since no report has been issued.	27
<b>Total Estimated Hours to Complete FY 2012 Plan</b>						<b>27</b>

**Notes**

<sup>1</sup>Project Number based on number of all projects within the project universe. See Page 6 for complete, numbered project universe.

<sup>2</sup>Definition of Project Status:

Scheduled - Project has been scheduled and is included in the Internal Audit master schedule. Project timing subject to change based on a number of factors including business need, internal audit resources, etc.

Planning Stage - Project planning beyond scheduling has begun. Actual fieldwork may be several weeks away and finalization of all phases of the project may be several months away.

In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away.

Complete - Project is complete for the fiscal year unless otherwise noted (i.e. partially complete, substantially complete).

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

**Arkansas Lottery Commission  
FY 2013 Internal Audit Plan  
Status Report  
December 3, 2012**

Project Number <sup>1</sup>	Project Category	Project	Description	Status <sup>2</sup>	Comments	Estimated Remaining Hours <sup>3</sup>
10	Audit	IT Gaming Quality Assurance	Controls and procedures surrounding the Instant Game Management System, including access, game loading, testing, and processing.	Scheduled		160
11	Review	Instant Ticket Quality	Review of independent quality control reports for instant tickets.	In Progress	<b>Status Update:</b> All work substantially complete. Final report expected to be issued within a matter of days.	2
14	Audit	Back Office System (BOS) Administration	Controls and procedures that ensure the Lottery's BOS system is secure and that access to it is controlled.	Scheduled		160
28	Audit	Accounts Payable / Purchasing / Expenditures	Controls and procedures surrounding the accounts payable, purchasing, and expense processes, including procurement and payable authorization, compliance with ALC procurement rules/laws, and the minority-owned and female-owned business program.	Planning Stage	<b>Status Update:</b> Planning has just begun. Fieldwork expected to start no later than mid December.	136
32	Audit	Education Trust Fund	Controls and procedures that ensure existence and proper handling of education trust and shortfall reserve funds.	Scheduled		160
33	Audit	Employee Travel Reimbursements	Controls and procedures surrounding employee travel reimbursements, including travel documentation and accurate travel and expense reimbursement reporting.	Scheduled		50
36	Audit	Financial Accounting & Reporting	Controls and procedures surrounding the accounting and reporting process, including development of the internal and external financial statements, related notes to the statements, and other items/schedules included in the CAFR.	Scheduled		200
37	Audit	Financial Planning/Budgeting	Controls and procedures surrounding the planning and budgeting process, including management assumptions, budget compilation, and long-range planning.	Scheduled		320
45	Consulting Project	Financial Statements & CAFR Review (Annually)	Compilation of financial statements and related notes, management discussion and analysis, and other aspects of the CAFR.	Complete	<b>Status Update:</b> Reviewed CAFR and participated in review session with Management. CAFR has been finalized by Finance / Marketing Divisions	-
46	Consulting Project	Instant Ticket Vendor Security Review (Biennially)	Coordinated security review of instant ticket vendor (Scientific Games) with outside firm.	Scheduled		96

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

**1,284**



**Arkansas Lottery Commission  
FY 2013 Internal Audit Plan  
Status Report  
December 3, 2012**

Project Number <sup>1</sup>	Project Category	Project	Description	Status <sup>2</sup>	Comments	Estimated Remaining Hours <sup>3</sup>
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Notes

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In Progress - Fieldwork is underway. Project completion and finalization may still be several weeks away.

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

**Arkansas Lottery Commission  
Out of State Travel Review  
3rd & 4th Quarter FY 2012  
December 3, 2012**

General Information

- Review centered on out of state travel only for the period January 1 - June 30, 2012.
- All instances of out of state travel during the period were reviewed.
- A schedule detailing the out of state travel during the period was included with the audit report.
- An audit of travel is again planned as part of the FY 2013 audit plan.

Summary of Observations

- Five instances of airfare exceeding the lesser of two online quotes, as required by ALC Policy.
  - ALC Policy more restrictive than State of Arkansas Travel Regulations.
  - Total dollar value by which airfare booked exceeded quotes for all instances combined less than \$50.
  - ALC Policy yielded unintended consequences, resulting in a policy that could be viewed as unreasonable and with which it can be difficult to comply.
  - Internal Audit recommended clarification of ALC policy regarding the "lesser of two online quotes" requirement or adoption of more general language in the State of Arkansas Travel Regulations.
  - Management instituted a policy update that complies with State of Arkansas Travel Regulations, while still ensuring that economical and reasonable choices are made for the ALC.
- An instance of an employee making a non-business stop after business travel was completed, for airfare at a cost less than those employees that made no non-business stops on same trip.
  - Management has indicated their knowledge and approval of this employee's travel plans, prior to the travel taking place.
  - The employee's airfare, including the non-business leg of the round trip, was approximately \$150 less expensive than the airfare for other employees on the same trip.
  - The total cost of airfare for all employees on the trip was subsequently reimbursed to the ALC by a vendor.
  - Internal Audit recommended clarification of ALC policy, specifically addressing if this practice is allowed and that if it is to be allowed that it not result in additional cost to the ALC beyond a trip without non-business stops.
  - Management instituted a policy update that states a special authorization approved by Management will be required in the future for similar instances, and that the cost to the ALC cannot exceed what it would otherwise, without non-business stops.

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

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Legal - Block

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

Gaming & Product Development - Smith

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

Security & Licensing - Huey

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

Human Resources - Basham

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

Commission & Legislative Affairs - Baldrige

- 20 Public & Legislative Relations

Sales - Stebbins

- 21 Sales Force Reporting

Marketing - Bunten

- 22 Advertising & Marketing (excl Contract Compliance)

Treasury - Fetzer/Parrish

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

Financial Control - Fetzer/Williams

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

Information Technology - Fetzer/Gilmore/Smith

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

Internal Operations - Fetzer/Hudson

- 41 Lottery Vehicles
- 42 Building & Facility Maintenance

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

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

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



## **ALC Hiring Guidelines**

### **A. Hiring Issues**

#### **1. An ALC employee separates from his/her position.**

- a. OPM: Yes, must obtain a hiring freeze approval.
- b. Personnel Committee: Does not require approval but any replacement hires will be reported to the Personnel Committee at their regular meeting so that the Full Commission receives notice of the action through the committee's report at the next regular Commission meeting.
- c. Full Commission: No approval required.

#### **2. An ALC employee separates within 60 calendar days of hire.**

No approval is needed to repost or refill the position. If a qualified candidate from the original pool of applicants is available, he or she may be hired without reposting the opening or resubmitting the hiring freeze request to OPM.

#### **3. Filling a position that has never been occupied in the past (Example: Chief Operating Officer).**

Approval must be obtained from OPM, the Personnel Committee, and the Full Commission.

### **B. Salary issues**

#### **1. Starting Salary Issues.**

- a. New employees should be hired at entry level (C grade) or base level (N grade) unless the candidate possesses qualifications that are greater than the minimum for the position. In that case, the Director may make an exception up to and including the midpoint of the grade. Definition of greater than minimum qualifications: Documented job-related education, experience, or licenses/certifications that are relevant to the position and exceed the required minimum qualifications stated in the job specification.
- b. In order to hire an exceptionally well-qualified individual – meaning he/she will be paid above the midpoint up to and including the maximum of the pay grade - approval must be obtained from the OPM, the Personnel Committee, and the Full Commission.
- c. In order to fill a position eligible for a Special Entry Rate – Labor Market Conditions exception – meaning a salary will be paid above the midpoint up to and including the maximum of the pay grade - approval must be obtained from the OPM, the Personnel Committee, and the Full Commission.

- d. New employees moving to the ALC from another state agency and falling within the OPM/ALC compensation guidelines (10% for C grades or 12% for N grades) require no approval.
- e. Current employees promoting to a higher-graded position and falling within the OPM/ALC compensation guidelines (10% for the same pay plan or 12% for going from C grades to N grades) require no approval.
- f. If the current or transferring employee possesses qualifications that are greater than the minimum for the position, but does not qualify under the Exceptionally Well-Qualified exception, the Director may make an exception to pay the employee a salary up to and including the midpoint of the grade. Definition of greater than minimum qualifications: Documented job-related education, experience, or licenses/certifications that are relevant to the position and exceed the required minimum qualifications stated in the job specification.

Should the employee receive a pay increase greater than the guidelines due to Exceptionally Well-Qualified status, the Personnel Committee and in turn the full Commission and OPM must approve.

- g. If the current or transferring employee possesses qualifications that are greater than the minimum for the position, but the position the employee will enter does not qualify under the Special Entry Rate – Labor Market Conditions exception, the Director may make an exception to pay the individual a salary up to and including the midpoint of the grade. Definition of greater than minimum qualifications: Documented job-related education, experience, or licenses/certifications that are relevant to the position and exceed the required minimum qualifications stated in the job specification.

Should the employee receive a pay increase greater than the guidelines due to Special Entry Rate – Labor Market Conditions status, the Personnel Committee and in turn the full Commission and OPM must approve.

## **2. Salary over \$80,000.**

Any salary to be paid above the \$80,000 threshold must be approved by the Personnel Committee and in turn the Full Commission, regardless of any other circumstances.

## **3. Salary Increase Issues.**

In order to increase a current employee's salary in his/her current position, approval is required from the Personnel Committee and in turn the Full Commission. If the position is being reclassified to an available, higher-graded position than is currently authorized, the OPM must also give approval.

## **4. Transfer of current employee to a lower-graded position.**

In keeping with OPM/ALC procedures, an employee can continue to be paid at the same rate as the employee was being paid in the higher-graded position, provided the original position has expired due to lack of funding, program changes, reorganization, or withdrawal of federal grant funds. However, when an employee is demoted for cause (e.g., performance issues) or voluntarily solicits a demotion, his or her rate of pay will be decreased by 10% or 12%, depending on the grade received at the time of transfer. While no approval for these actions is required, the action shall be reported to the Personnel Committee at the next regular committee meeting and documented in the report to be given to the Full Commission at the next regularly scheduled Commission meeting.

### **C. Personnel Organizational Issues**

#### **1. Changing the minimum qualifications for a position prior to posting a job opening.**

No approval is needed for this process but the action should be reported to the Personnel Committee at the next regular committee meeting and placed in the committee record.

#### **2. Change of ‘internal’ job titles, updating a position’s job duties/job description and minimum qualifications, and ‘internally’ downgrading a position that is currently authorized by the LOC.**

- a. While OPM approval is required to reclassify a position and lift the hiring freeze, OPM approval is not required to change ‘internal’ job titles, update a position’s job duties/job description and minimum qualifications, and ‘internally’ downgrade a position (i.e., pay at a lower grade) that is currently authorized by the LOC.
- b. While approval is not required from the Personnel Committee the action should be reported at the next Personnel Committee meeting and entered into the record of the meeting.

#### **3. Addition or deletion of authorized positions or changes to the authorized job titles prior to seeking LOC approval.**

The Personnel Committee and in turn the Full Commission must approve such actions.