



"A Natural State of Fun!"

**Arkansas Lottery
Commission**

**Ray Thornton,
Chair**

**Diane Lamberth,
Vice Chair**

**Derrick W. Smith,
Secretary/Treasurer**

George Hammons

Mike Malone

Ben Pickard

Patty L. Shipp

Susan Ward-Jones

Joe White

**Ernie Passailaigue,
Executive Director**

March 10, 2010

The Honorable David Johnson, Chair
Arkansas Lottery Commission Legislative Oversight Committee
433 State Capitol
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Senator Johnson:

On behalf of our agency and the Commissioners of the Arkansas Scholarship Lottery, please accept the attached monthly disclosure reports pursuant to §§ 23-115-206 and 23-115-302 for the month of February, 2010. The report contains the following information:

1. Contracts Awarded
2. Debt Set-Off Collections
3. Retailer Losses
4. Breakdown of Lottery Sales per County
5. Total Lottery Revenue
6. Prize Disbursements
7. Operating Expenses
8. Net Assets
9. Administrative Expenses
10. Arkansas Scholarship Lottery Minority- and Female-owned Business Report
11. Arkansas Scholarship Lottery Vendor Minority- and Female-owned Business Report
12. Arkansas Scholarship Lottery Demographics

Please call me if you have any questions or need additional information.

Respectfully submitted,

Ernie Passailaigue
Director, Arkansas Lottery Commission

Enclosures

cc: Mr. Ray Thornton, Chairman
Arkansas Lottery Commission



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Ernie Passailaigue
Director, Arkansas Lottery Commission

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cc: Mr. Ray Thornton, Chairman
Arkansas Lottery Commission

**Arkansas Lottery Commission Term Contracts for Goods and Services
February 2010**

Vendor	Address	Contract Amount	Commodity	Minority- or Female-Owned Vendor	Term/Dates of Contract
RB Professional	P.O. Box 16991 Jonesboro, AR 72403	\$360.00 monthly	Janitorial services for Jonesboro Claims Center	Yes	Monthly

**Arkansas Lottery Commission
Debt Set-Off / Retailer Losses
February 2010**

1. **Retailer losses for period February 1 through February 28, 2010:**
There were no retailer losses for the month of February 2010.

2. **Debt Set-Off:**

- a. **Office of Child Support Enforcement - Child Support: \$2,664.11**
- b. **Department of Finance and Administration - Other Taxes: \$2,572.90**

Total Debt Set-Off: \$5,237.01

ARKANSAS LOTTERY COMMISSION
RETAIL SALES BY COUNTY
February 1 through February 28, 2010

COUNTY	INSTANT SETTLES	CASH 3	POWERBALL	MEGA MILLIONS	TOTAL SALES FOR COUNTY
ARKANSAS	\$718,230	\$7,421	\$48,393	\$20,667	\$794,711
ASHLEY	\$112,439	\$10,951	\$18,034	\$6,019	\$147,443
BAXTER	\$267,570	\$7,432	\$44,712	\$13,576	\$333,290
BENTON	\$834,071	\$8,550	\$142,993	\$39,187	\$1,024,802
BOONE	\$297,033	\$4,200	\$26,060	\$7,953	\$335,246
BRADLEY	\$169,601	\$3,215	\$13,240	\$5,119	\$191,176
CALHOUN	\$75,160	\$1,413	\$6,192	\$2,665	\$85,430
CARROLL	\$165,352	\$1,145	\$19,825	\$4,975	\$191,297
CHICOT	\$189,403	\$3,797	\$35,021	\$11,379	\$239,600
CLARK	\$474,410	\$6,230	\$37,022	\$14,292	\$531,954
CLAY	\$77,027	\$1,124	\$5,293	\$1,694	\$85,138
CLEBURNE	\$336,717	\$3,995	\$57,080	\$19,406	\$417,199
CLEVELAND	\$156,333	\$1,031	\$14,621	\$5,719	\$177,704
COLUMBIA	\$283,504	\$12,625	\$17,876	\$5,254	\$319,259
CONWAY	\$459,115	\$14,589	\$56,191	\$21,527	\$551,421
CRAIGHEAD	\$1,134,193	\$15,318	\$89,478	\$25,081	\$1,264,069
CRAWFORD	\$497,259	\$6,111	\$90,351	\$23,394	\$617,115
CRITTENDEN	\$616,613	\$16,718	\$69,616	\$21,248	\$724,195
CROSS	\$235,856	\$2,616	\$20,102	\$5,955	\$264,529
DALLAS	\$324,692	\$5,693	\$22,851	\$11,274	\$364,510
DESHA	\$347,540	\$2,827	\$23,582	\$10,940	\$384,890
DREW	\$285,608	\$4,299	\$27,165	\$10,053	\$327,125
FAULKNER	\$1,485,163	\$19,384	\$195,507	\$74,580	\$1,774,634
FRANKLIN	\$193,011	\$1,489	\$25,387	\$6,533	\$226,420
FULTON	\$57,122	\$740	\$5,566	\$1,827	\$65,254
GARLAND	\$1,043,595	\$17,622	\$198,966	\$69,555	\$1,329,737
GRANT	\$176,175	\$3,629	\$26,215	\$10,792	\$216,810
GREENE	\$518,304	\$5,462	\$35,435	\$9,669	\$568,870
HEMPSTEAD	\$412,779	\$29,481	\$27,041	\$8,136	\$477,437
HOT SPRING	\$369,186	\$5,970	\$44,270	\$17,678	\$437,105
HOWARD	\$165,653	\$16,448	\$11,001	\$4,099	\$197,201
INDEPENDENCE	\$582,430	\$7,258	\$52,215	\$18,017	\$659,921
IZARD	\$88,990	\$538	\$11,525	\$3,446	\$104,498
JACKSON	\$377,744	\$14,607	\$32,815	\$12,942	\$438,108
JEFFERSON	\$2,154,795	\$67,848	\$180,259	\$78,149	\$2,481,051
JOHNSON	\$295,529	\$1,707	\$34,526	\$10,684	\$342,446
LAFAYETTE	\$96,506	\$2,940	\$4,796	\$1,305	\$105,547
LAWRENCE	\$271,478	\$2,342	\$14,710	\$4,076	\$292,606
LEE	\$140,098	\$2,633	\$6,047	\$2,683	\$151,461
LINCOLN	\$181,887	\$1,246	\$14,664	\$5,403	\$203,200
LITTLE RIVER	\$82,676	\$2,524	\$5,619	\$2,279	\$93,097
LOGAN	\$321,986	\$3,522	\$34,308	\$8,896	\$368,712
LONOKE	\$1,222,478	\$16,655	\$136,568	\$53,459	\$1,429,159

ARKANSAS LOTTERY COMMISSION
RETAIL SALES BY COUNTY
February 1 through February 28, 2010

COUNTY	INSTANT SETTLES	CASH 3	POWERBALL	MEGA MILLIONS	TOTAL SALES FOR COUNTY
MADISON	\$169,561	\$343	\$11,140	\$3,281	\$184,325
MARION	\$169,260	\$2,638	\$16,256	\$5,436	\$193,590
MILLER	\$295,830	\$21,615	\$22,147	\$7,161	\$346,753
MISSISSIPPI	\$728,752	\$50,527	\$36,013	\$11,911	\$827,203
MONROE	\$162,646	\$5,899	\$21,137	\$7,993	\$197,675
MONTGOMERY	\$29,162	\$87	\$7,336	\$2,212	\$38,797
NEVADA	\$275,386	\$3,418	\$12,382	\$4,777	\$295,963
NEWTON	\$42,691	\$470	\$4,939	\$1,415	\$49,515
OUACHITA	\$649,082	\$17,226	\$43,047	\$16,800	\$726,155
PERRY	\$105,224	\$1,720	\$17,018	\$5,539	\$129,501
PHILLIPS	\$309,659	\$8,165	\$27,695	\$8,636	\$354,156
PIKE	\$169,561	\$615	\$16,691	\$6,376	\$193,243
POINSETT	\$622,626	\$8,807	\$27,971	\$8,712	\$668,117
POLK	\$110,444	\$1,137	\$23,609	\$6,387	\$141,577
POPE	\$837,846	\$8,692	\$112,141	\$38,038	\$996,717
PRAIRIE	\$168,659	\$7,983	\$13,407	\$6,807	\$196,856
PULASKI	\$7,858,899	\$200,725	\$840,608	\$362,421	\$9,262,654
RANDOLPH	\$148,216	\$561	\$10,042	\$2,822	\$161,640
SAINT FRANCIS	\$334,286	\$9,950	\$29,855	\$8,684	\$382,775
SALINE	\$1,407,337	\$21,053	\$196,763	\$76,749	\$1,701,902
SCOTT	\$116,047	\$743	\$13,195	\$3,461	\$133,446
SEARCY	\$102,518	\$5,007	\$9,956	\$3,293	\$120,774
SEBASTIAN	\$926,273	\$12,455	\$187,146	\$47,879	\$1,173,752
SEVIER	\$133,785	\$1,546	\$8,633	\$2,826	\$146,790
SHARP	\$219,090	\$1,586	\$19,960	\$6,253	\$246,888
STONE	\$97,708	\$870	\$12,505	\$3,974	\$115,057
UNION	\$621,123	\$44,077	\$49,494	\$15,014	\$729,708
VAN BUREN	\$224,278	\$1,563	\$30,563	\$10,191	\$266,594
WASHINGTON	\$1,539,718	\$16,279	\$211,246	\$55,374	\$1,822,617
WHITE	\$1,299,969	\$9,997	\$115,810	\$43,912	\$1,469,688
WOODRUFF	\$197,821	\$4,594	\$16,151	\$6,573	\$225,139
YELL	\$192,109	\$2,617	\$25,645	\$9,058	\$229,429
TOTALS	*Settle	*Cash 3	*Powerball	*Mega Millions	*GRAND TOTAL
	\$38,560,881.00	\$838,301.00	\$4,173,639.00	\$1,491,550.00	\$45,064,371.00

*Estimates

Arkansas Scholarship Commission
 Net Proceeds Transfer to Ed Trust Computation
 For the Eight Months Ending February 28th, 2010

	Year to Date
Revenues	
Instant Games-SETTLES	\$ 195,119,208.00
OnLine Games	21,934,740.50
A/R write-offs	0.00
Retailer service reimbursement	532,816.33
Other Revenue	<u>3,891.69</u>
Total Revenues	<u>217,590,656.52</u>
Direct Costs	
Instant Game Prizes-SETTLES	127,633,467.67
On-Line Game Prizes	10,732,954.15
Retailer Commissions	12,810,180.47
Instant Game Ticket Costs	3,463,860.36
Instant Game Validation Costs	343,333.44
Instant Game Services	663,219.79
OnLine Vendor costs	5,567,413.05
OnLine Gaming Services	194,822.12
OnLine Gaming Audit Services	<u>16,200.00</u>
Total Direct Costs	<u>161,425,451.05</u>
Gross Profit	<u>56,165,205.47</u>
Operating Expenses	
Marketing, Advertising & Promo	2,455,642.65
Retailer background checks	51,081.50
Staff Compensation & Benefits	3,427,612.58
Legal and Professional Fees	24,354.02
Office Lease and Improvements	211,931.60
Depreciation and Equipment Cos	445,568.82
Office Administrative Expenses	425,494.64
MSR/Staff Travel & Mileage	131,711.01
Commission & Executive Travel	10,678.84
Dues/Memberships	44,102.90
Training/Education	7,328.00
Property & Liability Insurance	57,077.00
Prior Year expenses	16,468.62
Winner travel reimbursements	12,491.10
Other Administrative Costs	<u>1,897.43</u>
Total Operating Expenses	<u>7,323,440.71</u>
Change in Net Assets from Operations	48,841,764.76
Non-Operating Income (Expense)	
Interest Income	55,199.08
EDUCATION TRUST FUNDING-Prior Months-YTD	(37,146,504.34)
Gambling Education Funding	(200,000.00)
Less Capital Assets	(855,592.65) see 23-115-103(17) and (19)(E)
Less MUSL Reserves	(227,042.25) see 23-115-103(17) and (19)(A)&(B)
NET PROCEEDS DUE TO EDUCATION-Current Montl	<u><u>\$ 10,467,824.60</u></u>

Arkansas Lottery Commission
Statement of Net Assets
February 28, 2010

ASSETS

Current Assets:

Cash and equivalents	\$ 11,125,930.15	
Educational Trust Fund	37,146,504.34	
Retailer Accts Receivable	<u>13,316,172.20</u>	
Total Current Assets		61,588,606.69

Noncurrent Assets:

Capital Assets:		
Furniture, Fixtures, & Equip	137,907.05	
Data Processing Equipment	61,439.49	
Vehicles	53,622.00	
Leasehold Improvements	667,667.34	
Accumulated Depreciation	<u>(65,043.23)</u>	
Total Capital Assets		855,592.65
Other Assets		
Retailer Fidelity Fund	13,090.75	
Multi-State Lottery Reserves	<u>227,042.25</u>	
Total Other Assets		240,133.00
Total Assets		<u>\$ 62,684,332.34</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Prizes Payable	\$ 12,791,634.16	
Due to Ed. Trust-Net Proceeds***	47,184,104.61	
Vendor Accounts Payable	642,200.77	
Accrued Liabilities	1,708,444.05	
Deferred On-Line Revenue	<u>344,838.00</u>	
Total Current Liabilities		62,671,221.59

Noncurrent Liabilities:

<u>NET ASSETS:</u>		
Invested in Capital Assets	855,592.65	
<u>Restricted for:</u>		
Retailer Fidelity Reserve Fund	13,110.75	
<u>Unrestricted Net Assets:</u>		
Unrestricted Net Proceeds	<u>(855,592.65)</u>	
Total Net Assets		<u>13,110.75</u>
Total Liabilities & Net Assets		<u>\$ 62,684,332.34</u>

*** The amount due to the Educational Trust Fund (ETF) is computed using accrual basis accounting, which includes Instant Game Revenues not yet due from retailers. The amount actually funded to the ETF is computed on cash basis Revenues due from retailers on Instant Game Settlements. This amount computes to \$47,614,328.94 thru February 2010.

Arkansas Lottery Commission
Statement of Revenue, Expenses, and Changes in Net Assets
For the Eight Months Ending February 28, 2010

	Current Month	%	Year to Date	%
Revenues				
Instant Games	\$ 39,487,685.45	85.82	\$ 204,930,724.41	90.12
OnLine Games	6,443,377.00	14.01	21,934,740.50	9.65
A/R write-offs	0.00	0.00	0.00	0.00
Retailer service reimbursement	75,455.00	0.16	532,816.33	0.23
Other Revenue	<u>0.00</u>	0.00	<u>3,891.69</u>	0.00
Total Revenues	<u>46,006,517.45</u>	100.00	<u>227,402,172.93</u>	100.00
Direct Costs				
Instant Game Prizes	27,331,495.39	59.40	138,957,843.31	61.10
On-Line Game Prizes	3,196,335.70	6.96	10,732,954.15	4.72
Retailer Commissions	2,574,175.41	5.59	12,810,180.47	5.63
Instant Game Ticket Costs	667,404.23	1.45	3,463,860.36	1.52
Instant Game Validation Costs	22,370.02	0.05	343,333.44	0.15
Instant Game Services & Fees	282,638.37	0.61	663,219.79	0.29
OnLine Vendor costs	1,126,874.17	2.45	5,567,413.05	2.45
OnLine Gaming Services	0.00	0.00	194,822.12	0.09
OnLine Gaming Audit Services	<u>8,100.00</u>	0.02	<u>16,200.00</u>	0.01
Total Direct Costs	<u>35,209,393.29</u>	76.53	<u>172,749,826.69</u>	75.96
Gross Profit	<u>10,797,124.16</u>	23.47	<u>54,652,346.24</u>	24.03
Operating Expenses				
Marketing, Advertising & Promo	508,313.04	1.10	2,455,642.65	1.08
Retailer background checks	652.50	0.00	51,081.50	0.02
Staff Compensation & Benefits	461,620.72	1.00	3,427,612.58	1.51
Legal and Professional Fees	1,869.12	0.00	24,354.02	0.01
Office Lease and Improvements	46,805.67	0.10	211,931.60	0.09
Depreciation and Equipment Cos	15,362.37	0.03	445,568.82	0.20
Office Administrative Expenses	49,327.05	0.11	425,494.64	0.19
MSR/Staff Travel & Mileage	14,728.82	0.03	131,711.01	0.06
Commission & Executive Travel	644.20	0.00	10,678.84	0.00
Dues/Memberships	2,650.00	0.01	44,102.90	0.02
Training/Education	598.00	0.00	7,328.00	0.00
Property & Liability Insurance	0.00	0.00	57,077.00	0.03
Prior Year expenses	0.00	0.00	16,468.62	0.01
Winner travel reimbursements	0.00	0.00	12,491.10	0.01
Other Administrative Costs	<u>25.00</u>	0.00	<u>1,897.43</u>	0.00
Total Operating Expenses	<u>1,102,596.49</u>	2.40	<u>7,323,440.71</u>	3.22
Change in Net Assets from Operations	9,694,527.67	21.07	47,328,905.53	20.81
Non-Operating Income (Expense)				
Interest Income	18,770.14	0.04	55,199.08	0.02
NET PROCEEDS DUE TO EDUCATION***	(9,713,297.81)	(21.11)	(47,184,104.61)	(20.75)
Gambling Education Funding	<u>0.00</u>	0.00	<u>(200,000.00)</u>	(0.09)
Change in Net Assets	<u>\$ 0.00</u>	(0.00)	<u>\$ 0.00</u>	0.00

*** The amount due to the Educational Trust Fund (ETF) is computed using accrual basis accounting, which includes Instant Game Revenues not yet due from retailers. The amount actually funded to the ETF is computed on cash basis Revenues due from retailers on Instant Game Settlements. This amount computes to \$47,614,328.94 thru February 2010.

UNAUDITED - Restricted for Internal Use

ARKANSAS LOTTERY COMMISSION MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2010

Vendors	Goods or Services	Diversity Classification	Year To Date	February 2010
Trivia Marketing	Advertising/Public Relations	Female-Owned	\$1,581.95	\$158.78
Goddess Products	Office Furniture/Supplies	Minority-Owned	\$265,674.48	\$10,751.47
Creative Graphics, Inc.	Graphic Design	Minority-Owned	\$559.52	
Gathright Van and Storage	Moving/Hauling	Minority-Owned	\$7,516.25	
Sign Express, Inc. dba Archway Graphics	Signs	Female-Owned	\$10,414.83	\$7,764.95
LAF Productions, Inc.	Advertising/Public Relations	Minority-Owned	\$12,277.07	
SHI International Corporation	Computer Software	Female-Owned	\$104,803.18	\$8,922.50
S & B Services	Janitorial Services	Minority-Owned	\$300.00	
Mickey's Special Affairs	Special Events	Minority-Owned	\$253.89	
Crenshaw Signs	Marketing/Promotional Items	Minority-Owned	\$4,955.82	
iHOLA! Arkansas	Media/Publishing	Minority-Owned	\$1,240.00	
MR. B'S 2 Mobile Hand Wash & Wax	Car Detail and Inspection	Minority-Owned	\$365.00	\$75.00
Advantage Communications, Inc.	Advertising/Public Relations	Minority-Owned	\$2,422.15	
De'Lisa Balentine	Janitorial Services	Female-Owned	\$300.00	
Party Prints	Promotional Items	Minority-Owned	\$4,663.44	
Stand! News	Advertising/Public Relations	Minority-Owned	\$343.00	
Premier Staffing	Staffing Services	Female-Owned	\$2,532.74	\$1,333.71
APF Farm, LLC	Assembly/Delivery	Minority-Owned	\$16,312.59	\$16,312.59
Inclusion Magazine	Advertising/Public Relations	Minority-Owned	\$2,750.00	\$2,750.00
RB Professional Cleaning Service	Janitorial Services	Female-Owned	\$707.40	\$707.40
Totals			\$439,973.31	\$48,776.40

INTRALOT MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2010

Vendors	Goods or Services	Diversity Classification	Year To Date	February 2010
Goddess Products	Office Furniture/Supplies	Minority-Owned	\$73,965.90	
Finders Keepers	Technical Support	Female-Owned	\$207,816.41	\$10,429.60
J Kelly Referrals and Information Services, Inc.	Call Center/Information Services	Minority-Owned	\$183,285.27	\$29,138.46
Turra Group	Terminal Installation	Minority-Owned	\$24,795.00	
Landers McClarty Ford & Jeep *	Automobiles	Minority-Owned	\$361,021.12	
Totals			\$850,883.70	\$39,568.06

* The Arkansas dealership is listed with the National Associations of Minority Automobile Dealers on their website at <http://namad.dealersales.com>. The dealership is 51% minority-owned.

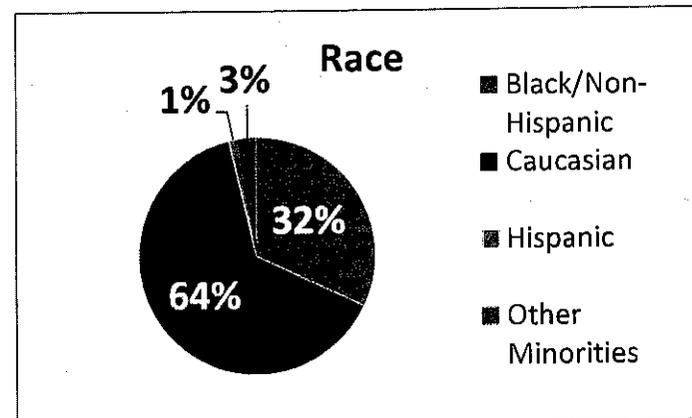
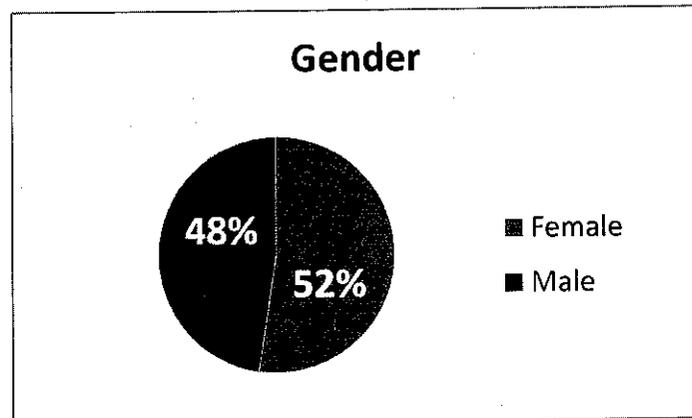
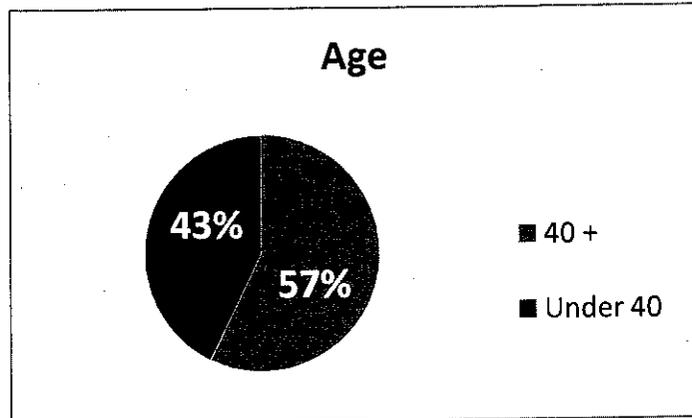
SCIENTIFIC GAMES MINORITY- AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT
February 1 through February 28, 2010

Vendors	Goods or Services	Diversity Classification	Year To Date	February 2010
Central Copiers	Copier Services	Female-Owned	\$3,586.70	
Endless Power	Power Supply Services	Minority-Owned	\$12,909.00	
Indoff Incorporated	Office Supplies	Minority-Owned	\$3,674.55	
Mr. Clean	Janitorial Services	Minority-Owned	\$546.71	
Premier Staffing	Staffing Services	Female-Owned	\$41,733.85	
M&N Pest and Sanitation	Janitorial Services	Minority-Owned	\$9,291.50	
Expedited Transportation Service	Transportation Services	Female-Owned	\$6,022.95	\$2,541.00
Totals			\$77,765.26	\$2,541.00

REPORTS FROM OTHER MAJOR VENDORS:

1. Bank of the Ozarks does not have any minority or female business participation to report.
2. The Communications Group was not available at the time this report was submitted.

Arkansas Lottery Commission Demographics - February 2010



Total Number of Employees as of March 08, 2010: 82

Gender:
Females – 43
Males – 39

Race:
Black/Non-Hispanic - 26
Caucasian - 53
Hispanic – 1
Other – 2

Age:
Under 40 – 35
Over 40 – 47