



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

**OFFICE OF THE ARKANSAS LOTTERY**

Post Office Box 3238  
Little Rock, Arkansas 72203-3238  
Phone: (501) 683-2000  
Fax: (501) 683-1878  
<http://myarkansaslottery.com>

March 8, 2019

The Honorable Asa Hutchinson  
Governor of Arkansas  
State Capitol  
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Governor Hutchinson:

On behalf of the Arkansas Department of Finance and Administration and the Office of the Arkansas Lottery, pursuant to A.C.A. §§ 23-115-206 and 23-115-302, please accept the attached disclosure reports for the month of February 2019. The reports contain the following information:

1. Contracts Awarded
2. Debt Set-Off Collections
3. Retailer Losses
4. Breakdown of Lottery Sales per County
5. Total Number of Retailers
6. Total Lottery Revenue
7. Prize Disbursements
8. Operating Expenses
9. Net Assets
10. Administrative Expenses
11. Unclaimed Prize Report
12. DFA Office of the Arkansas Lottery Minority- and Female-owned Business Report
13. DFA Office of the Arkansas Lottery Vendor Minority- and Female-owned Business Report
14. DFA Office of the Arkansas Lottery Demographics
15. Internal Auditor Report
16. Instant Ticket Games Released

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bishop Woosley".

Bishop Woosley  
Director

Enclosures

cc: Mr. Larry Walther, Director, Arkansas Department of Finance and Administration



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

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March 8, 2019

The Honorable Keith Ingram, Chair  
The Honorable Chris Richey, Chair  
Arkansas Legislative Council Lottery Oversight Subcommittee  
One Capitol Mall, Room R-501  
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Gentlemen:

On behalf of the Arkansas Department of Finance and Administration and the Office of the Arkansas Lottery, pursuant to A.C.A. §§ 23-115-206 and 23-115-302, please accept the attached disclosure reports for the month of February 2019. The reports contain the following information:

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Bishop Woodsley  
Director

Enclosures

cc: Mr. Larry Walther, Director, Arkansas Department of Finance and Administration

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Term Contracts for Goods and Services  
February 1 through February 28, 2019**

No term contracts were entered into by the Arkansas Department of Finance and Administration Office of the Arkansas Lottery during the month of February 2019.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Debt Set-Off and Retailer Losses  
February 2019**

**1. Debt Set-Off Collections:**

a.	Arkansas Department of Finance and Administration	\$9,002.97
b.	Arkansas Office of Child Support Enforcement - Child Support	<u>\$552.06</u>
	Total Debt Set-Off:	\$9,555.03

**2. Retailer Losses: \$0.00**

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**OFFICE OF THE ARKANSAS LOTTERY**  
**RETAIL SALES BY COUNTY**  
**February 1 through February 28, 2019**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
ARKANSAS	\$8,101.00	\$6,121.00	\$14,739.00	\$457,547.00	\$3,978.00	\$15,845.00	\$7,096.00	\$21,342.00	\$534,769.00
ASHLEY	\$14,023.00	\$12,917.50	\$7,595.00	\$168,900.00	\$1,418.00	\$7,265.00	\$2,411.00	\$11,861.00	\$226,390.50
BAXTER	\$1,977.00	\$1,090.00	\$19,804.00	\$355,289.00	\$6,766.00	\$20,251.00	\$13,161.00	\$30,943.00	\$449,281.00
BENTON	\$5,340.00	\$3,620.50	\$26,663.00	\$1,068,837.00	\$17,946.00	\$93,926.00	\$27,273.00	\$148,169.00	\$1,391,774.50
BOONE	\$2,201.50	\$1,758.50	\$62,783.00	\$443,616.00	\$2,724.00	\$14,924.00	\$5,609.00	\$24,381.00	\$557,997.00
BRADLEY	\$1,559.00	\$2,490.50	\$3,765.00	\$160,294.00	\$1,056.00	\$4,146.00	\$1,898.00	\$5,041.00	\$180,249.50
CALHOUN	\$4,084.00	\$1,083.00	\$2,871.00	\$50,843.00	\$434.00	\$1,556.00	\$744.00	\$2,467.00	\$64,082.00
CARROLL	\$203.50	\$204.00	\$11,282.00	\$223,251.00	\$1,870.00	\$9,109.00	\$3,951.00	\$15,285.00	\$265,155.50
CHICOT	\$8,527.00	\$8,557.00	\$3,205.00	\$188,100.00	\$4,884.00	\$27,921.00	\$7,478.00	\$42,148.00	\$290,820.00
CLARK	\$2,835.50	\$1,199.00	\$29,666.00	\$328,406.00	\$2,132.00	\$11,924.00	\$4,696.00	\$16,924.00	\$397,782.50
CLAY	\$140.00	\$60.00	\$3,854.00	\$107,426.00	\$750.00	\$3,944.00	\$1,957.00	\$5,546.00	\$123,677.00
CLEBURNE	\$1,385.50	\$421.00	\$27,827.00	\$278,185.00	\$3,998.00	\$15,737.00	\$9,200.00	\$23,192.00	\$359,945.50
CLEVELAND	\$279.50	\$321.50	\$1,180.00	\$59,115.00	\$760.00	\$1,514.00	\$800.00	\$2,564.00	\$66,534.00
COLUMBIA	\$13,994.50	\$6,832.50	\$17,631.00	\$289,000.00	\$2,134.00	\$8,027.00	\$3,009.00	\$12,533.00	\$353,161.00
CONWAY	\$4,522.50	\$2,189.00	\$16,946.00	\$381,942.00	\$3,166.00	\$14,351.00	\$7,241.00	\$21,074.00	\$451,431.50
CRAIGHEAD	\$13,067.00	\$7,151.00	\$57,148.00	\$1,477,593.00	\$9,762.00	\$47,690.00	\$18,282.00	\$70,108.00	\$1,700,801.00
CRAWFORD	\$1,308.00	\$423.00	\$10,069.00	\$332,349.00	\$5,784.00	\$26,707.00	\$14,276.00	\$39,387.00	\$430,303.00
CRITTENDEN	\$18,477.50	\$11,739.00	\$10,701.00	\$543,793.00	\$6,170.00	\$37,750.00	\$11,749.00	\$59,277.00	\$699,656.50
CROSS	\$3,071.50	\$2,124.50	\$7,857.00	\$227,815.00	\$1,380.00	\$6,991.00	\$3,063.00	\$10,812.00	\$263,114.00
DALLAS	\$1,630.00	\$791.00	\$6,488.00	\$172,442.00	\$1,288.00	\$4,445.00	\$2,073.00	\$6,121.00	\$195,278.00
DESHA	\$2,166.50	\$1,914.00	\$3,934.00	\$222,900.00	\$1,822.00	\$10,064.00	\$3,809.00	\$13,261.00	\$259,870.50
DREW	\$2,844.50	\$1,319.50	\$10,946.00	\$277,184.00	\$3,738.00	\$10,841.00	\$4,279.00	\$14,655.00	\$325,807.00
FAULKNER	\$9,956.50	\$4,955.00	\$80,879.00	\$1,210,163.00	\$13,800.00	\$60,237.00	\$30,998.00	\$86,620.00	\$1,497,608.50
FRANKLIN	\$658.50	\$133.50	\$14,416.00	\$162,618.00	\$3,542.00	\$9,332.00	\$3,551.00	\$13,781.00	\$208,032.00
FULTON	\$295.00	\$200.00	\$2,814.00	\$54,809.00	\$610.00	\$2,507.00	\$1,277.00	\$3,919.00	\$66,431.00
GARLAND	\$14,543.50	\$7,405.50	\$48,119.00	\$986,683.00	\$16,116.00	\$72,336.00	\$40,674.00	\$100,731.00	\$1,286,608.00
GRANT	\$1,010.00	\$337.50	\$12,031.00	\$144,083.00	\$2,026.00	\$9,280.00	\$4,167.00	\$12,543.00	\$185,477.50
GREENE	\$1,480.50	\$456.50	\$36,481.00	\$647,418.00	\$5,068.00	\$21,566.00	\$8,214.00	\$31,890.00	\$752,574.00
HEMPSTEAD	\$41,649.50	\$12,802.50	\$15,594.00	\$334,842.00	\$2,088.00	\$8,663.00	\$3,148.00	\$11,710.00	\$430,497.00
HOT SPRING	\$1,410.00	\$333.00	\$17,754.00	\$348,321.00	\$3,426.00	\$15,047.00	\$6,959.00	\$19,831.00	\$413,081.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION  
OFFICE OF THE ARKANSAS LOTTERY  
RETAIL SALES BY COUNTY  
February 1 through February 28, 2019**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
HOWARD	\$18,169.00	\$6,476.00	\$14,988.00	\$234,770.00	\$1,528.00	\$5,853.00	\$2,575.00	\$8,153.00	\$292,512.00
INDEPENDENCE	\$2,376.00	\$1,306.50	\$60,211.00	\$554,663.00	\$4,082.00	\$20,426.00	\$12,225.00	\$28,676.00	\$683,965.50
IZARD	\$78.50	\$37.50	\$9,900.00	\$74,816.00	\$1,046.00	\$4,761.00	\$3,011.00	\$6,395.00	\$100,045.00
JACKSON	\$14,266.00	\$6,618.50	\$29,247.00	\$297,378.00	\$2,362.00	\$9,166.00	\$5,593.00	\$12,225.00	\$376,855.50
JEFFERSON	\$47,086.50	\$30,765.00	\$53,480.00	\$1,556,851.00	\$14,198.00	\$60,173.00	\$27,492.00	\$78,488.00	\$1,868,533.50
JOHNSON	\$295.50	\$578.50	\$7,439.00	\$238,527.00	\$2,168.00	\$9,904.00	\$4,841.00	\$14,454.00	\$278,207.00
LAFAYETTE	\$6,666.00	\$2,214.50	\$5,191.00	\$73,309.00	\$760.00	\$2,141.00	\$910.00	\$3,680.00	\$94,871.50
LAWRENCE	\$1,529.00	\$935.00	\$11,156.00	\$263,948.00	\$1,726.00	\$8,188.00	\$3,019.00	\$10,947.00	\$301,448.00
LEE	\$2,307.50	\$5,323.50	\$4,713.00	\$77,967.00	\$624.00	\$2,915.00	\$599.00	\$4,439.00	\$98,888.00
LINCOLN	\$199.50	\$526.00	\$7,030.00	\$97,800.00	\$1,326.00	\$4,808.00	\$2,894.00	\$6,559.00	\$121,142.50
LITTLE RIVER	\$5,021.00	\$2,798.00	\$5,930.00	\$93,811.00	\$786.00	\$4,534.00	\$1,484.00	\$6,962.00	\$121,326.00
LOGAN	\$1,175.50	\$262.00	\$11,038.00	\$173,341.00	\$1,980.00	\$10,176.00	\$4,481.00	\$15,209.00	\$217,662.50
LONOKE	\$10,287.50	\$4,535.50	\$44,463.00	\$874,954.00	\$10,218.00	\$45,213.00	\$20,720.00	\$62,939.00	\$1,073,330.00
MADISON	\$37.50	\$21.50	\$844.00	\$68,081.00	\$1,012.00	\$5,136.00	\$1,813.00	\$7,572.00	\$84,517.00
MARION	\$3,363.00	\$1,041.50	\$6,889.00	\$185,380.00	\$2,630.00	\$7,007.00	\$5,200.00	\$10,476.00	\$221,986.50
MILLER	\$23,952.00	\$8,783.50	\$22,658.00	\$489,568.00	\$3,876.00	\$17,745.00	\$6,085.00	\$23,768.00	\$596,435.50
MISSISSIPPI	\$36,714.50	\$15,555.00	\$11,448.00	\$543,350.00	\$2,252.00	\$16,133.00	\$4,609.00	\$25,419.00	\$655,480.50
MONROE	\$3,973.50	\$1,842.00	\$5,476.00	\$152,618.00	\$1,296.00	\$7,093.00	\$2,950.00	\$10,129.00	\$185,377.50
MONTGOMERY	\$33.00	\$168.00	\$4,453.00	\$19,002.00	\$396.00	\$1,894.00	\$1,085.00	\$2,946.00	\$29,977.00
NEVADA	\$2,765.50	\$2,266.50	\$5,180.00	\$192,936.00	\$1,128.00	\$4,462.00	\$1,409.00	\$6,586.00	\$216,733.00
NEWTON	\$109.00	\$14.00	\$7,312.00	\$45,609.00	\$434.00	\$1,717.00	\$900.00	\$2,728.00	\$58,823.00
OUACHITA	\$11,070.00	\$5,061.50	\$22,511.00	\$521,818.00	\$3,020.00	\$12,981.00	\$5,781.00	\$18,368.00	\$600,610.50
PERRY	\$555.50	\$376.00	\$4,481.00	\$89,753.00	\$1,124.00	\$4,253.00	\$1,883.00	\$5,354.00	\$107,779.50
PHILLIPS	\$8,618.00	\$4,121.00	\$8,032.00	\$199,629.00	\$2,848.00	\$18,618.00	\$4,043.00	\$26,459.00	\$272,368.00
PIKE	\$265.50	\$39.50	\$16,038.00	\$114,524.00	\$1,724.00	\$5,662.00	\$3,239.00	\$7,347.00	\$148,839.00
POINSETT	\$5,223.50	\$1,114.50	\$22,336.00	\$446,210.00	\$2,652.00	\$11,377.00	\$5,403.00	\$16,585.00	\$510,901.00
POLK	\$764.00	\$23.00	\$12,641.00	\$108,508.00	\$1,976.00	\$8,785.00	\$4,340.00	\$12,682.00	\$149,719.00
POPE	\$6,157.00	\$1,439.50	\$23,953.00	\$768,959.00	\$7,770.00	\$36,002.00	\$14,674.00	\$50,061.00	\$909,015.50
PRAIRIE	\$2,572.50	\$1,427.00	\$6,936.00	\$177,701.00	\$772.00	\$4,855.00	\$1,827.00	\$7,055.00	\$203,145.50
PULASKI	\$108,060.50	\$84,703.50	\$308,936.00	\$6,217,996.00	\$67,846.00	\$300,533.00	\$135,085.00	\$411,973.00	\$7,635,133.00
RANDOLPH	\$66.00	\$445.50	\$8,154.00	\$135,000.00	\$1,932.00	\$5,839.00	\$2,724.00	\$9,988.00	\$164,148.50

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION  
OFFICE OF THE ARKANSAS LOTTERY  
RETAIL SALES BY COUNTY  
February 1 through February 28, 2019**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL SALES FOR COUNTY
SAINT FRANCIS	\$17,100.50	\$11,336.50	\$7,642.00	\$333,234.00	\$2,262.00	\$11,992.00	\$4,188.00	\$18,577.00	\$406,332.00
SALINE	\$9,339.00	\$5,512.50	\$104,529.00	\$1,024,882.00	\$14,710.00	\$63,489.00	\$31,294.00	\$90,993.00	\$1,344,748.50
SCOTT	\$135.00	\$27.00	\$7,157.00	\$81,288.00	\$1,092.00	\$4,634.00	\$1,655.00	\$8,473.00	\$104,461.00
SEARCY	\$10.00	\$472.00	\$1,160.00	\$64,803.00	\$646.00	\$3,180.00	\$1,513.00	\$4,878.00	\$76,662.00
SEBASTIAN	\$14,504.00	\$5,071.50	\$24,936.00	\$756,192.00	\$14,620.00	\$68,037.00	\$29,569.00	\$105,392.00	\$1,018,321.50
SEVIER	\$1,834.50	\$665.50	\$1,821.00	\$110,886.00	\$1,292.00	\$5,971.00	\$1,807.00	\$7,342.00	\$131,619.00
SHARP	\$735.50	\$210.50	\$12,818.00	\$191,773.00	\$2,348.00	\$9,069.00	\$5,245.00	\$12,743.00	\$234,942.00
STONE	\$984.00	\$318.50	\$5,858.00	\$97,858.00	\$1,430.00	\$5,327.00	\$3,702.00	\$7,535.00	\$123,012.50
UNION	\$53,684.00	\$26,158.00	\$42,249.00	\$772,081.00	\$5,008.00	\$22,804.00	\$9,018.00	\$32,954.00	\$963,956.00
VAN BUREN	\$873.50	\$553.50	\$7,246.00	\$134,607.00	\$1,712.00	\$8,282.00	\$4,345.00	\$11,614.00	\$169,233.00
WASHINGTON	\$9,246.50	\$4,193.00	\$27,296.00	\$1,319,644.00	\$18,610.00	\$94,375.00	\$33,019.00	\$140,692.00	\$1,647,075.50
WHITE	\$5,253.50	\$3,619.00	\$59,196.00	\$920,937.00	\$8,694.00	\$38,853.00	\$19,843.00	\$52,783.00	\$1,109,178.50
WOODRUFF	\$2,912.50	\$2,259.00	\$1,111.00	\$105,413.00	\$886.00	\$3,682.00	\$1,615.00	\$5,286.00	\$123,164.50
YELL	\$783.50	\$136.00	\$15,326.00	\$242,959.00	\$1,790.00	\$8,691.00	\$5,316.00	\$11,864.00	\$286,865.50

<b>GRAND TOTALS</b>	<b>*Cash 3</b>	<b>*Cash 4</b>	<b>*Fast Play</b>	<b>*Instant Settlements</b>	<b>*Lucky for Life</b>	<b>*Mega Millions</b>	<b>*Natural State Jackpot</b>	<b>*Powerball</b>	<b>*Total Sales</b>
	\$623,896.00	\$352,302.50	\$1,666,451.00	\$32,949,098.00	\$353,228.00	\$1,600,632.00	\$698,066.00	\$2,303,864.00	\$40,547,537.50

\*Estimates

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Total Number of Active Retailers  
February 2019**

There were 1,925 active retailers as of February 28, 2019.



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Net Position**  
**February 28, 2019**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 5,184,735.55
Restricted assets:	
Cash and cash equivalents	59,740,825.94
Accounts receivable	12,394,599.83
Prepaid items	39,457.28
Total current assets	<u>77,359,618.60</u>
<b>Non-current assets:</b>	
Restricted assets:	
Cash and cash equivalents	20,798,124.82
Deposits with Multi-State Lottery Association	2,580,730.53
Capital assets (Net of accumulated depreciation)	507,994.28
Total non-current assets	<u>23,886,849.63</u>
Total assets	101,246,468.23
<b>Deferred outflows of resources:</b>	
Related to pension	<u>1,671,766.67</u>
Total assets and deferred outflows of resources	<u>\$ 102,918,234.90</u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 628,995.10
Prizes payable	20,385,998.36
Accrued and other liabilities	2,127,577.39
Due to other funds of the State	194,553.20
Due to Education Trust Account	16,042,271.06
Due to Workforce Challenge Trust Account	38,099,665.97
Compensated absences	350,197.21
OPEB Obligation	105,120.06
Unearned revenue	357,460.15
Total current liabilities	<u>78,291,838.50</u>
<b>Long-Term liabilities:</b>	
Net other post employment benefits	3,486,545.99
Net pension liability	5,110,275.00
Total long-term liabilities	<u>8,596,820.99</u>
Total liabilities	86,888,659.49
<b>Deferred inflows of resources:</b>	
Related to pension	466,356.00
Related to OPEB	147,211.58
Total deferred inflows of resources	<u>613,567.58</u>
Total liabilities and deferred inflows of resources	<u>87,502,227.07</u>

**NET POSITION**

<b>Net position:</b>	
Invested in capital assets	507,994.28
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer fidelity reserve	200,999.76
Retailer bond reserve	697,125.06
Deposits with Multi-State Lottery Association	2,580,730.53
Unclaimed prizes reserve	5,498,888.91
Unrestricted (deficit)	<u>(14,069,730.71)</u>
Total net position	<u>15,416,007.83</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 102,918,234.90</u>

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For Eight Months Ended February 28, 2019**

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 33,438,357.00	\$ 265,569,085.00
Online ticket sales	7,568,658.50	74,650,652.00
Retailer application, fidelity, bond and service fees	53,096.25	504,902.70
Other revenue	<u>0.00</u>	<u>671.72</u>
 Total operating revenues	 <u>41,060,111.75</u>	 <u>340,725,311.42</u>
 <b>Operating expenses:</b>		
Instant game prizes	24,436,556.42	190,659,097.84
Online game prizes	4,228,976.10	39,277,025.07
Retailer commissions	2,341,312.65	19,151,210.20
Gaming contract costs	1,700,355.40	16,405,313.85
Compensation and benefits	397,598.34	3,367,127.27
Marketing, advertising and promotions	405,987.46	5,344,192.29
General and administrative expenses	401,469.81	3,505,051.32
Services provided by Arkansas Department of Higher Education	38,000.00	303,000.00
Services provided by Arkansas Legislative Audit	0.00	139,998.00
Legal and professional services	174.06	1,071.29
Depreciation	<u>9,886.05</u>	<u>78,523.98</u>
 Total operating expenses	 <u>33,960,316.29</u>	 <u>278,231,611.11</u>
 Operating income (1)	 7,099,795.46	 62,493,700.31
 <b>Non-operating revenue:</b>		
Interest income	<u>204,389.85</u>	<u>1,639,606.29</u>
 Income before transfers	 7,304,185.31	 64,133,306.60
 <b>Transfers to:</b>		
Education Trust Account (2)	<u>(8,198,257.31)</u>	<u>(59,804,073.74)</u>
 Change in net position	 <u>\$ (894,072.00)</u>	 4,329,232.86
 Total net position - beginning		 11,086,774.97
Total net position - ending		<u>\$ 15,416,007.83</u>

1) Includes all GAAP related accounting items including unclaimed prizes.

2) Reflects adjustment of sales and prizes expense to a modified cash basis and does not include unclaimed prizes.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues and Expenses Budget Comparisons**  
**For Eight Months Ended February 28, 2019**

	<b>CM Actual</b>	<b>%</b>	<b>CM Budget</b>	<b>%</b>	<b>CM Variance</b>	<b>YTD Actual</b>	<b>%</b>	<b>YTD Budget</b>	<b>%</b>	<b>YTD Variance</b>
<b>Operating revenues:</b>										
Instant games	\$ 33,438,357.00	81.44	\$ 34,203,000.00	82.62	\$ (764,643.00)	\$ 265,569,085.00	77.94	\$ 258,292,000.00	82.21	\$ 7,277,085.00
Online games	7,568,658.50	18.43	7,136,000.00	17.24	432,658.50	74,650,652.00	21.91	55,334,000.00	17.61	19,316,652.00
Retailer fees	53,096.25	0.13	60,000.00	0.14	(6,903.75)	504,902.70	0.15	561,000.00	0.18	(56,097.30)
Other revenue	-	-	1,000.00	0.00	(1,000.00)	671.72	0.00	8,000.00	0.00	(7,328.28)
				0.00%						
Total operating revenues	<u>41,060,111.75</u>	100.00	<u>41,400,000.00</u>	100.00	<u>(339,888.25)</u>	<u>340,725,311.42</u>	100.00	<u>314,195,000.00</u>	100.00	<u>26,530,311.42</u>
<b>Operating expenses:</b>										
Instant game prizes	24,436,556.42	59.51	24,520,000.00	59.23	(83,443.58)	190,659,097.84	55.96	184,988,000.00	58.88	5,671,097.84
Online game prizes	4,228,976.10	10.30	3,829,000.00	9.25	399,976.10	39,277,025.07	11.53	29,676,000.00	9.45	9,601,025.07
Retailer commissions	2,341,312.65	5.70	2,303,000.00	5.56	38,312.65	19,151,210.20	5.62	17,664,000.00	5.62	1,487,210.20
Gaming contract costs	1,700,355.40	4.14	1,682,000.00	4.06	18,355.40	16,405,313.85	4.81	15,534,000.00	4.94	871,313.85
Compensation & benefits	397,598.34	0.97	433,000.00	1.05	(35,401.66)	3,367,127.27	0.99	3,603,000.00	1.15	(235,872.73)
Marketing, advertising & promotions	405,987.46	0.99	625,000.00	1.51	(219,012.54)	5,344,192.29	1.57	5,066,000.00	1.61	278,192.29
General and administrative expenses	401,469.81	0.98	381,000.00	0.92	20,469.81	3,505,051.32	1.03	2,984,000.00	0.95	521,051.32
Services provided by other agencies	38,000.00	0.09	38,000.00	0.09	-	442,998.00	0.13	433,000.00	0.14	9,998.00
Legal and professional service	174.06	0.00	500.00	0.00	(325.94)	1,071.29	0.00	4,000.00	0.00	(2,928.71)
Depreciation	9,886.05	0.02	19,000.00	0.05	(9,113.95)	78,523.98	0.02	127,000.00	0.04	(48,476.02)
Total operating expenses	<u>33,960,316.29</u>	82.71	<u>33,830,500.00</u>	81.72	<u>129,816.29</u>	<u>278,231,611.11</u>	81.66	<u>260,079,000.00</u>	82.78	<u>18,152,611.11</u>
Operating income	7,099,795.46	17.29	7,569,500.00	18.28	(469,704.54)	62,493,700.31	18.34	54,116,000.00	17.22	8,377,700.31
<b>Non-operating revenue:</b>										
Interest income	<u>204,389.85</u>	0.50	<u>81,000.00</u>	0.20	<u>123,389.85</u>	<u>1,639,606.29</u>	0.48	<u>938,000.00</u>	0.30	<u>701,606.29</u>
Income before transfers	<u>\$ 7,304,185.31</u>	17.79	<u>\$ 7,650,500.00</u>	18.48	<u>\$ (346,314.69)</u>	<u>\$ 64,133,306.60</u>	18.82	<u>\$ 55,054,000.00</u>	17.52	<u>\$ 9,079,306.60</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Net Proceeds Transfer to Ed Trust Computation  
Modified Cash Basis  
For Eight Months Ended February 28, 2019**

	Year to date
<b>Operating revenues:</b>	
Instant ticket (Settlements)	\$ 264,365,496.00
Online ticket sales	74,650,652.00
Retailer application, fidelity and service fees	504,902.70
Other revenue	<u>671.72</u>
 Total operating revenues	 <u>339,521,722.42</u>

<b>Operating expenses:</b>	
Instant game prizes (Settlements)	188,790,225.00
Online game prizes	39,277,025.07
Retailer commissions	19,151,210.20
Gaming contract costs	16,405,313.85
Compensation and benefits	3,367,127.27
Marketing, advertising and promotions	5,344,192.29
General and administrative expenses	3,505,051.32
Services provided by ADHE	303,000.00
Services provided by Legislative Audit Agency	139,998.00
Legal and professional services	1,071.29
Current year capital asset cost	<u>104,548.53</u>
Total operating expenses	<u>276,388,762.82</u>
 Change in net proceeds from operations	 63,132,959.60

<b>Non-operating revenue:</b>	
Interest income	1,639,606.29
Other non-operating income	0.00
EDUCATION TRUST FUNDING-Current Year	(51,605,816.43)
Less Act 1180 Unclaimed Prizes	(4,498,888.91)
Less current year Fidelity Reserve Fees	(18,485.63) restricted reserves
Less current year Bond Reserve Fees	(123,040.00) restricted reserves
Add back Write Off Retailer Bad Debt	9,080.60
Less current year MUSL Reserves	(415,158.21) see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>78,000.00</u>

**NET PROCEEDS EARNED-Current Month** **\$ 8,198,257.31**

	Transfer	Interest	Total
<b>Academic Challenge Scholarship Trust</b>	<b>\$ 13,873,340.45</b>	<b>\$ 2,168,930.61</b>	<b>\$ 16,042,271.06</b>
July 2018 funding - 8/15/18	\$ 4,998,834.07	\$ 67,794.66	\$ 5,066,628.73
Aug 2018 funding - 9/15/18	\$ 6,094,406.73	\$ 81,591.67	\$ 6,175,998.40
Sept 2018 funding - 10/15/18	\$ 7,699,685.71	\$ 83,765.11	\$ 7,783,450.82
Transfer from ADHE (final 2018 Adj) -10/10/18	\$ (146,112.01)	\$ -	\$ (146,112.01)
Transfer to ADHE 10/10/18	\$ (35,000,000.00)	\$ -	\$ (35,000,000.00)
Transfer excess net proceeds to Workforce Trust Fund 10/16/18	\$ (8,344,929.36)	\$ -	\$ (8,344,929.36)
Oct 2018 funding - 11/15/18	\$ 11,195,441.29	\$ 63,599.02	\$ 11,259,040.31
Transfer to ADHE 11/30/18	\$ (3,000,000.00)	\$ -	\$ (3,000,000.00)
Nov 2018 funding - 12/15/18	\$ 6,774,214.21	\$ 47,196.80	\$ 6,821,411.01
Dec 2018 funding - 1/15/19	\$ 6,589,040.01	\$ 61,751.53	\$ 6,650,791.54
Jan 2019 funding - 2/15/19	\$ 7,767,558.59	\$ 80,937.03	\$ 7,848,495.62
Transfer to ADHE 2/19/18	\$ (37,000,000.00)	\$ -	\$ (37,000,000.00)
Feb 2019 funding - 3/15/19	\$ 8,147,140.24	\$ 51,117.07	\$ 8,198,257.31

	Transfer	Total
<b>Workforce Challenge Scholarship Trust</b>	<b>\$ 38,099,665.97</b>	<b>\$ 38,099,665.97</b>
FY 2017 Excess Net Proceeds transferred from Edu Trust 12/1/17	\$ 14,157,060.23	\$ 14,157,060.23
ADHE Refund from FY 2017 - 11/30/17	\$ 4,887,236.92	\$ 4,887,236.92
ADHE Refund from FY 2018 - 9/6/18	\$ 11,710,439.46	\$ 11,710,439.46
Transfer excess net proceeds to Workforce Trust Fund 10/16/18	\$ 8,344,929.36	\$ 8,344,929.36
Transfer to ADHE for 2018 fall funding 11/7/18	\$ (1,000,000.00)	\$ (1,000,000.00)

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Unclaimed Prizes**  
**February 28, 2019**

	Monthly	Year to Date
Reserve Balance July 1, 2018		\$1,000,000.00
1. Unclaimed lottery prize money:	\$75,496.00	4,498,888.91
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	75,496.00	4,498,888.91
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
 Reserve Balance February 28, 2019		 \$5,498,888.91

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION  
OFFICE OF THE ARKANSAS LOTTERY**

**OFFICE OF THE ARKANSAS LOTTERY MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT  
February 1 through February 28, 2019**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>February 2019</b>	<b>FY 2019 Total</b>
A-Absolute Moving & Hauling	Moving/Hauling	CMBE	\$308.33	\$308.33
Allegra Print & Imaging	Advertising/Public Relations	FOB		\$5,074.77
Goddess Products	Office Furniture/Supplies	CMBE	\$299.78	\$1,921.37
Government Supply Services	Office Furniture/Supplies	MBE	\$1,219.97	\$6,916.47
Party Prints	Advertising/Public Relations	CMBE		\$1,798.50
Trivia Marketing	Advertising/Public Relations	WBE		\$11,990.00
<b>Totals</b>			<b>\$1,828.08</b>	<b>\$28,009.44</b>

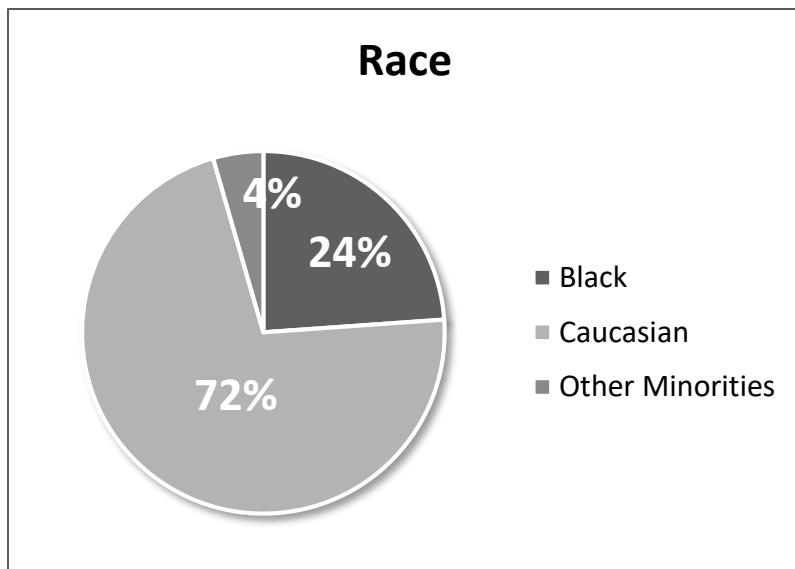
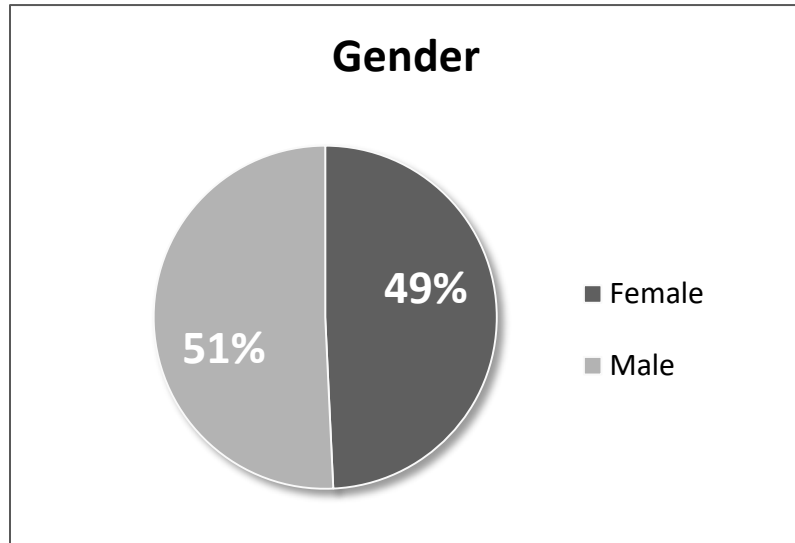
**INTRALOT MINORITY AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT  
February 1 through February 28, 2019**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>February 2019</b>	<b>FY 2019 Total</b>
J Kelly Referrals and Information Services	Call Center/Information Services	CMBE	\$8,462.00	\$67,696.00
<b>Totals</b>			<b>\$8,462.00</b>	<b>\$76,158.00</b>

**SCIENTIFIC GAMES MINORITY AND FEMALE-OWNED DIVERSITY COMPLIANCE REPORT  
February 1 through February 28, 2019**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>February 2019</b>	<b>FY 2019 Total</b>
Expedited Transportation Services	Transportation Services	DBE		\$29,964.20
Ingage, LLC	Fulfillment Services and Prizes	WBE	\$35,023.17	\$510,468.83
Premier Staffing	Employment Agency	MBE		\$6,198.69
Pure Cleaning Services	Janitorial Services	MBE	\$436.00	\$3,924.00
<b>Totals</b>			<b>\$35,459.17</b>	<b>\$550,555.72</b>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Demographics – February 2019**



**Total Number of Employees as of February 2019: 67**

**Gender:**

Females – 33  
Males – 34

**Race:**

Black – 16  
Caucasian – 48  
Other – 3

Female -- 10	Male - 6
Female -- 23	Male -- 25
Female -- 0	Male -- 3

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

During the reporting period, the Office of the Arkansas Lottery (OAL) Internal Audit Department (IA) issued the following reports to the Director of the Department of Finance and Administration (DFA Director):

Sales Force Processes

The audit centered on controls and procedures related to the management of OAL's Sales Force. The following observations and recommendations were reported:

- *Written Policies and Procedures* – No written policies or procedures exist for the Sales Department. IA recommended management compile written policies and procedures, including a training manual for marketing sales representatives. OAL Management agreed with our recommendation.
- *Retailer Terminal Login Codes* - Retailers are required to enter a terminal login code each time a lottery sales transaction is conducted on the lottery terminal. This ensures that the transaction was authorized by the retailer. These transactions include selling online games, redeeming tickets, running reports and activating packs of tickets. Instant tickets are not valid until they are activated at a retailer location. Prior to activation, instant tickets are worthless and cannot be redeemed. Once a retailer activates instant tickets, they are considered a bearer instrument and can be cashed at any lottery retailer.

It is OAL's practice to allow MSR's to participate in activating and stocking instant tickets on behalf of the retailers. For the retailers who rely on assistance from the MSR to activate instant tickets, they must share their login codes with the MSR to accomplish this task. This increases the risk that MSR's could activate instant ticket packs, but instead of stocking the bins, keep the packs for personal use.

When a MSR activates packs for a retailer, this obligates the retailer to a liability; activated packs are settled after 28 days or after 75% of the low-tier tickets have been validated, whichever occurs first. The primary internal control activity for tracking activated packs is the routine physical inventory process, which rests with the retailer. Therefore, when the OAL employee activates a pack of instant tickets, the primary responsibility to account for the tickets rest with the retailer and their system of internal controls, not the OAL. An online retailer survey conducted by IA revealed that around 60% of retailers share their terminal login code with their MSR, and 30% of retailers do not inventory their instant ticket stock at least once per day. Also, 5% of the retailers responded that they never perform an inventory to ticket stock.

The Security Department reviews weekly reports to detect any large or unusual pack activations, which does mitigate some of the risk of an MSR activating packs for personal use. In addition, pack history reports can also be utilized by Security and management to track the status of a pack or ticket as it flows through the system.

The use of a retailer's password by an MSR increases the risk of fraud by the MSR by activating packs and keeping the packs for personal use. IA contacted 25% of the Lotteries around the country to gather information about how other Lotteries deal with this issue. Five of the 11 Lotteries contacted allow MSR's to activate packs; the other 6 Lotteries do not allow MSR's to activate packs. It should be noted that all of the 5 Lotteries that allow MSR's to activate packs recognized a risk in this practice. Three of the 5 Lotteries that allow MSR's to activate packs on behalf of the retailers require the MSR to use their own activation code instead of the retailer's. One lottery does not use activation codes at all. The one other



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

Lottery recognized as sharing codes does require a manual signature from the retailer during a pack activation as a control.

Even with some mitigating controls in place, such as Security Department's weekly activation report review (internal control) and retailers trained to take inventory daily (external control), the risk of an MSR activating packs for personal use still exists. Therefore, IA recommends OAL consider discontinuing the practice of allowing MSR's to activate packs. If OAL decides to allow the MSR's to activate packs, at a minimum, MSR's should be assigned their own login code to allow them to activate packs without using retailer's login codes. In addition, IA recommends that OAL consider modifying the retailer agreements, so that the retailer acknowledges that they accept the risk involved with the MSR activating instant ticket packs on their behalf.

OAL Management stated that OAL uses practices which are well accepted in the industry and management is not aware of a single instance of fraud as it relates to this practice in the 9 year history of the agency. Management will review the recommendation of internal audit and make changes if deemed necessary in light of the observation.

- *Terminal Transaction Receipts* - There is currently no requirement on how long MSR's should keep receipts generated by the retailer's terminal. When an MSR conducts a transaction on a retailer's terminal, two receipts are generated: one to be signed and kept by the MSR, and one to be signed and kept by an employee of the retailer. A retailer survey conducted by IA revealed that 45% of retailers keep their terminal transaction receipts for less than a month. If these receipts are not kept for a reasonable amount of time, the documentation could be lost if a question came up about approval of a particular transaction. OAL management should require all signed terminal receipts be kept by each MSR for a reasonable period of time. This could be accomplished by incorporating it into the OAL's written policies and procedures.

OAL Management stated they would review the recommendation and determine if the recommendation action is necessary.

- *MAC Form Follow-Up* - After a MAC form is submitted to Intralot, there is currently no follow-up by Intralot to convey the completion of the work requested to OAL management. MAC (Move/Add/Change) forms are submitted by Licensing employees or MSR's to request equipment needs of retailers to Intralot, the third-party vendor responsible for servicing equipment for the OAL. Once the MAC form is submitted to a RSM, the RSM distributes an email to Intralot as well as various OAL employees, including OAL management. This email serves as authorization for Intralot to begin the work requested. Intralot does not follow-up with any OAL employees once the work requested on the MAC form has been completed. Equipment requests could go unresolved or uncompleted without proper communication of the work status by Intralot to OAL management. A process should be instituted for Intralot to report the status of a MAC form request to OAL management.

OAL Management stated that they would review the current process for reporting and review of MAC form statuses and work with Intralot to implement any processes necessary to improve MAC form reporting.

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

Record Retention

The audit centered on controls and procedures related to OAL's record retention policy and schedule as well as adherence to the Arkansas Freedom of Information Act (FOIA).

- Currently, when new employees are hired at OAL, the OAL Record Retention Policy and Schedule is not conveyed to them. IA recommends that Management incorporate a mechanism that ensures all new employees are given a copy of the OAL Record Retention Policy and Schedule. All new employees should also be required to sign a document acknowledging the receipt of this policy.

OAL Management stated that they would ensure that all new employees are given a copy of the OAL's Record Retention Policy and sign an acknowledgement stating they received same.

IA will perform follow-up procedures at the appropriate time to affirm implementation of these new control procedures and apprise the DFA Director and the Lottery Oversight Subcommittee of the results on both audits.

No additional issues or problems resulting from internal audits have been reported to the DFA Director for the reporting period.

**DFA/Office of the Arkansas Lottery**  
**Instant & Fast Play Games**  
**February 2019**

Sales for the following instant games began February 5, 2019. No ending dates have been determined for these games.

**\$1 Super 7's**

**\$2 Jumbo Bucks**

**\$3 10X Bonus! Crossword**

**\$5 Fast Cash HD**

**\$10 \$200,000 Bonus**

Sales for the following Fast Play games began February 4, 2019. No ending dates have been determined for these games.

**\$1 Beat the Dealer**

**\$2 Lucky Clover**