



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>

December 10, 2020

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 July 2020. 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
17. Procurement: Procurement of Draw Machine

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

Respectfully submitted,

J. Eric Hagler
Director

Enclosures

cc: Mr. Larry Walther, Secretary of the Department of Finance and Administration



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**Department of Finance
and Administration**

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December 10, 2020

The Honorable Joyce Elliot, Co-Chair
The Honorable Laurie Rushing, Co-Chair
Arkansas Legislative Council Lottery Oversight Subcommittee
One Capitol Mall Room R-501
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Senator Elliot and Representative Rushing:

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 July 2020. The reports contain the following information:

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J. Eric Hagler
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cc: Mr. Larry Walther, Secretary of the Department of Finance and Administration

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Term Contracts for Goods and Services
November 1 through November 30, 2020**

There were no term contracts entered into by Arkansas Department of Finance and Administration Office of the Arkansas Lottery during the month of November 2020.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Debt Set-Off and Retailer Losses
November 2020**

1. Debt Set-Off Collections:

a. Arkansas Department of Finance and Administration	\$5,025.90
b. Arkansas Office of Child Support Enforcement - Child Support	\$6,000.00
Total Debt Set-Off:	\$11,025.90

2. Retailer Losses: \$0.00

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
November 1 through November 30, 2020

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$15,501.50	\$7,677.00	\$10,471.00	\$401,118.00	\$1,782.00	\$10,916.00	\$4,779.00	\$13,430.00	\$465,674.50
ASHLEY	\$16,040.50	\$17,464.00	\$6,630.00	\$173,306.00	\$1,738.00	\$5,067.00	\$2,398.00	\$9,176.00	\$231,819.50
BAXTER	\$4,415.50	\$2,085.50	\$13,232.00	\$391,997.00	\$5,790.00	\$16,993.00	\$11,756.00	\$24,404.00	\$470,673.00
BENTON	\$9,778.50	\$3,502.50	\$22,497.00	\$1,214,148.00	\$14,726.00	\$81,161.00	\$26,751.00	\$113,729.00	\$1,486,293.00
BOONE	\$1,805.00	\$2,571.00	\$25,660.00	\$445,692.00	\$2,476.00	\$12,626.00	\$5,436.00	\$18,189.00	\$514,455.00
BRADLEY	\$2,723.50	\$4,343.00	\$2,075.00	\$181,003.00	\$784.00	\$3,924.00	\$1,840.00	\$4,939.00	\$201,631.50
CALHOUN	\$2,497.50	\$419.50	\$1,865.00	\$53,636.00	\$212.00	\$892.00	\$627.00	\$1,294.00	\$61,443.00
CARROLL	\$540.00	\$733.00	\$8,173.00	\$255,773.00	\$1,526.00	\$8,073.00	\$3,361.00	\$11,997.00	\$290,176.00
CHICOT	\$9,147.50	\$4,060.00	\$5,010.00	\$182,332.00	\$2,874.00	\$8,559.00	\$4,282.00	\$11,993.00	\$228,257.50
CLARK	\$3,378.50	\$1,597.00	\$20,819.00	\$342,913.00	\$1,294.00	\$10,864.00	\$5,546.00	\$13,646.00	\$400,057.50
CLAY	\$557.00	\$42.00	\$5,378.00	\$89,908.00	\$458.00	\$2,510.00	\$1,527.00	\$3,462.00	\$103,842.00
CLEBURNE	\$1,912.50	\$216.00	\$22,973.00	\$284,166.00	\$2,430.00	\$12,659.00	\$8,586.00	\$16,418.00	\$349,360.50
CLEVELAND	\$1,654.00	\$180.00	\$2,021.00	\$66,017.00	\$1,180.00	\$1,046.00	\$610.00	\$1,577.00	\$74,285.00
COLUMBIA	\$19,595.00	\$9,096.00	\$9,313.00	\$326,524.00	\$1,968.00	\$6,158.00	\$5,109.00	\$9,843.00	\$387,606.00
CONWAY	\$7,869.00	\$2,937.50	\$20,881.00	\$397,595.00	\$1,814.00	\$11,848.00	\$8,407.00	\$15,863.00	\$467,214.50
CRAIGHEAD	\$13,688.50	\$6,312.00	\$60,154.00	\$1,483,758.00	\$5,764.00	\$33,298.00	\$16,420.00	\$45,724.00	\$1,665,118.50
CRAWFORD	\$1,635.50	\$773.50	\$9,437.00	\$374,452.00	\$3,170.00	\$21,277.00	\$9,839.00	\$28,855.00	\$449,439.00
CRITTENDEN	\$20,581.00	\$13,698.50	\$10,537.00	\$651,559.00	\$5,614.00	\$29,845.00	\$11,313.00	\$44,513.00	\$787,660.50
CROSS	\$5,243.50	\$2,648.50	\$9,944.00	\$326,026.00	\$818.00	\$5,891.00	\$2,794.00	\$8,127.00	\$361,492.00
DALLAS	\$2,240.00	\$1,200.50	\$7,717.00	\$188,685.00	\$302.00	\$3,249.00	\$1,847.00	\$4,729.00	\$209,969.50
DESHA	\$2,660.50	\$1,927.00	\$12,616.00	\$216,300.00	\$714.00	\$7,396.00	\$4,395.00	\$9,650.00	\$255,658.50
DREW	\$6,240.50	\$2,480.50	\$10,050.00	\$313,804.00	\$1,814.00	\$8,204.00	\$3,796.00	\$10,641.00	\$357,030.00
FAULKNER	\$15,299.50	\$5,822.00	\$46,557.00	\$1,286,700.00	\$8,478.00	\$48,503.00	\$28,171.00	\$63,664.00	\$1,503,194.50
FRANKLIN	\$477.50	\$124.00	\$13,145.00	\$180,437.00	\$830.00	\$8,120.00	\$3,204.00	\$11,740.00	\$218,077.50
FULTON	\$416.50	\$432.50	\$3,719.00	\$58,924.00	\$994.00	\$2,089.00	\$1,895.00	\$2,999.00	\$71,469.00
GARLAND	\$14,821.50	\$8,248.50	\$46,641.00	\$1,067,872.00	\$10,756.00	\$57,672.00	\$38,970.00	\$71,587.00	\$1,316,568.00
GRANT	\$571.00	\$794.50	\$5,831.00	\$139,172.00	\$1,556.00	\$6,516.00	\$4,071.00	\$8,216.00	\$166,727.50
GREENE	\$781.00	\$500.00	\$21,539.00	\$666,134.00	\$2,624.00	\$14,343.00	\$7,683.00	\$20,826.00	\$734,430.00
HEMPSTEAD	\$58,561.50	\$17,601.50	\$8,718.00	\$354,682.00	\$1,070.00	\$7,825.00	\$2,646.00	\$10,760.00	\$461,864.00
HOT SPRING	\$1,044.00	\$305.50	\$15,266.00	\$392,836.00	\$2,328.00	\$14,103.00	\$6,412.00	\$15,824.00	\$448,118.50
HOWARD	\$45,612.50	\$15,882.50	\$8,996.00	\$271,693.00	\$1,694.00	\$5,203.00	\$2,616.00	\$6,665.00	\$358,362.00
INDEPENDENCE	\$3,851.50	\$2,940.00	\$46,330.00	\$542,731.00	\$1,960.00	\$14,770.00	\$7,692.00	\$18,605.00	\$638,879.50
IZARD	\$79.50	\$75.00	\$6,745.00	\$69,730.00	\$582.00	\$4,003.00	\$2,548.00	\$5,092.00	\$88,854.50
JACKSON	\$14,863.50	\$9,605.50	\$18,963.00	\$257,399.00	\$1,428.00	\$6,879.00	\$5,356.00	\$8,994.00	\$323,488.00
JEFFERSON	\$69,138.50	\$49,057.00	\$41,138.00	\$1,421,431.00	\$10,310.00	\$41,132.00	\$24,592.00	\$55,762.00	\$1,712,560.50
JOHNSON	\$913.50	\$1,325.00	\$5,458.00	\$267,665.00	\$1,292.00	\$8,072.00	\$4,266.00	\$11,338.00	\$300,329.50
LAFAYETTE	\$13,955.00	\$3,351.50	\$4,878.00	\$83,400.00	\$878.00	\$2,241.00	\$751.00	\$3,256.00	\$112,710.50
LAWRENCE	\$245.50	\$49.00	\$10,662.00	\$232,658.00	\$1,118.00	\$6,514.00	\$3,085.00	\$8,336.00	\$262,667.50

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
November 1 through November 30, 2020

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
LEE	\$5,255.50	\$10,936.00	\$1,400.00	\$93,000.00	\$308.00	\$1,838.00	\$429.00	\$2,735.00	\$115,901.50
LINCOLN	\$359.50	\$637.50	\$3,402.00	\$92,060.00	\$872.00	\$3,109.00	\$1,801.00	\$4,132.00	\$106,373.00
LITTLE RIVER	\$7,851.50	\$3,815.00	\$4,385.00	\$119,900.00	\$908.00	\$4,123.00	\$1,627.00	\$5,552.00	\$148,161.50
LOGAN	\$38.00	\$39.00	\$10,035.00	\$221,064.00	\$928.00	\$7,529.00	\$4,362.00	\$10,825.00	\$254,820.00
LONOKE	\$17,033.50	\$6,829.00	\$40,223.00	\$1,022,506.00	\$6,512.00	\$36,298.00	\$20,441.00	\$47,575.00	\$1,197,417.50
MADISON	\$11.00	\$8.50	\$2,684.00	\$85,114.00	\$588.00	\$4,710.00	\$1,728.00	\$7,112.00	\$101,955.50
MARION	\$11,172.50	\$3,128.00	\$5,727.00	\$208,249.00	\$2,042.00	\$6,068.00	\$5,619.00	\$8,639.00	\$250,644.50
MILLER	\$33,117.00	\$12,756.00	\$14,075.00	\$597,727.00	\$3,940.00	\$16,156.00	\$6,530.00	\$19,306.00	\$703,607.00
MISSISSIPPI	\$60,822.50	\$23,560.00	\$18,559.00	\$613,907.00	\$1,588.00	\$12,631.00	\$4,061.00	\$18,194.00	\$753,322.50
MONROE	\$8,908.50	\$3,234.00	\$6,777.00	\$173,437.00	\$458.00	\$5,305.00	\$2,580.00	\$7,184.00	\$207,883.50
MONTGOMERY	\$13.00	\$0.00	\$1,522.00	\$27,165.00	\$188.00	\$1,635.00	\$694.00	\$2,421.00	\$33,638.00
NEVADA	\$6,420.00	\$2,062.50	\$2,293.00	\$186,672.00	\$1,000.00	\$4,024.00	\$1,505.00	\$4,562.00	\$208,538.50
NEWTON	\$55.00	\$14.00	\$5,133.00	\$46,318.00	\$242.00	\$1,549.00	\$801.00	\$1,923.00	\$56,035.00
OUACHITA	\$16,484.00	\$6,473.00	\$26,815.00	\$663,930.00	\$2,148.00	\$10,280.00	\$6,234.00	\$14,576.00	\$746,940.00
PERRY	\$1,021.00	\$450.50	\$5,837.00	\$132,415.00	\$514.00	\$3,832.00	\$2,911.00	\$4,448.00	\$151,428.50
PHILLIPS	\$12,031.50	\$5,576.00	\$13,627.00	\$262,594.00	\$2,214.00	\$8,816.00	\$3,651.00	\$11,517.00	\$320,026.50
PIKE	\$364.50	\$133.50	\$11,223.00	\$121,427.00	\$990.00	\$3,870.00	\$3,275.00	\$5,853.00	\$147,136.00
POINSETT	\$7,775.00	\$1,664.50	\$23,254.00	\$575,509.00	\$902.00	\$9,616.00	\$4,271.00	\$13,088.00	\$636,079.50
POLK	\$1,045.50	\$95.00	\$5,146.00	\$144,681.00	\$1,808.00	\$6,715.00	\$4,409.00	\$10,061.00	\$173,960.50
POPE	\$5,526.50	\$2,244.50	\$24,562.00	\$776,258.00	\$4,796.00	\$30,174.00	\$14,788.00	\$39,890.00	\$898,239.00
PRAIRIE	\$3,806.00	\$2,036.50	\$3,492.00	\$172,340.00	\$652.00	\$3,960.00	\$1,856.00	\$6,045.00	\$194,187.50
PULASKI	\$144,476.50	\$121,516.00	\$251,804.00	\$6,554,917.00	\$65,976.00	\$274,329.00	\$151,598.00	\$337,459.00	\$7,902,075.50
RANDOLPH	\$178.00	\$57.50	\$8,125.00	\$155,100.00	\$940.00	\$6,043.00	\$2,375.00	\$8,186.00	\$181,004.50
SAINT FRANCIS	\$22,792.50	\$13,887.50	\$7,435.00	\$347,228.00	\$2,168.00	\$10,816.00	\$3,597.00	\$14,624.00	\$422,548.00
SALINE	\$23,462.50	\$7,768.50	\$55,044.00	\$1,188,763.00	\$10,752.00	\$49,483.00	\$31,730.00	\$63,363.00	\$1,430,366.00
SCOTT	\$195.50	\$50.00	\$5,280.00	\$82,765.00	\$640.00	\$3,971.00	\$1,835.00	\$6,553.00	\$101,289.50
SEARCY	\$111.00	\$733.50	\$1,783.00	\$70,800.00	\$664.00	\$2,405.00	\$1,985.00	\$3,567.00	\$82,048.50
SEBASTIAN	\$10,325.00	\$3,693.50	\$22,833.00	\$804,350.00	\$9,256.00	\$52,062.00	\$29,184.00	\$72,509.00	\$1,004,212.50
SEVIER	\$5,151.50	\$520.00	\$732.00	\$155,127.00	\$916.00	\$5,192.00	\$1,661.00	\$5,872.00	\$175,171.50
SHARP	\$808.50	\$222.00	\$14,699.00	\$287,851.00	\$2,068.00	\$9,378.00	\$5,750.00	\$12,651.00	\$333,427.50
STONE	\$2,486.50	\$1,403.50	\$7,335.00	\$86,610.00	\$768.00	\$4,863.00	\$3,571.00	\$5,657.00	\$112,694.00
UNION	\$66,805.50	\$30,299.50	\$38,822.00	\$786,850.00	\$3,734.00	\$17,576.00	\$7,404.00	\$25,020.00	\$976,511.00
VAN BUREN	\$1,026.00	\$856.50	\$10,825.00	\$194,806.00	\$1,526.00	\$6,863.00	\$4,662.00	\$9,722.00	\$230,286.50
WASHINGTON	\$18,622.50	\$9,578.50	\$38,129.00	\$1,506,056.00	\$14,040.00	\$79,938.00	\$33,025.00	\$111,730.00	\$1,811,119.00
WHITE	\$7,577.50	\$2,474.00	\$48,984.00	\$979,601.00	\$4,342.00	\$27,419.00	\$14,417.00	\$38,204.00	\$1,123,018.50
WOODRUFF	\$2,644.50	\$1,579.50	\$4,892.00	\$154,857.00	\$546.00	\$3,012.00	\$1,489.00	\$4,077.00	\$173,097.00
YELL	\$779.00	\$120.00	\$5,110.00	\$237,903.00	\$1,098.00	\$7,453.00	\$4,159.00	\$9,459.00	\$266,081.00

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
 November 1 through November 30, 2020

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
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GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$896,891.00	\$482,531.50	\$1,354,042.00	\$35,584,033.00	\$260,178.00	\$1,293,482.00	\$677,392.00	\$1,720,154.00	\$42,268,703.50

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Total Number of Active Retailers
November 2020**

There were 1962 active retailers as of November 30, 2020.

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
November 30, 2020**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 908,180.41
Restricted assets:	
Cash and cash equivalents	120,207,664.74
Accounts receivable	15,249,840.48
Prepaid items	1,889,234.89
Total current assets	<u>138,254,920.52</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,578,212.25
Deposits with Multi-State Lottery Association	2,239,931.36
Capital assets (Net of accumulated depreciation)	1,592,933.01
Total non-current assets	<u>24,411,076.62</u>
Total assets	<u>162,665,997.14</u>
Deferred outflows of resources:	
Related to pension	931,661.70
Related to OPEB	966,044.98
Total deferred outflows of resources	<u>1,897,706.68</u>
Total assets and deferred outflows of resources	<u>\$ 164,563,703.82</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 1,146,676.42
Prizes payable	25,092,321.80
Accrued and other liabilities	2,027,730.39
Due to other funds of the State	400,708.78
Due to Education Trust Account	34,040,201.56
Due to Workforce Challenge Trust Account	83,974,411.86
Compensated absences	427,442.59
OPEB Obligation	114,672.71
Unearned revenue	326,225.39
Total current liabilities	<u>147,550,391.50</u>
Long-Term liabilities:	
Net other post employment benefits	4,491,789.59
Net pension liability	4,646,795.00
Total long-term liabilities	<u>9,138,584.59</u>
Total liabilities	<u>156,688,976.09</u>
Deferred inflows of resources:	
Related to pension	338,626.00
Related to OPEB	388,016.43
Total deferred inflows of resources	<u>726,642.43</u>
Total liabilities and deferred inflows of resources	<u>157,415,618.52</u>

NET POSITION

Net position:	
Invested in capital assets	1,592,933.01
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	577,305.26
Deposits with Multi-State Lottery Association	2,239,931.36
Unclaimed prizes reserve	2,193,051.32
Unrestricted (deficit)	<u>(19,455,135.65)</u>
Total net position	<u>7,148,085.30</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 164,563,703.82</u>

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues, Expenses and Change in Net Position
For the Five Months Ended November 30, 2020**

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 36,499,336.00	\$ 198,656,826.00
Online ticket sales	6,560,236.00	33,725,079.00
Retailer application, fidelity, bond and service fees	55,911.93	301,851.93
Other revenue	<u>30.91</u>	<u>1,297.62</u>
 Total operating revenues	 <u>43,115,514.84</u>	 <u>232,685,054.55</u>
 Operating expenses:		
Instant game prizes	26,931,948.10	146,014,197.21
Online game prizes	3,616,525.62	18,617,479.46
Retailer commissions	2,439,994.78	13,176,066.73
Gaming contract costs	2,073,272.05	11,246,549.52
Compensation and benefits	429,677.38	2,164,153.47
Marketing, advertising and promotions	536,247.23	2,824,355.36
General and administrative expenses	183,934.64	1,454,573.77
Services provided by Arkansas Department of Higher Education	42,000.00	210,000.00
Services provided by Arkansas Legislative Audit	20,600.00	103,000.00
Legal and professional services	0.00	195.05
Depreciation	<u>37,901.51</u>	<u>189,506.08</u>
 Total operating expenses	 <u>36,312,101.31</u>	 <u>196,000,076.65</u>
 Operating income (1)	 6,803,413.53	 36,684,977.90
 Non-operating revenue:		
Interest income	<u>64,400.91</u>	<u>333,319.78</u>
 Income before transfers	 6,867,814.44	 37,018,297.68
 Transfers to:		
Education Trust Account	<u>(8,207,598.88)</u>	<u>(40,802,004.24)</u>
 Change in net position	 <u>\$ (1,339,784.44)</u>	 <u>(3,783,706.56)</u>
 Total net position - beginning		 <u>10,931,791.86</u>
Total net position - ending		<u>\$ 7,148,085.30</u>

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

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses Budget Comparisons
For the Five Months Ended November 30, 2020

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 36,499,336.00	84.65	\$ 30,000,000.00	85.81	\$ 6,499,336.00	\$ 198,656,826.00	85.38	\$ 159,200,000.00	86.47	\$ 39,456,826.00
Online games	6,560,236.00	15.22	4,925,000.00	14.09	1,635,236.00	33,725,079.00	14.49	24,680,000.00	13.41	9,045,079.00
Retailer fees	55,911.93	0.13	37,000.00	0.11	18,911.93	301,851.93	0.13	227,000.00	0.12	74,851.93
Other revenue	30.91	0.00	500.00	0.00	(469.09)	1,297.62	0.00	2,500.00	0.00	(1,202.38)
Total operating revenues	43,115,514.84	100.00	34,962,500.00	100.00	8,153,014.84	232,685,054.55	100.00	184,109,500.00	100.00	48,575,554.55
Operating expenses:										
Instant game prizes	26,931,946.10	62.46	21,494,000.00	61.48	5,437,946.10	146,014,197.21	62.75	114,206,000.00	62.03	31,808,197.21
Online game prizes	3,616,525.62	8.39	2,654,000.00	7.59	962,525.62	18,617,479.46	8.00	13,297,000.00	7.22	5,320,479.46
Retailer commissions	2,439,994.78	5.66	1,978,000.00	5.66	461,994.78	13,176,066.73	5.66	10,407,000.00	5.65	2,769,066.73
Gaming contract costs	2,073,272.05	4.81	1,531,000.00	4.38	542,272.05	11,246,549.52	4.83	8,692,000.00	4.72	2,554,549.52
Compensation & benefits	429,677.38	1.00	442,000.00	1.26	(12,322.62)	2,164,153.47	0.93	2,288,000.00	1.24	(123,846.53)
Marketing, advertising & promotions	536,247.23	1.24	639,000.00	1.83	(102,752.77)	2,824,355.36	1.21	3,186,000.00	1.73	(361,644.64)
General and administrative expenses	183,934.64	0.43	157,000.00	0.45	26,934.64	1,454,573.77	0.63	908,000.00	0.49	546,573.77
Services provided by other agencies	62,600.00	0.15	64,000.00	0.18	(1,400.00)	313,000.00	0.13	319,000.00	0.17	(6,000.00)
Legal and professional service	-	-	500.00	0.00	(500.00)	195.05	0.00	2,500.00	0.00	(2,304.95)
Depreciation	37,901.51	0.09	32,000.00	0.09	5,901.51	189,506.08	0.08	159,000.00	0.09	30,506.08
Total operating expenses	36,312,101.31	84.22	28,991,500.00	82.92	7,320,601.31	196,000,076.65	84.23	153,464,500.00	83.36	42,535,576.65
Operating income	6,803,413.53	15.78	5,971,000.00	17.08	832,413.53	36,684,977.90	15.77	30,645,000.00	16.64	6,039,977.90
Non-operating revenue:										
Interest income	64,400.91	0.15	46,000.00	0.13	18,400.91	333,319.78	0.14	290,000.00	0.16	43,319.78
Income before transfers	\$ 6,867,814.44	15.93	\$ 6,017,000.00	17.21	\$ 850,814.44	\$ 37,018,297.68	15.91	\$ 30,935,000.00	16.80	\$ 6,083,297.68

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery**

Statement of Revenues and Expenses - GAAP

For the Five Months Ended November 30, 2020 Compared to November 30, 2019

	Current Month November 30, 2020	% Sales	Current Month November 30, 2019	% Sales	Variance	Year to date November 30, 2020	% Sales	Year to date November 30, 2019	% Sales	Variance
Operating revenues:										
Instant ticket sales	\$ 36,499,336.00	84.7%	\$ 30,015,685.00	83.1%	\$ 6,483,651.00	\$ 198,656,826.00	85.4%	\$ 162,346,421.00	83.9%	\$ 36,310,405.00
Online ticket sales	6,560,236.00	15.2%	6,055,724.50	16.8%	504,511.50	33,725,079.00	14.5%	30,756,922.00	15.9%	2,968,157.00
Retailer fees	55,911.93	0.1%	47,231.62	0.1%	8,680.31	301,851.93	0.1%	288,552.49	0.1%	13,299.44
Other revenue	30.91	0.0%	0.00	0.0%	30.91	1,297.52	0.0%	324.19	0.0%	973.43
Total operating revenues	43,115,514.84	100.0%	36,118,641.12	100.0%	6,996,873.72	232,885,054.55	100.0%	193,392,219.68	100.0%	39,292,834.87
Operating expenses:										
Instant game prizes	26,931,948.10	62.5%	21,354,855.30	59.1%	5,577,092.80	146,014,197.21	62.8%	115,305,639.71	59.6%	30,708,557.50
Online game prizes	3,616,525.62	8.4%	3,238,675.65	9.0%	377,849.97	18,617,479.46	8.0%	16,881,023.41	8.7%	1,736,456.05
Retailer commissions	2,439,994.78	5.7%	2,033,202.41	5.6%	406,792.37	13,176,066.73	5.7%	10,922,758.38	5.6%	2,253,308.35
Gaming contract costs	2,073,272.05	4.8%	1,424,480.45	3.9%	648,791.60	11,246,549.52	4.8%	8,852,498.62	4.6%	2,394,050.90
Compensation and benefits	429,677.38	1.0%	390,143.01	1.1%	39,534.37	2,164,153.47	0.9%	2,069,306.42	1.1%	94,847.05
Marketing, advertising and promotions	536,247.23	1.2%	701,883.31	1.9%	(165,636.08)	2,824,355.36	1.2%	3,397,648.84	1.8%	(573,293.48)
General and administrative expenses	183,934.64	0.4%	235,820.46	0.7%	(51,885.82)	1,454,573.77	0.6%	1,326,067.84	0.7%	128,505.93
Services provided by ADHE	42,000.00	0.1%	35,398.55	0.1%	6,601.45	210,000.00	0.1%	179,594.20	0.1%	30,405.80
Services provided by Legislative Audit Agency	20,600.00	0.0%	23,316.00	0.1%	(2,716.00)	103,000.00	0.0%	103,764.00	0.1%	(764.00)
Legal and professional services	-	0.0%	0.00	0.0%	-	195.05	0.0%	388.45	0.0%	(193.40)
Depreciation	37,901.51	0.1%	39,442.33	0.1%	(1,540.82)	189,506.08	0.1%	139,971.74	0.1%	49,534.34
Total operating expenses	38,312,101.31	84.2%	29,477,217.47	81.6%	8,834,883.84	196,000,076.65	84.2%	159,178,661.61	82.3%	36,821,415.04
Operating income	6,803,413.53	15.8%	6,641,423.65	18.4%	161,989.88	36,684,977.90	15.8%	34,213,558.07	17.7%	2,471,419.83
Nonoperating revenue:										
Interest income	64,400.91	0.1%	181,070.63	0.5%	(116,669.72)	333,319.78	0.1%	1,232,026.78	0.6%	(898,707.00)
Income before transfers	\$ 6,867,814.44	15.9%	\$ 6,822,494.28	18.9%	\$ 45,320.16	\$ 37,018,297.68	15.9%	\$ 35,445,584.85	18.3%	\$ 1,572,712.83
Net Proceeds (1)	\$ 8,207,598.88		\$ 5,947,177.45		\$ 2,260,421.43	\$ 40,802,004.24		28,297,917.70		\$ 12,504,086.54

Note 1: 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
Net Proceeds Transfer to Ed Trust Computation
Modified Cash Basis
For the Five Months Ended November 30, 2020**

	Year to date
Operating revenues:	
Instant ticket (Settlements)	\$ 200,283,521.00
Online ticket sales	33,725,079.00
Retailer application, fidelity and service fees	301,851.93
Other revenue	<u>1,297.62</u>
Total operating revenues	<u>234,311,749.55</u>

Operating expenses:	
Instant game prizes (Settlements)	143,116,557.00
Online game prizes	18,617,479.46
Retailer commissions	13,176,066.73
Gaming contract costs	11,246,549.52
Compensation and benefits	2,164,153.47
Marketing, advertising and promotions	2,824,355.36
General and administrative expenses	1,454,573.77
Services provided by ADHE	210,000.00
Services provided by Legislative Audit Agency	103,000.00
Legal and professional services	195.05
Current year capital asset cost	<u>0.00</u>
Total operating expenses	<u>192,912,930.36</u>

Change in net proceeds from operations 41,398,819.19

Non-operating revenue:	
Interest income	
Other non-operating income	333,319.78
EDUCATION TRUST FUNDING-Current Year	0.00
Less Act 1180 Unclaimed Prizes	(32,594,405.36)
Less current year Bond Reserve Fees	(1,193,051.32)
Add Bond Funds in excess of \$500,000	(78,412.25) restricted reserves
Add back Write Off Retailer Bad Debt	1,106.99 see 23-115-603(a)(5)
Less current year MUSL Reserves	275,421.85 see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>64,800.00</u>

NET PROCEEDS EARNED-Current Month \$ 8,207,598.88

	Transfer	Interest	Total
Academic Challenge Scholarship Trust			
November 2019 funding - 12/15/19	\$ 30,894,730.17	\$ 3,145,471.39	\$ 34,040,201.56
December 2019 funding - 1/15/20	\$ 5,911,949.20	\$ 35,228.25	\$ 5,947,177.45
January 2020 funding - 2/15/20	\$ 6,333,195.26	\$ 38,788.23	\$ 6,371,983.49
Transfer to ADHE 2/18/20	\$ 8,190,940.02	\$ 48,143.75	\$ 8,239,083.77
February 2020 funding - 3/15/20	\$ (38,000,000.00)	\$ -	\$ (38,000,000.00)
March 2020 funding - 4/15/20	\$ 7,201,704.36	\$ 31,852.41	\$ 7,233,556.77
April 2020 funding - 5/15/20	\$ 7,381,962.30	\$ 4,535.00	\$ 7,386,497.30
May 2020 funding - 6/15/20	\$ 8,312,074.87	\$ 6,237.77	\$ 8,318,312.64
June 2020 funding - 7/15/20	\$ 8,609,833.84	\$ 9,272.55	\$ 8,619,106.39
June 2020 Final Adjustments funding - 10/22/20	\$ 14,969,860.90	\$ 14,602.28	\$ 14,984,463.18
Transfer excess net proceeds to Workforce Trust Fund 10/22/20	\$ (185,527.29)	\$ -	\$ (185,527.29)
July 2020 funding - 8/15/20	\$ (16,265,393.95)	\$ -	\$ (16,265,393.95)
August 2020 funding - 9/15/20	\$ 8,573,004.11	\$ 19,569.82	\$ 8,592,573.93
Transfer to ADHE 9/24/20	\$ 7,837,402.04	\$ 25,515.40	\$ 7,862,917.44
September 2020 funding - 10/15/20	\$ (38,000,000.00)	\$ -	\$ (38,000,000.00)
October 2020 funding - 11/15/20	\$ 7,667,415.02	\$ 24,161.97	\$ 7,691,576.99
November 2020 funding - 12/15/20	\$ 8,435,196.50	\$ 12,140.50	\$ 8,447,337.00
	\$ 8,196,802.93	\$ 10,795.95	\$ 8,207,598.88

	Transfer	Total
Workforce Challenge Scholarship Trust		
FY 2017 Excess Net Proceeds transferred from Edu Trust 12/1/17	\$ 83,974,411.86	\$ 83,974,411.86
ADHE Refund from FY 2017 - 11/30/17	\$ 14,157,060.23	\$ 14,157,060.23
ADHE Refund from FY 2018 - 9/6/18	\$ 4,887,236.92	\$ 4,887,236.92
Transfer excess net proceeds to Workforce Trust Fund 10/16/18	\$ 11,710,439.46	\$ 11,710,439.46
Transfer to ADHE for FY 2019 Fall funding 11/7/18 Workforce Challenge	\$ 8,344,929.36	\$ 8,344,929.36
FY 2019 Excess Net Proceeds transferred from Edu Trust 9/5/19	\$ (1,000,000.00)	\$ (1,000,000.00)
Transfer excess net proceeds to Workforce Trust Fund 11/08/19	\$ 3,904,288.48	\$ 3,904,288.48
Transfer to ADHE for FY 2020 Fall funding 4/24/20 Concurrent Challenge	\$ 23,639,040.28	\$ 23,639,040.28
Transfer to ADHE for FY 2020 Fall funding 7/24/20 Concurrent Challenge	\$ (1,000,000.00)	\$ (1,000,000.00)
ADHE Refund from FY 2020 / 8/14/20	\$ (400,000.00)	\$ (400,000.00)
Transfer excess net proceeds to Workforce Trust Fund 10/22/20	\$ 4,466,023.18	\$ 4,466,023.18
Transfer to ADHE for FY 2021 Fall funding 11/10/20 Concurrent Challenge	\$ 16,265,393.95	\$ 16,265,393.95
	\$ (1,000,000.00)	\$ (1,000,000.00)

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
November 30, 2020

	Monthly	Year to Date
Reserve Balance July 1, 2020		\$1,000,000.00
1. Unclaimed lottery prize money:	\$143,919.00	1,193,051.32
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	143,919.00	1,193,051.32
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
Reserve Balance November 30, 2020		\$2,193,051.32

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

**OFFICE OF THE ARKANSAS LOTTERY MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT
November 1 through November30, 2020**

Vendors	Goods or Services	Diversity Classification	November 2020	FY 2021 Total
Government Supply Services	Office Furniture/Supplies	CMBE	\$ 325.53	\$ 2,224.84
Totals			\$ 325.53	\$ 2,224.84

**INTRALOT MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT
November 1 through November30, 2020**

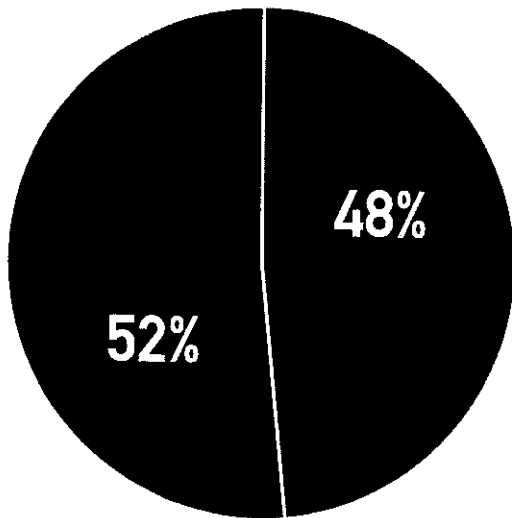
Vendors	Goods or Services	Diversity Classification	November 2020	FY 2021 Total
J Kelly Referrals and Informations Services	Call Center/Information Services	CMBE	\$ 14,000.00	\$ 70,000.00
Totals			\$ 14,000.00	\$ 70,000.00

**SCIENTIFIC GAMES MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT
November 1 through November30, 2020**

Vendors	Goods or Services	Diversity Classification	November 2020	FY 2021 Total
Expedited Transportation Service	Transportation Services	DBE	\$ 4,317.34	\$ 14,544.36
Ingage, LLC	Fulfillment Services and Prizes	WBE	\$ 100,922.00	\$ 522,510.34
Totals			\$ 105,239.34	\$ 537,054.70

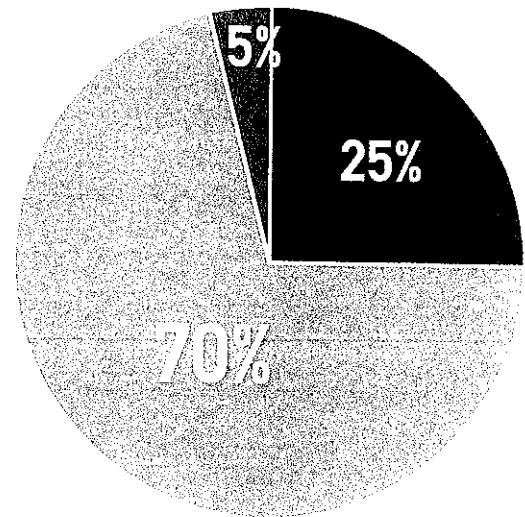
**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
NOVEMBER 2020**

GENDER



- FEMALE
- MALE

RACE



- BLACK
- CAUCASIAN
- OTHER MINORITIES

▼ **TOTAL NUMBER OF EMPLOYEES AS OF NOVEMBER 2020: 64** ▼

GENDER

Females - 31

Males - 33

RACE

Black - 16 ----- Female - 9 Male - 7

Caucasian - 45 ----- Female - 22 Male - 23

Other - 3 ----- Female - 0 Male - 3



STATE OF ARKANSAS
Department of Finance and Administration

OFFICE OF THE ARKANSAS LOTTERY

Post Office Box 3238
Little Rock, Arkansas 72203-3238
Phone: (501) 683-2010

William C. Miller, CPA, CGMA
Internal Auditor

Audit: 2021-27 Federal & State Tax Withholding Reporting Process Report Date: November 23, 2020

Report Distribution: Alan McVey, Deputy Director
Department of Finance and Administration For Fiscal Year: June 30, 2020

Office of the Arkansas Lottery
Eric Hagler, OAL Director
Jerry Fetzer, Chief Fiscal Office
Michael Helms, Chief Legal Counsel
Timothy Parrish, Treasurer

Introduction

A scheduled audit of the Federal & State Tax Withholding process for January 1, 2019 to December 31, 2019 has been completed by Internal Audit. The audit was conducted in conformance with the *International Standards of the Professional Practice of Internal Auditing*, upon which the Office of the Arkansas Lottery (OAL) Internal Audit policies and procedures are based.

Background

On a daily basis, OAL retailers sell lottery products to customers throughout the state. In connection with these sales, retailers are eligible to earn the following types of commissions per OAL Retailer Rules:

- Base Instant and Online Games Commission – 5% of the dollar value of tickets sold;
- Cashing Commission – 1% of the prize dollar value of winning tickets redeemed at retail locations up to the \$500 cashing limit per winning ticket for retailers;
- Selling Commission – 1% of the prize value for winning tickets sold by a retail location and subsequently validated and paid to the winner by the OAL Claim Center for prizes of \$10,000 or more per ticket; per ticket payout of a selling commission to a retailer is capped at \$50,000.

Payment of these commissions to retailers may trigger the need to report annual earnings by retailers to the Internal Revenue Service (IRS) based on a retailer's type of legal organization and earnings level during a calendar year. These same triggers would result in issuance of Form 1099-MISC to retailers outlining commissions earned during the year that were reported to the appropriate taxing authorities.

Under its contract with Intralot, Inc. (Intralot), the OAL is provided with a system that is used to capture retailer transactions, validate and pay player claims, and calculate the amount of commissions due to each retailer. Also under the contract with Intralot, annual tax report processing and printing of Form 1099-MISC for distribution to retailers must be provided to the OAL. The OAL Treasurer works with Intralot to coordinate the generation of tax reports and forms and ensures the completeness and accuracy of the information reported to taxing authorities and provided to retailers for their own tax return preparation.

Also on a daily basis, OAL players present tickets for validation and claim prizes at the OAL's Claim center in downtown Little Rock. Prizes that exceed the retailer cashing limit of \$500 must be processed by the

Claim Center, either via mail or in person, and prizes greater than or equal to \$1 million must be claimed in person.

Per IRS regulations, winnings of \$600 or more must be reported and Form W-2G issued to the claimant. IRS regulations also require withholding of federal income tax of at least 25% from claims of more than \$5,000. These same thresholds apply to state taxes, with a 7% withholding rate required by Arkansas Code Annotated (ACA) § 26-51-2304 (a) for single winning ticket claims of more than \$5,000.

IRS regulations require remittance of federal income tax withholdings on either a monthly or semi-weekly basis, depending on the total withholding liability incurred by an entity during a specified lookback period unless a single day's withholding liability is \$100,000 or more, in which case taxes withheld must be remitted no later than the following business day. ACA § 26-51-2305 (d) requires state income tax withheld from player winnings to be remitted on or before the fifteenth day of the month following the month in which the tax was withheld. In order to comply with and avoid the potential for unintentional violation of these requirements, the OAL accounting function remits federal taxes withheld on a daily basis and state taxes withheld weekly. Both remittances are accomplished electronically through the Electronic Federal Taxpayer System (EFTPS) and Arkansas Taxpayer Access Point (ATAP), which initiate ACH transactions in the OAL's operating bank account. On an annual basis, the accounting function completes the required reporting to the IRS for taxes withheld during the year (Form 945 and 945-A) and Arkansas Withholding Tax Return via ATAP.

Purpose, Objectives, and Scope

The overall purpose, objectives, and scope of the audit were as follows:

Purpose

The purpose of this audit was to ensure adequate controls and procedures are in place to assure that the OAL remits and reports tax withholdings and amounts paid to its retailers in a timely, complete, and accurate fashion, in accordance with the appropriate taxing authority's regulations.

Objectives

- Ensure that OAL withholds the appropriate tax withholdings from player's winnings and remit these withholdings in a timely standard to the appropriate tax authorities.
- Ensure that OAL withholds the appropriate tax withholdings from the retailer's commissions and remits these withholdings in a timely standard to the appropriate tax authorities.
- Ensure policies and procedures are in place to identify and correct TIN mismatches from retailers and lottery player winners. If mismatches occur, does the OAL resolve tax penalties assessed by the IRS or state taxing authorities and correct the issues in a timely standard.

Scope

The procedures performed included inspection and review of Back Office System (BOS) reports, electronic funds tax deposit confirmations, bank statements, and other system-generated reports and documents. Transactions and documentation selected for testing included items generated throughout and prepared for calendar year 2019.

Observation

IA had no observations or recommendations to report.

William C Miller _____

William C Miller, Internal Auditor

DFA/Office of the Arkansas Lottery
Instant & Fast Play Games
November 2020

Sales for the following instant games began November 3, 2020. No ending dates have been determined for these games.

\$1 Holiday Fun!

\$2 Cash Doubler

\$3 Jumbo Bucks Bingo

\$5 \$100,000 Back Scratch

\$20 \$1 Million Spectacular

Sales for the following Fast Play games began November 2, 2020. No ending dates have been determined for these games.

\$1 Holiday Cash

\$1 Candy Cane Cash

Sales for the following Fast Play games began November 30, 2020. No ending dates have been determined for these games.

\$1 Bingo

\$2 Snowflake Melt

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
ADHE Transfer Analysis**

Month	2020 Transfers	2020 Unclaimed Prizes	Total Transfer	2020 Budget	Over/Under Budget	Cumulative Balance
July, 2020	\$ 8,592,574	\$ 138,541	\$ 8,731,115	\$ 5,825,000	\$ 2,906,115	\$ 2,906,115
August	7,862,917	653,444	\$ 8,516,361	6,746,000	1,770,361	4,676,476
September	7,691,577	167,166	\$ 7,858,743	6,333,000	1,525,743	6,202,219
October	8,447,337	89,981	\$ 8,537,318	6,014,000	2,523,318	8,725,537
November	8,207,599	143,919	\$ 8,351,518	6,017,000	2,334,518	11,060,055
December						
January, 2021						
February						
March						
April						
May						
June						
Sub Total	\$ 40,802,004	\$ 1,193,051	\$ 41,995,055	\$ 30,935,000		
Reserve GPW						
Total	<u>\$ 40,802,004</u>	<u>\$ 1,193,051</u>	<u>\$ 41,995,055</u>	<u>\$ 30,935,000</u>		<u>\$ 11,060,055</u>