



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, 2021

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 November 2021. 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 Demographics
14. Internal Auditor Reports
15. Instant Ticket Games Released

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  
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December 10, 2021

The Honorable Ronald Caldwell, Co-Chair  
The Honorable Gary Deffenbaugh, Co-Chair  
Arkansas Legislative Council Lottery Oversight Subcommittee  
One Capitol Mall Room R-501  
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Senator Caldwell and Representative Deffenbaugh:

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 November 2021. 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, 2021**

There were no term contracts entered into by Arkansas Department of Finance and Administration Office of the Arkansas Lottery during the month of November 2021.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Debt Set-Off and Retailer Losses  
November 30, 2021**

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

a. Arkansas Department of Finance and Administration	\$ 4,041.76
b. Arkansas Office of Child Support Enforcement - Child Support	<u>\$ 3,049.00</u>
Total Debt Set-Off:	\$ 7,090.76

**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, 2021**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$19,189.50	\$10,838.50	\$12,037.00	\$474,381.00	\$4,128.00	\$8,129.00	\$3,450.00	\$15,673.00	\$547,826.00
ASHLEY	\$15,913.50	\$15,117.00	\$12,201.00	\$200,548.00	\$2,652.00	\$4,606.00	\$2,357.00	\$11,181.00	\$264,575.50
BAXTER	\$3,484.50	\$1,825.00	\$12,766.00	\$493,946.00	\$10,066.00	\$14,901.00	\$10,553.00	\$32,131.00	\$579,672.50
BENTON	\$10,110.50	\$3,957.00	\$31,096.00	\$1,442,631.00	\$22,372.00	\$58,311.00	\$21,758.00	\$143,211.00	\$1,733,446.50
BOONE	\$2,945.00	\$1,896.50	\$33,788.00	\$474,113.00	\$2,414.00	\$9,706.00	\$4,723.00	\$22,724.00	\$552,309.50
BRADLEY	\$1,618.50	\$4,270.00	\$2,005.00	\$175,349.00	\$1,480.00	\$2,659.00	\$1,499.00	\$5,653.00	\$194,533.50
CALHOUN	\$2,661.50	\$886.00	\$1,457.00	\$56,523.00	\$1,124.00	\$638.00	\$443.00	\$1,910.00	\$65,642.50
CARROLL	\$464.50	\$977.50	\$14,272.00	\$275,840.00	\$2,324.00	\$5,935.00	\$2,964.00	\$14,708.00	\$317,485.00
CHICOT	\$8,976.00	\$4,195.00	\$5,627.00	\$181,813.00	\$3,560.00	\$5,834.00	\$3,050.00	\$12,833.00	\$225,888.00
CLARK	\$4,232.50	\$1,215.00	\$26,114.00	\$341,514.00	\$3,530.00	\$7,194.00	\$4,449.00	\$16,553.00	\$404,801.50
CLAY	\$577.00	\$10.50	\$2,320.00	\$111,548.00	\$1,592.00	\$2,246.00	\$1,689.00	\$4,512.00	\$124,494.50
CLEBURNE	\$1,756.00	\$235.00	\$22,820.00	\$294,343.00	\$4,998.00	\$9,319.00	\$6,912.00	\$21,280.00	\$361,663.00
CLEVELAND	\$827.50	\$423.50	\$2,370.00	\$65,979.00	\$1,344.00	\$870.00	\$428.00	\$2,198.00	\$74,440.00
COLUMBIA	\$16,766.00	\$7,917.50	\$10,477.00	\$349,544.00	\$4,500.00	\$5,037.00	\$3,089.00	\$13,107.00	\$410,437.50
CONWAY	\$8,424.00	\$2,919.50	\$13,513.00	\$422,681.00	\$6,908.00	\$9,023.00	\$7,781.00	\$20,110.00	\$491,359.50
CRAIGHEAD	\$16,888.50	\$12,061.50	\$47,276.00	\$1,696,367.00	\$10,312.00	\$25,535.00	\$12,359.00	\$59,604.00	\$1,880,403.00
CRAWFORD	\$1,471.00	\$734.50	\$11,945.00	\$381,064.00	\$6,878.00	\$15,423.00	\$8,029.00	\$35,227.00	\$460,771.50
CRITTENDEN	\$36,903.50	\$21,475.00	\$15,988.00	\$718,367.00	\$7,730.00	\$20,191.00	\$8,250.00	\$52,617.00	\$881,521.50
CROSS	\$6,071.50	\$2,953.50	\$10,381.00	\$314,231.00	\$1,430.00	\$3,442.00	\$1,967.00	\$8,660.00	\$349,136.00
DALLAS	\$2,061.50	\$1,135.50	\$3,269.00	\$194,805.00	\$604.00	\$2,673.00	\$1,675.00	\$6,154.00	\$212,377.00
DESHA	\$2,583.50	\$1,656.00	\$7,078.00	\$221,969.00	\$1,300.00	\$4,523.00	\$2,466.00	\$8,479.00	\$250,054.50
DREW	\$4,633.50	\$2,177.00	\$9,184.00	\$329,712.00	\$3,660.00	\$5,909.00	\$2,883.00	\$13,215.00	\$371,373.50
FAULKNER	\$13,449.00	\$6,343.00	\$42,223.00	\$1,388,211.00	\$16,566.00	\$32,662.00	\$21,272.00	\$74,267.00	\$1,594,993.00
FRANKLIN	\$552.00	\$83.00	\$15,574.00	\$183,385.00	\$1,516.00	\$5,752.00	\$2,658.00	\$14,754.00	\$224,274.00
FULTON	\$91.00	\$773.00	\$4,295.00	\$65,855.00	\$680.00	\$1,645.00	\$1,091.00	\$3,747.00	\$78,177.00
GARLAND	\$15,160.50	\$10,189.50	\$36,739.00	\$1,218,496.00	\$23,608.00	\$42,646.00	\$34,535.00	\$92,380.00	\$1,473,754.00
GRANT	\$732.50	\$836.50	\$17,558.00	\$162,987.00	\$2,670.00	\$4,594.00	\$2,904.00	\$10,855.00	\$203,137.00
GREENE	\$620.00	\$440.50	\$21,037.00	\$691,429.00	\$5,356.00	\$10,909.00	\$6,436.00	\$26,274.00	\$762,501.50
HEMPSTEAD	\$101,814.50	\$24,751.50	\$11,250.00	\$402,114.00	\$3,470.00	\$5,282.00	\$2,149.00	\$13,509.00	\$564,340.00
HOT SPRING	\$1,458.50	\$661.50	\$15,539.00	\$422,525.00	\$4,126.00	\$8,702.00	\$4,719.00	\$19,001.00	\$476,732.00
HOWARD	\$55,691.50	\$14,772.50	\$11,548.00	\$234,306.00	\$2,122.00	\$3,339.00	\$2,179.00	\$7,748.00	\$331,706.00
INDEPENDENCE	\$3,974.50	\$1,836.50	\$50,964.00	\$623,697.00	\$4,550.00	\$10,501.00	\$6,486.00	\$23,109.00	\$725,118.00
IZARD	\$66.50	\$71.00	\$6,425.00	\$101,957.00	\$746.00	\$3,220.00	\$2,044.00	\$6,138.00	\$120,667.50
JACKSON	\$18,091.00	\$10,964.00	\$16,373.00	\$261,431.00	\$1,720.00	\$4,878.00	\$3,745.00	\$10,851.00	\$328,053.00
JEFFERSON	\$66,587.00	\$44,800.00	\$38,270.00	\$1,331,642.00	\$20,974.00	\$29,344.00	\$19,768.00	\$65,682.00	\$1,617,067.00
JOHNSON	\$1,587.50	\$1,114.00	\$5,941.00	\$278,420.00	\$2,606.00	\$6,410.00	\$4,103.00	\$13,961.00	\$314,142.50
LAFAYETTE	\$17,095.00	\$4,225.50	\$2,254.00	\$103,495.00	\$640.00	\$2,424.00	\$461.00	\$4,508.00	\$135,102.50
LAWRENCE	\$775.00	\$135.00	\$13,216.00	\$297,100.00	\$1,506.00	\$4,391.00	\$1,939.00	\$9,779.00	\$328,841.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**OFFICE OF THE ARKANSAS LOTTERY**  
**RETAIL SALES BY COUNTY**  
**November 1 through November 30, 2021**

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
LEE	\$4,772.50	\$11,066.00	\$1,627.00	\$75,238.00	\$510.00	\$1,626.00	\$444.00	\$3,628.00	\$98,911.50
LINCOLN	\$609.00	\$1,166.00	\$1,930.00	\$118,119.00	\$1,646.00	\$2,579.00	\$1,446.00	\$5,381.00	\$132,876.00
LITTLE RIVER	\$6,341.00	\$5,576.00	\$3,340.00	\$129,187.00	\$1,402.00	\$2,806.00	\$1,421.00	\$6,408.00	\$156,481.00
LOGAN	\$35.50	\$46.50	\$9,927.00	\$234,936.00	\$2,014.00	\$5,721.00	\$3,371.00	\$12,874.00	\$268,925.00
LONOKE	\$12,235.50	\$6,046.50	\$55,446.00	\$1,119,164.00	\$12,342.00	\$25,800.00	\$15,849.00	\$56,710.00	\$1,303,593.00
MADISON	\$78.00	\$80.00	\$1,678.00	\$103,679.00	\$1,970.00	\$3,776.00	\$1,521.00	\$8,445.00	\$121,227.00
MARION	\$7,592.00	\$1,486.00	\$10,785.00	\$167,802.00	\$3,294.00	\$4,555.00	\$4,147.00	\$9,627.00	\$209,288.00
MILLER	\$34,530.50	\$12,650.00	\$16,050.00	\$637,738.00	\$8,314.00	\$11,536.00	\$6,036.00	\$24,373.00	\$751,227.50
MISSISSIPPI	\$64,965.50	\$26,751.00	\$20,578.00	\$716,210.00	\$2,284.00	\$9,212.00	\$3,619.00	\$21,891.00	\$865,510.50
MONROE	\$9,012.00	\$4,165.50	\$22,707.00	\$195,864.00	\$1,548.00	\$4,751.00	\$2,383.00	\$10,095.00	\$250,525.50
MONTGOMERY	\$0.00	\$0.00	\$4,175.00	\$30,494.00	\$266.00	\$1,235.00	\$777.00	\$3,328.00	\$40,275.00
NEVADA	\$4,767.50	\$2,613.50	\$1,428.00	\$193,395.00	\$1,354.00	\$2,435.00	\$1,199.00	\$5,196.00	\$212,388.00
NEWTON	\$402.50	\$90.00	\$2,050.00	\$48,030.00	\$312.00	\$878.00	\$564.00	\$2,138.00	\$54,464.50
OUACHITA	\$18,388.50	\$8,255.00	\$22,488.00	\$657,038.00	\$5,018.00	\$7,763.00	\$5,113.00	\$19,240.00	\$743,303.50
PERRY	\$1,198.00	\$559.50	\$5,413.00	\$123,256.00	\$1,628.00	\$3,280.00	\$2,466.00	\$7,216.00	\$145,016.50
PHILLIPS	\$14,339.50	\$5,678.00	\$6,936.00	\$322,091.00	\$2,046.00	\$5,493.00	\$3,135.00	\$13,228.00	\$372,946.50
PIKE	\$446.50	\$249.50	\$10,305.00	\$135,319.00	\$1,616.00	\$2,925.00	\$2,429.00	\$6,723.00	\$160,013.00
POINSETT	\$5,245.00	\$1,188.00	\$24,614.00	\$609,273.00	\$1,826.00	\$5,493.00	\$2,988.00	\$15,151.00	\$665,778.00
POLK	\$1,273.00	\$197.00	\$5,722.00	\$167,574.00	\$2,464.00	\$5,428.00	\$3,568.00	\$11,414.00	\$197,640.00
POPE	\$3,074.50	\$1,752.00	\$27,535.00	\$887,467.00	\$9,084.00	\$22,906.00	\$12,122.00	\$49,635.00	\$1,013,575.50
PRAIRIE	\$4,011.00	\$1,068.50	\$5,417.00	\$190,047.00	\$822.00	\$2,425.00	\$1,184.00	\$6,335.00	\$211,309.50
PULASKI	\$184,838.00	\$142,419.00	\$252,004.00	\$6,744,276.00	\$163,170.00	\$220,147.00	\$137,222.00	\$487,786.00	\$8,331,862.00
RANDOLPH	\$140.00	\$74.00	\$5,665.00	\$162,709.00	\$3,194.00	\$5,698.00	\$2,178.00	\$12,174.00	\$191,832.00
SAINT FRANCIS	\$20,233.00	\$12,440.50	\$3,372.00	\$342,319.00	\$3,366.00	\$6,888.00	\$2,515.00	\$18,118.00	\$409,251.50
SALINE	\$30,660.50	\$8,243.50	\$66,921.00	\$1,182,444.00	\$22,108.00	\$34,781.00	\$22,751.00	\$77,436.00	\$1,445,345.00
SCOTT	\$475.00	\$71.00	\$3,498.00	\$104,509.00	\$1,218.00	\$2,786.00	\$1,482.00	\$6,351.00	\$120,390.00
SEARCY	\$97.50	\$320.50	\$3,855.00	\$86,379.00	\$1,276.00	\$2,052.00	\$1,596.00	\$4,887.00	\$100,463.00
SEBASTIAN	\$11,065.00	\$4,057.00	\$19,829.00	\$915,506.00	\$18,222.00	\$38,036.00	\$22,152.00	\$91,478.00	\$1,120,345.00
SEVIER	\$5,531.50	\$838.50	\$2,884.00	\$192,713.00	\$1,028.00	\$3,817.00	\$1,954.00	\$7,358.00	\$216,124.00
SHARP	\$775.00	\$443.00	\$12,802.00	\$300,349.00	\$2,216.00	\$7,437.00	\$4,425.00	\$17,055.00	\$345,502.00
STONE	\$833.50	\$16.50	\$2,186.00	\$86,374.00	\$1,134.00	\$3,149.00	\$2,951.00	\$6,576.00	\$103,220.00
UNION	\$75,402.50	\$36,258.50	\$38,520.00	\$947,829.00	\$6,840.00	\$12,449.00	\$7,897.00	\$32,305.00	\$1,157,501.00
VAN BUREN	\$1,283.00	\$1,046.00	\$14,841.00	\$209,773.00	\$2,130.00	\$5,210.00	\$4,891.00	\$11,396.00	\$250,570.00
WASHINGTON	\$18,883.00	\$9,277.00	\$43,895.00	\$1,765,711.00	\$26,624.00	\$58,509.00	\$29,771.00	\$142,463.00	\$2,095,133.00
WHITE	\$12,364.50	\$4,921.00	\$55,192.00	\$1,088,724.00	\$8,148.00	\$19,650.00	\$12,574.00	\$43,682.00	\$1,245,255.50
WOODRUFF	\$1,850.00	\$1,071.00	\$5,127.00	\$146,628.00	\$1,166.00	\$2,359.00	\$1,219.00	\$4,924.00	\$164,344.00
YELL	\$1,354.00	\$585.00	\$7,246.00	\$249,462.00	\$2,094.00	\$5,257.00	\$3,575.00	\$12,322.00	\$281,895.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**OFFICE OF THE ARKANSAS LOTTERY**  
**RETAIL SALES BY COUNTY**  
 November 1 through November 30, 2021

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
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<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>
	\$1,025,409.00	\$533,640.00	\$1,415,178.00	\$38,371,644.00	\$523,456.00	\$959,651.00	\$564,198.00	\$2,193,650.00	\$45,586,826.00

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Total Number of Active Retailers  
November 2021**

There were 1969 active retailers as of November 30, 2021.



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Statement of Net Position  
November 30, 2021**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 8,893,225.34
Restricted assets:	
Cash and cash equivalents	154,129,662.77
Accounts receivable	17,419,105.26
Prepaid items	1,619,350.87
Total current assets	<u>182,061,344.24</u>
<b>Non-current assets:</b>	
Restricted assets:	
Cash and cash equivalents	20,576,181.14
Deposits with Multi-State Lottery Association	2,160,081.26
Capital assets (Net of accumulated depreciation)	1,215,208.23
Total non-current assets	<u>23,951,470.63</u>
Total assets	<u>206,012,814.87</u>
<b>Deferred outflows of resources:</b>	
Related to pension	1,285,278.28
Related to OPEB	759,944.04
Total deferred outflows of resources	<u>2,045,222.32</u>
Total assets and deferred outflows of resources	<u>\$ 208,058,037.19</u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 1,665.00
Prizes payable	24,748,849.42
Accrued and other liabilities	10,751,249.70
Due to other funds of the State	431,387.80
Due to Lottery Scholarship Trust Account	150,406,145.61
Compensated absences	405,539.21
OPEB Obligation	123,791.78
Unearned revenue	249,897.75
Total current liabilities	<u>187,118,526.27</u>
<b>Long-Term liabilities:</b>	
Net other post employment benefits	4,602,957.34
Net pension liability	5,317,319.00
Total long-term liabilities	<u>9,920,276.34</u>
Total liabilities	<u>197,038,802.61</u>
<b>Deferred Inflows of resources:</b>	
Related to pension	258,159.00
Related to OPEB	407,256.30
Total deferred inflows of resources	<u>665,415.30</u>
Total liabilities and deferred inflows of resources	<u>197,704,217.91</u>

**NET POSITION**

<b>Net position:</b>	
Invested in capital assets	1,215,208.23
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	578,059.15
Deposits with Multi-State Lottery Association	2,160,081.26
Unclaimed prizes reserve	3,728,921.28
Unrestricted (deficit)	<u>(17,328,450.64)</u>
Total net position	<u>10,353,819.28</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 208,058,037.19</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, 2021**

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 39,856,505.00	\$ 196,146,205.00
Online ticket sales	7,208,545.50	41,566,924.50
Retailer application, fidelity, bond and service fees	47,645.56	313,070.92
Other revenue	<u>7.50</u>	<u>188.68</u>
 Total operating revenues	 <u>47,112,703.56</u>	 <u>238,026,389.10</u>
 <b>Operating expenses:</b>		
Instant game prizes	28,705,827.36	142,595,695.74
Online game prizes	3,927,695.74	22,524,816.80
Retailer commissions	2,670,698.51	13,445,564.77
Gaming contract costs	2,245,016.87	11,428,327.83
Compensation and benefits	449,163.61	2,219,137.29
Marketing, advertising and promotions	543,692.56	2,966,940.04
General and administrative expenses	265,410.30	1,137,960.71
Services provided by Arkansas Department of Higher Education	44,300.00	221,500.00
Services provided by Arkansas Legislative Audit	26,000.00	130,000.00
Legal and professional services	0.00	0.00
Depreciation	<u>35,896.28</u>	<u>179,479.57</u>
 Total operating expenses	 <u>38,913,701.23</u>	 <u>196,849,422.75</u>
 Operating income (1)	 8,199,002.33	 41,176,966.35
 <b>Non-operating revenue:</b>		
Interest income	<u>25,157.10</u>	<u>245,901.24</u>
 Income before transfers	 8,224,159.43	 41,422,867.59
 <b>Transfers to:</b>		
Lottery Scholarship Trust Account	<u>(7,228,777.84)</u>	<u>(39,276,312.35)</u>
 Change in net position	 <u>\$ 995,381.59</u>	 2,146,555.24
 Total net position - beginning		 8,207,264.04
Total net position - ending		<u>\$ 10,353,819.28</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, 2021**

	<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	\$ 39,856,505.00	84.60	\$ 32,100,000.00	81.82	\$ 7,756,505.00	\$ 196,146,205.00	82.41	\$ 162,100,000.00	81.96	\$ 34,046,205.00
Online games	7,208,545.50	15.30	7,091,000.00	18.08	117,545.50	41,566,924.50	17.46	35,457,000.00	17.93	6,109,924.50
Retailer fees	47,645.56	0.10	39,000.00	0.10	8,645.56	313,070.92	0.13	217,000.00	0.11	96,070.92
Other revenue	7.50	0.00	500.00	0.00	(492.50)	188.68	0.00	2,500.00	0.00	(2,311.32)
				0.00%						
Total operating revenues	<u>47,112,703.56</u>	100.00	<u>39,230,500.00</u>	100.00	<u>7,882,203.56</u>	<u>238,026,389.10</u>	100.00	<u>197,776,500.00</u>	100.00	<u>40,249,889.10</u>
<b>Operating expenses:</b>										
Instant game prizes	28,705,827.36	60.93	23,078,000.00	58.83	5,627,827.36	142,595,695.74	59.91	116,564,000.00	58.94	26,031,695.74
Online game prizes	3,927,695.74	8.34	3,906,000.00	9.96	21,695.74	22,524,816.80	9.46	19,519,000.00	9.87	3,005,816.80
Retailer commissions	2,670,698.51	5.67	2,217,000.00	5.65	453,698.51	13,445,564.77	5.65	11,173,000.00	5.65	2,272,564.77
Gaming contract costs	2,245,016.87	4.77	1,776,000.00	4.53	469,016.87	11,428,327.83	4.80	8,955,000.00	4.53	2,473,327.83
Compensation & benefits	449,163.61	0.95	459,000.00	1.17	(9,836.39)	2,219,137.29	0.93	2,374,000.00	1.20	(154,862.71)
Marketing, advertising & promotions	543,692.56	1.15	574,000.00	1.46	(30,307.44)	2,966,940.04	1.25	2,856,000.00	1.44	110,940.04
General and administrative expenses	265,410.30	0.56	222,000.00	0.57	43,410.30	1,137,960.71	0.48	1,286,000.00	0.65	(148,039.29)
Services provided by other agencies	70,300.00	0.15	68,000.00	0.17	2,300.00	351,500.00	0.15	339,000.00	0.17	12,500.00
Legal and professional service	-	-	500.00	0.00	(500.00)	-	0.00	2,500.00	0.00	(2,500.00)
Depreciation	35,896.28	0.08	36,000.00	0.09	(103.72)	179,479.57	0.08	180,000.00	0.09	(520.43)
Total operating expenses	<u>38,913,701.23</u>	82.60	<u>32,336,500.00</u>	82.43	<u>6,577,201.23</u>	<u>196,849,422.75</u>	82.70	<u>163,248,500.00</u>	82.54	<u>33,600,922.75</u>
Operating income	8,199,002.33	17.40	6,894,000.00	17.57	1,305,002.33	41,176,966.35	17.30	34,528,000.00	17.46	6,648,966.35
<b>Non-operating revenue:</b>										
Interest income	25,157.10	0.05	23,000.00	0.06	2,157.10	245,901.24	0.10	142,000.00	0.07	103,901.24
Income before transfers	<u>\$ 8,224,159.43</u>	17.46	<u>\$ 6,917,000.00</u>	17.63	<u>\$ 1,307,159.43</u>	<u>\$ 41,422,867.59</u>	17.40	<u>\$ 34,670,000.00</u>	17.53	<u>\$ 6,752,867.59</u>

**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, 2021**

	Year to date
<b>Operating revenues:</b>	
Instant ticket (Settlements)	\$ 196,839,503.00
Online ticket sales	41,566,924.50
Retailer application, fidelity and service fees	313,070.92
Other revenue	188.68
	238,719,687.10
<b>Total operating revenues</b>	<b>238,719,687.10</b>

<b>Operating expenses:</b>	
Instant game prizes (Settlements)	142,888,942.78
Online game prizes	22,524,816.80
Retailer commissions	13,445,564.77
Gaming contract costs	11,428,327.83
Compensation and benefits	2,219,137.29
Marketing, advertising and promotions	2,966,940.04
General and administrative expenses	1,137,960.71
Services provided by ADHE	221,500.00
Services provided by Legislative Audit Agency	130,000.00
Legal and professional services	0.00
Current year capital asset cost	0.00
<b>Total operating expenses</b>	<b>196,963,190.22</b>

Change in net proceeds from operations 41,756,496.88

<b>Non-operating revenue:</b>	
Interest income	245,901.24
Other non-operating income	0.00
EDUCATION TRUST FUNDING-Current Year	(32,047,534.51)
Less Act 1180 Unclaimed Prizes	(2,728,921.28)
Less current year Bond Reserve Fees	(78,059.15) restricted reserves
Add Bond Funds in excess of \$500,000	see 23-115-603(a)(5)
Add back Write Off Retailer Bad Debt	0.00
Less current year MUSL Reserves	(29,105.34) see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	110,000.00
	<b>110,000.00</b>

**NET PROCEEDS EARNED-Current Month** **\$ 7,228,777.84**

	Transfer	Interest	Total
<b>Lottery Scholarship Trust Account</b>	\$	\$	\$
July 2020 funding - 8/15/20	8,573,004.11	19,569.82	8,592,573.93
August 2020 funding - 9/15/20	7,837,402.04	25,515.40	7,862,917.44
Transfer to ADHE for FY 2021 Fall Funding 9/24/20	(38,000,000.00)	-	(38,000,000.00)
September 2020 funding - 10/15/20	7,667,415.02	24,161.97	7,691,576.99
October 2020 funding - 11/15/20	8,435,196.50	12,140.50	8,447,337.00
November 2020 funding - 12/15/20	8,196,802.93	10,795.95	8,207,598.88
December 2020 funding -1/15/21	5,956,009.67	14,912.86	5,970,922.53
January 2021 funding - 2/15/21	10,896,695.24	16,497.08	10,913,192.32
Transfer to ADHE for FY2021 Spring Funding 2/17/20	(30,000,000.00)	-	(30,000,000.00)
February 2021 funding - 3/15/21	5,577,047.59	15,323.36	5,592,370.95
March 2021 funding - 4/15/21	8,329,488.02	12,429.36	8,341,917.38
April 2021 funding - 5/15/21	12,285,184.74	14,753.90	12,299,938.64
May 2021 funding - 6/15/21	7,570,133.41	18,230.96	7,588,364.37
June 2021 funding - 7/15/21	15,074,646.71	26,082.76	15,100,729.47
July 2021 funding - 8/15/21	8,309,715.00	28,849.13	8,338,564.13
Transfer Workforce Challenge Scholarship Trust Balance 9/1/21	82,474,411.86	-	82,474,411.86
August 2021 funding - 9/15/21	6,712,874.53	73,729.22	6,786,603.75
Transfer to ADHE for FY 2022 Fall Funding 9/7/20	(38,000,000.00)	-	(38,000,000.00)
September 2021 funding - 10/15/21	9,142,317.81	17,898.41	9,160,216.22
June 2021 adjustment to funding	(192,215.82)	-	(192,215.82)
Transfers to ADHE for FY 2022 Concurrent & Workforce Funding 10/8/21	(3,000,000.00)	-	(3,000,000.00)
October 2021 funding - 11/15/21	7,744,993.46	17,156.95	7,762,150.41
November 2021 funding - 12/15/21	7,209,024.86	19,752.98	7,228,777.84

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Unclaimed Prizes**  
**November 30, 2021**

	Monthly	Year to Date
Reserve Balance July 1, 2021		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 915,180.79	2,728,921.28
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotion or reserves:	915,180.79	2,728,921.28
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
Reserve Balance November 30, 2021		\$3,728,921.28

**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 November 30, 2021**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>November 2021</b>	<b>FY 2022 Total</b>
Government Supply Services	Office Furniture/Supplies	CMBE	\$ -	\$ 1,374.05
A-Absolute Moving & Hauling	Moving Office Furniture	CMBE	\$ -	\$ 376.71
<b>Totals</b>			<b>\$ -</b>	<b>\$ 1,750.76</b>

**INTRALOT MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT  
November 1 through November 30, 2021**

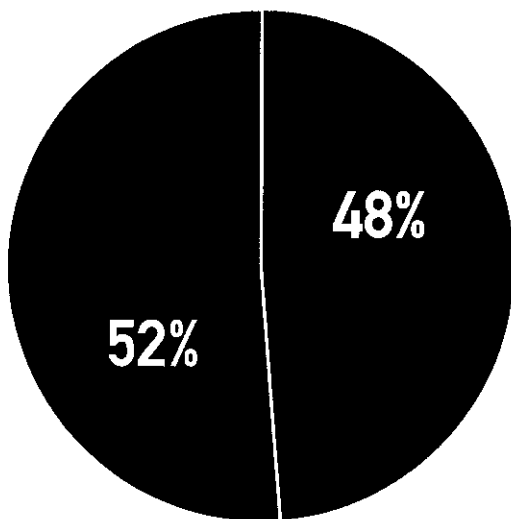
<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>November 2021</b>	<b>FY 2022 Total</b>
J Kelly Referrals and Informations Services	Call Center/Information Services	CMBE	\$ 51,267.91	\$ 198,977.05
<b>Totals</b>			<b>\$ 51,267.91</b>	<b>\$ 147,709.24</b>

**SCIENTIFIC GAMES MINORITY AND FEMALE OWNED DIVERSITY COMPLIANCE REPORT  
November 1 through November 30, 2021**

<b>Vendors</b>	<b>Goods or Services</b>	<b>Diversity Classification</b>	<b>November 2021</b>	<b>FY 2022 Total</b>
Expedited Transportation Service	Transportation Services	DBE	\$ 1,981.32	\$ 24,610.97
Pure Cleaning Services	Janitorial Servies	MBE	\$ 2,452.52	\$ 7,357.56
Ingage, LLC	Fulfillment Services and Prizes	WBE	\$ 22,468.48	\$ 257,767.66
<b>Totals</b>			<b>\$ 26,902.32</b>	<b>\$ 289,736.19</b>

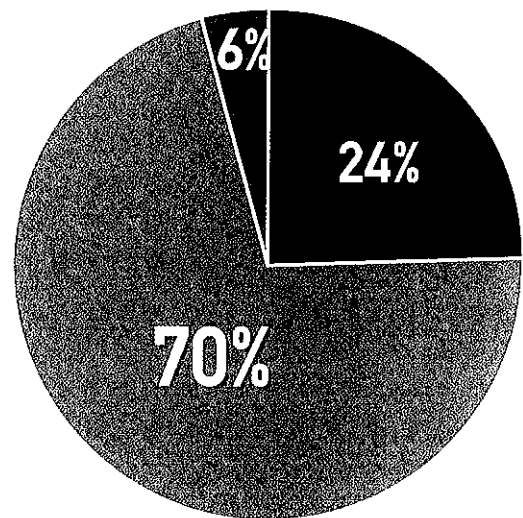
**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION  
OFFICE OF THE ARKANSAS LOTTERY  
NOVEMBER 2021**

**GENDER**



- FEMALE
- MALE

**RACE**



- BLACK
- CAUCASIAN
- OTHER MINORITIES

▼ TOTAL NUMBER OF EMPLOYEES AS OF NOVEMBER 2021: 66 ▼

**GENDER**

Females - 34

Males - 32

**RACE**

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

Caucasian - 46 ----- Female - 24 Male - 22

Other - 4 ----- Female - 1 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

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<u>Audit:</u>	2022-48 Marketing Promotional Inventory Audit	<u>Report Date:</u> November 10, 2021
<u>Report Distribution:</u>	Larry Walther, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2022
	<u>Office of the Arkansas Lottery</u> Eric Hagler, OAL Executive Director Jerry Fetzer, Chief Financial Officer Brent Standridge, Chief Legal Counsel	

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### **Introduction**

An audit for Marketing Promotional Inventory (MPI) process for fiscal year ended June 30, 2022, has been completed by Internal Audit. The review was conducted in accordance with the Office of the Arkansas Lottery (OAL) Internal Audit Charter, which governs the types and objectives of engagements performed by the OAL Internal Audit function.

### **Background**

A.C.A. §19-4-1501 Uniform system of perpetual inventory describes criteria used to purchase, dispose, track consumable supplies or goods that shall be included in a perpetual inventory system. A.C.A. §19-4-1502 outlines the responsibility of the executive head of each State agency, the duty to keep record of all state property under his or her control and shall be responsible for keeping and maintaining, a record of all property.

### **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 that the appropriate controls and procedures are in place for keeping and maintaining, a record of marketing promotional inventory, as well as safeguarding assets.

#### **Objectives**

- Ensure the appropriate controls and procedures, are in place to appropriately track marketing promotional inventory.
- Ensure that appropriate controls and procedures, are in place to secure marketing promotional inventory.
- Ensure that Marketing Promotional Inventory Log reflects proper inventory amounts and reconciles to the General Ledger.



**Scope**

The procedures performed included, performing inquiry, as well as performing an inventory observation using Marketing Promotional Inventory Log, general ledger detail, and other supporting documentation as of September 2021.

**Observations**

*Observation #:* 1

*Observation Title:* Design and Implementation of Policies and Procedures for MPI

*Internal Audit Observation:* Policies and procedures have not been designed, documented, implemented, or communicated for keeping and maintaining an official record of MPI.

*Discussion and Background:* Per The Act, the agency has a duty for keeping and maintain a record of all property. This would include, but not limited to, following purchasing laws and guidelines, as outlined by the State of Arkansas. Per inquiry of accounting and marketing personnel, there were no formal policies and procedures in place for keeping and maintaining a record of all MPI property.

A key component of policies and procedures regarding inventory is safeguarding of the asset. At the time of field work there were a minimum of eight individuals with access to the two rooms used for storing and maintaining MPI. Per observation at Scientific Gaming, Inc.'s warehouse, noted there were no physical controls in place to control the inflow and outflow of inventory from designated locations.

Testing of the Marketing Promotional Inventory Control Log included performing an inventory observation by selecting a sample of eighteen of thirty-five inventory items for testing. Seven of the selected inventory items count by IA did not agree to the control log. Another four inventory items were not properly segregated or easily located for performing procedures. Also, while performing work related to the testing of the Marketing Promotional Inventory Control Log, IA discovered there were no official forms in place to record use of inventory with the who, what, when and where documented, nor documentation of approvals for usage of MPI.

Inquiry with accounting personnel, included statements that inventory has been in such low volumes, in prior years that transactions were classified as expense rather than an inventory balance sheet item.

*Cause:* Amounts in past deemed immaterial by management.

*Effect:* Inaccurate calculations of inventory on hand for use at promotional events, as well as risk of loss due to misappropriation by personnel of the Office of Arkansas Lottery.

*Internal Audit Recommendations:* IA recommends that Management design, document, implement, and communicate policies and procedures related to MPI. Procurement of inventory items follows the

*Internal Audit Recommendations Continued:*

procurement process as all purchases. Procedures should focus on documentation regarding use of inventory items, as well as safeguarding of assets. Proper record retention within the marketing department with regards to inventory level, as well as backup documentation to support balances (i.e., Inventory Usage Form showing the who, what, when and where regarding use of inventory items that is approved by appropriate personnel).

Would restrict access to offices used to store inventory items such as dual lock system, badge entry system, or individual key that is limited to marketing personnel only. Also, should consider cage system at Scientific Games, Inc. in-order to segregate inventory related to Marketing from inventory for the Sales Department or Scientific Games, Inc.'s assets.

Would recommend maintaining a perpetual inventory system. As a component of the perpetual system, would recommend performing continuous or, at a minimum, an annual inventory count, with either Legislative Audit or OAL IA, performing an inventory observation of the process.

Would further recommend that if accounting transaction balances continue to increase related to MPI, that transactions be classified to an inventory account on the balance sheet, that is supported by monthly reconciliations, inventory control logs, as well as supporting backup documentation for purchases and usage of inventory.

*Management's Response:*

Management agrees with the recommendation to develop internal controls as they relate to promotional inventory. See attached for Management's full response.

*William C. Miller, CPA*

William C Miller, Internal Auditor



## PROCEDURE PROMOTIONAL ITEMS

As administrator of the Arkansas Scholarship Lottery ("ASL"), the Office of Arkansas Lottery ("OAL") is responsible for the procurement, distribution, and maintenance of inventory for promotional items utilized in furtherance of the sale of lottery games. It is the mission of the Arkansas Scholarship to *"Maximize Net Proceeds in a Responsible Manner."*

To ensure the efficient expenditure of funds for promotion of ASL games, OAL has established the following Procedure to account for promotional items purchased and distributed, as well as those carried in inventory. The goal of this Procedure is to collect and consolidate, on a real-time basis, data that will improve OAL strategies and optimize internal systems by giving transparency to stock changes and levels.

### Beginning Inventory:

The OAL Procurement Coordinator ("Coordinator") shall conduct an initial inventory of all promotional items available to OAL for use for ASL promotional activities. The beginning inventory prepared by the Coordinator shall be subject to a verification audit inventory conducted by OAL Security and OAL Finance.

### Tracking Inventory:

The Coordinator shall log detailed entries for every purchase order received and any withdrawal transactions. The entries will provide a 'trail' for OAL to reference that will enhance ordering strategies to ensure healthy stock levels. This will allow a "perpetual inventory count" to be maintained. This will allow OAL management to track the inventory in an efficient manner and create "re-order/re-stock" points for each item. When these points are reached, the Coordinator will notify management to verify that the items should be re-ordered. Upon receipt of confirmation to re-order, the purchase requisition(s) will be made.

### Physical Count:

The Coordinator shall ensure that OAL Finance Department conducts a physical count of inventory items on at least a semi-annual basis, with the physical year end count being completed by no later than June 15 of each fiscal year. The annual physical count will also identify any damaged goods or obsolete items that should be removed from the inventory. The annual physical count will be reconciled to the perpetual inventory, and any necessary adjustments will be made to the perpetual inventory by the Coordinator. OAL Finance will make any necessary adjustments to the Promotional Inventory asset account maintained in the general ledger.

### Access to Inventory:

The Coordinator will serve as the custodian of ASL promotional items inventory and will be responsible for ensuring that this procedure is properly implemented and maintained. The Coordinator is also

responsible for ensuring that access to inventory is limited to authorized personnel identified by this procedure.

**Accounting for the Inventory:**

Upon the completion and review of the initial physical count, the OAL Finance department will create a general ledger account for the Promotional Items Inventory. The balance of this general ledger account will be calculated using the physical inventory count and the most recent purchase price for that item, if it was acquired within the past twelve months. If no purchase price within the past twelve months can be found, it will be valued at current replacement cost.

Going forward, in addition to maintaining the tracking of the inventory purchase quantities, the Coordinator will also maintain the purchase price for each item. For subsequent valuations and adjustments of the inventory, the actual purchase price shall be used, whenever possible.

At each month end, the Coordinator should create a summary of the purchases added to the inventory and the items withdrawn from the inventory during that month. The withdrawals should be reflected at the price they were put into the inventory, or the best estimate thereof. The Coordinator's summary should be reviewed and approved by the Financial Analyst and provided to the OAL Accountant to create the monthly journal entry to adjust the Promotional Item Inventory balance.

The inventory should also be "re-valued" and adjusted in the general ledger each time a physical count is performed. The inventory adjustments should be summarized and then reviewed and approved by the OAL Financial Analyst, OAL Controller, and OAL Chief Fiscal Officer.

**Authorized Personnel:**

Authorized personnel are identified as follows:

- Executive Director
- Chief Fiscal Officer
- Director of Security & Compliance
- Director of Advertising & Marketing
- Director of Sales
- Coordinator
- Coordinator's Supervisor

For purposes of conducting the annual physical count, the Chief Fiscal Officer may designate one or more subordinates reporting to the Chief Fiscal Officer.

For purposes of conducting a security or compliance review, the Director of Security & Compliance may designate the Deputy Director of Security & Compliance.

For purposes of conducting an internal audit, the Chief Internal Auditor will be provided access. The Chief Internal Auditor may designate one subordinate reporting to the Chief Internal Auditor.

**Inventory Receipt / Distribution:**

The Coordinator shall develop and maintain a perpetual receipt log of all promotional items received into inventory. The Coordinator shall cross-check the items received to ensure that they match the

procurement order. The Coordinator shall cross-check the invoice to ensure that it matches the procurement order. The Coordinator shall log items immediately upon receipt. Any discrepancies in the order shall be noted by the Coordinator and elevated to: (a.) the Division Director responsible for the procurement request, (b.) Chief Fiscal Officer, (c.) Director of Security & Compliance, and (d.) Executive Director.

The Coordinator shall develop and maintain a perpetual distribution log of all promotional items distributed from inventory. The Coordinator shall cross-check the items distributed to ensure that they match the written request of the Division Director requesting the distribution. The Coordinator shall log items distributed immediately upon release. Any discrepancies in the distribution request and the amount received for distribution shall be noted by the Division Director receiving the items and elevated to: (a.) the Coordinator, (b.) Coordinator's Supervisor, (c.) Chief Fiscal Officer, (d.) Director of Security & Compliance, and (e.) Executive Director.

**Return to Inventory:**

The Coordinator shall receive any undistributed/unused items back into inventory and maintain a 'return log' in addition to entering the items back into the perpetual inventory log. The return log will provide OAL a trail for evaluating levels of return against perceived demand. The return log will also provide OAL with a means to compare current return data with historic reports.

**Annual Attestation of Procurement Coordinator:**

As part of the annual physical count conducted by the Chief Fiscal Officer ("CFO"), the Coordinator shall provide an attestation stating that the records maintained by the Coordinator are true and correct to the best of the Coordinator's knowledge. The annual attestation provided by the Coordinator shall also set forth that the Coordinator is not aware of any procurement or inventory fraud occurring within the past year that is within their knowledge.

**Annual Attestation of Chief Fiscal Officer:**

The CFO's physical count report shall serve as annual attestation that the physical count was conducted and that the report accurately reflects the results of the CFO's review.

**Annual Review by Executive Director:**

The Executive Director's receipt of the fiscal year-end financial reports shall serve as annual review of the promotional inventory.

**DFA/Office of the Arkansas Lottery**  
**Instant & Fast Play Games**  
**November 2021**

Sales for the following instant games began November 2, 2021. No ending dates have been determined for these games.

**\$1 Holiday Luck**  
**\$2 Cash In**  
**\$3 Hot 10X**  
**\$5 Black and Silver**  
**\$20 \$1,000,000 Riches**

Sales for the following instant games began November 30, 2021. No ending dates have been determined for these games.

**\$1 5X the Luck**  
**\$2 Wild Doubler**  
**\$5 Moneybag Multiplier**  
**\$10 \$200,000 Bonus Multiplier**

Sales for the following Fast Play games began November 1, 2021. 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 29, 2021. No ending dates have been determined for these games.

**\$1 Bingo**  
**\$2 Snowflake Melt**