



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>

September 11, 2023

The Honorable Sarah Huckabee Sanders
Governor of Arkansas
State Capitol
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Governor Sanders:

On behalf of the Arkansas of 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 August 2023. The report contains the following:

1. Revenue and Expenses
2. Net Position
3. Lottery Scholarship Account
4. Unclaimed Prize Report
5. Debt Set-off Collections
6. Retailer Losses
7. Breakdown of Lottery Sales per County
8. Total Number of Retailers
9. ADHE
10. Instant Ticket Games Releases
11. Contracts Awarded
12. Internal Auditor Reports

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

Respectfully submitted,

J. Eric Hagler
Director

Enclosures

cc: Mr. Jim Hudson, Secretary of the Department of Finance and Administration



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September 11, 2023

The Honorable Ronald Caldwell, Co-Chair
The Honorable Mindy McAlindon, Co-Chair

One Capitol Mall Room R-501
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Senator Caldwell and Representative McAlindon:

On behalf of the Arkansas of 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 September 2023. The report contains the following:

1. Revenue and Expenses
2. Net Positions
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12. Internal Auditor Reports

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Respectfully submitted,

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Director

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cc: Mr. Jim Hudson, Secretary of the Department of Finance and Administration



Sections 1-4
Finance

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
August 31, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 10,317,302.68
Restricted assets:	
Cash and cash equivalents	272,949,139.73
Accounts receivable	14,459,697.16
Prepaid items	105,293.75
Total current assets	<u>297,831,433.32</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,517,892.44
Deposits with Multi-State Lottery Association	2,080,890.27
Capital assets (Net of accumulated depreciation)	471,518.42
Right to use assets-net	815,495.32
Total non-current assets	<u>23,885,796.45</u>
Total assets	<u>321,717,229.77</u>
Deferred outflows of resources:	
Related to pension	745,414.27
Related to OPEB	504,192.38
Total deferred outflows of resources	<u>1,249,606.65</u>
Total assets and deferred outflows of resources	<u>\$ 322,966,836.42</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 385,264.47
Prizes payable	25,836,691.92
Accrued and other liabilities	5,312,797.17
Due to other funds of the State	1,718,006.40
Due to Lottery Scholarship Trust Account	268,506,761.20
Lease Liability	259,870.17
Compensated absences	407,425.88
OPEB Obligation	98,210.89
Unearned revenue	319,629.17
Total current liabilities	<u>302,844,657.27</u>
Long-Term liabilities:	
Net other post employment benefits	2,445,344.96
Net pension liability	1,476,746.00
Lease Liability	580,084.73
Total long-term liabilities	<u>4,502,175.69</u>
Total liabilities	<u>307,346,832.96</u>
Deferred inflows of resources:	
Related to pension	2,794,615.00
Related to OPEB	1,373,783.53
Total deferred inflows of resources	<u>4,168,398.53</u>
Total liabilities and deferred inflows of resources	<u>311,515,231.49</u>

NET POSITION

Net position:	
Invested in capital assets	471,518.42
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	513,592.44
Deposits with Multi-State Lottery Association	2,080,890.27
Unclaimed prizes reserve	4,442,378.53
Unrestricted (deficit)	<u>(16,056,774.73)</u>
Total net position	<u>11,451,604.93</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 322,966,836.42</u>

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues, Expenses and Change in Net Position
For the Two Months Ending August 31, 2023**

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 41,912,849.00	\$ 79,194,442.00
Online ticket sales	14,133,610.50	30,219,651.50
Retailer application, fidelity, bond and service fees	50,879.48	110,577.71
Other revenue	<u>(1,555.81)</u>	<u>(1,555.81)</u>
 Total operating revenues	 <u>56,095,783.17</u>	 <u>109,523,115.40</u>
 Operating expenses:		
Instant game prizes	28,416,791.84	56,290,513.70
Online game prizes	7,338,642.27	15,514,734.52
Retailer commissions	3,141,054.83	6,121,314.18
Gaming contract costs	2,638,698.18	5,137,673.32
Compensation and benefits	474,562.20	940,504.99
Marketing, advertising and promotions	397,417.42	840,301.19
General and administrative expenses	(17,663.69)	164,470.49
Services provided by Arkansas Department of Education - Division of Higher Education	100,000.00	200,000.00
Services provided by Arkansas Legislative Audit	13,400.00	26,800.00
Amortization - GASB 87 Leases	22,652.64	45,305.29
Depreciation	<u>35,194.19</u>	<u>70,641.34</u>
 Total operating expenses	 <u>42,560,749.88</u>	 <u>85,352,259.02</u>
 Operating income (1)	 13,535,033.29	 24,170,856.38
 Non-operating revenue:		
Interest income	251,449.80	488,482.70
Interest Expense	<u>(1,130.99)</u>	<u>(2,291.42)</u>
 Income before transfers	 13,785,352.10	 24,657,047.66
 Transfers to:		
Lottery Scholarship Trust Account	<u>(7,502,705.42)</u>	<u>(20,169,208.73)</u>
 Change in net position	 <u>\$ 6,282,646.68</u>	 4,487,838.93
 Total net position - beginning		<u>6,963,766.00</u>
Total net position - ending		<u>\$ 11,451,604.93</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 Two Months Ending August 31, 2023

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 41,912,849.00	74.72	\$ 39,000,000.00	83.44	\$ 2,912,849.00	\$ 79,194,442.00	72.31	\$ 77,500,000.00	83.18	\$ 1,694,442.00
Online games	14,133,610.50	25.20	7,693,000.00	16.46	6,440,610.50	30,219,651.50	27.59	15,561,000.00	16.70	14,658,651.50
Retailer fees	50,879.48	0.09	49,000.00	0.10	1,879.48	110,577.71	0.10	107,000.00	0.11	3,577.71
Other revenue	(1,555.81)	(0.00)	200.00	0.00	(1,755.81)	(1,555.81)	(0.00)	300.00	0.00	(1,855.81)
Total operating revenues	56,095,783.17	100.00	46,742,200.00	100.00	9,353,583.17	109,523,115.40	100.00	93,168,300.00	100.00	16,354,815.40
Operating expenses:										
Instant game prizes	28,416,791.84	50.66	28,233,583.00	60.40	183,208.84	56,290,513.70	51.40	56,098,166.00	60.21	192,347.70
Online game prizes	7,338,642.27	13.08	4,159,417.00	8.90	3,179,225.27	15,514,734.52	14.17	8,455,834.00	9.08	7,058,900.52
Retailer commissions	3,141,054.83	5.60	2,641,000.00	5.65	500,054.83	6,121,314.18	5.59	5,264,000.00	5.65	857,314.18
Gaming contract costs	2,638,698.18	4.70	2,337,000.00	5.00	301,698.18	5,137,673.32	4.69	4,659,000.00	5.00	478,673.32
Compensation & benefits	474,562.20	0.85	530,000.00	1.13	(55,437.80)	940,504.99	0.86	1,015,000.00	1.09	(74,495.01)
Marketing, advertising & promotions	397,417.42	0.71	541,000.00	1.16	(143,582.58)	840,301.19	0.77	1,082,000.00	1.16	(241,698.81)
General and administrative expenses	(17,663.69)	(0.03)	120,000.00	0.26	(137,663.69)	164,470.49	0.15	240,000.00	0.26	(75,529.51)
Services provided by other agencies	113,400.00	0.20	106,000.00	0.23	7,400.00	226,800.00	0.21	212,000.00	0.23	14,800.00
Amortization - GASB 87 Leases	22,652.64	0.04	-	-	22,652.64	45,305.29	0.04	-	0.00	45,305.29
Depreciation	35,194.19	0.06	59,000.00	0.13	(23,805.81)	70,641.34	0.06	118,000.00	0.13	(47,358.66)
Total operating expenses	42,560,749.88	75.87	38,727,000.00	82.85	3,833,749.88	85,352,259.02	77.93	77,144,000.00	82.80	8,208,259.02
Operating income	13,535,033.29	24.13	8,015,200.00	17.15	5,519,833.29	24,170,856.38	22.07	16,024,300.00	17.20	8,146,556.38
Non-operating revenue:										
Interest income	251,449.80	0.45	205,000.00	0.44	46,449.80	488,482.70	0.45	405,000.00	0.43	83,482.70
Interest expense	(1,130.99)	(0.00)	(1,500.00)	(0.00)	369.01	(2,291.42)	(0.00)	(3,000.00)	(0.00)	708.58
Income before transfers	\$ 13,785,352.10	24.57	\$ 8,218,700.00	17.58	\$ 5,566,652.10	\$ 24,657,047.66	22.51	\$ 16,426,300.00	17.63	\$ 8,230,747.66

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Net Proceeds Computation to Transfer to Lottery Scholarship Trust
Modified Cash Basis
For the Two Months Ending August 31, 2023**

	Year to date
Operating revenues:	
Instant ticket (Settlements)	\$ 79,741,059.00
Online ticket sales	30,219,651.50
Retailer application, fidelity and service fees	110,577.71
Other revenue	<u>(1,555.81)</u>
Total operating revenues	<u>110,069,732.40</u>
 Operating expenses:	
Instant game prizes (Settlements)	57,983,640.00
Online game prizes	15,514,734.52
Retailer commissions	6,121,314.18
Gaming contract costs	5,137,673.32
Compensation and benefits	940,504.99
Marketing, advertising and promotions	840,301.19
General and administrative expenses	164,470.49
Services provided by Arkansas Department of Education - Division of Higher Education	200,000.00
Services provided by Legislative Audit Agency	26,800.00
Amortization - GASB 87 Leases	45,305.29
Current year capital asset cost	<u>0.00</u>
Total operating expenses	<u>86,974,743.98</u>
 Change in net proceeds from operations	 23,094,988.42
 Non-operating revenue:	
Interest income	488,482.70
Other non-operating income	(2,291.42)
EDUCATION TRUST FUNDING-Current Year	(12,666,503.31)
Less Act 1180 Unclaimed Prizes	(3,442,378.53)
Less current year Bond Reserve Fees	(13,592.44) restricted reserves
Add Bond Funds in excess of \$500,000	see 23-115-603(a)(5)
Add back Write Off Retailer Bad Debt	
Less current year MUSL Reserves	0.00 see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>44,000.00</u>
 NET PROCEEDS EARNED-Current Month	 <u>\$ 7,502,705.42</u>
-Year to Date	<u>\$ 20,169,208.73</u>

	Transfer	Interest	Total
Lottery Scholarship Trust Account	\$ 262,202,175.10	\$ 6,304,586.10	\$ 268,506,761.20
July 2022 funding - 8/15/22	\$ 12,323,427.00	\$ 142,552.31	\$ 12,465,979.31
August 9, 2022 ADHE Refund of FY 22 unused Scholarship Money	\$ 15,927,228.23		\$ 15,927,228.23
August 2022 funding - 9/15/22	\$ 5,852,986.68	\$ 177,987.60	\$ 6,030,974.28
Transfer to ADHE for FY 2023 Fall Funding 9/23/22	\$ (30,000,000.00)		\$ (30,000,000.00)
September 2022 funding - 10/15/22	\$ 7,719,458.52	\$ 203,931.27	\$ 7,923,389.79
October 2022 funding - 11/15/22	\$ 9,704,387.92	\$ 158,821.32	\$ 9,863,209.24
November 2022 funding 12/15/22	\$ 10,496,530.57	\$ 161,458.63	\$ 10,657,989.20
Transfer to ADHE for FY 2023 Concurrent Scholarship Funding 12/7/22	\$ (2,000,000.00)		\$ (2,000,000.00)
December 2022 funding 1/15/23	\$ 6,266,787.59	\$ 168,995.81	\$ 6,435,783.40
January 2023 funding - 2/15/22	\$ 11,781,045.35	\$ 185,947.51	\$ 11,966,992.86
Transfer to ADHE for FY 2023 Spring Funding 2/22/22	\$ (30,000,000.00)		\$ (30,000,000.00)
February 2023 funding 3/15/23	\$ 6,931,065.01	\$ 166,498.75	\$ 7,097,563.76
March 2023 funding 4/15/23	\$ 8,124,755.27	\$ 171,089.26	\$ 8,295,844.53
Transfer to ADHE for FY 2023 Concurrent Scholarship Funding 4/18/22	\$ (400,000.00)		\$ (400,000.00)
April 2023 funding 5/15/23	\$ 7,814,389.31	\$ 160,070.07	\$ 7,974,459.38
May 2023 funding 6/15/23	\$ 8,969,373.45	\$ 197,096.83	\$ 9,166,470.28
June 2023 funding 7/15/23	\$ 16,703,750.82	\$ 185,573.05	\$ 16,889,323.87
Transfer to ADHE for FY 2024 Concurrent Scholarship Funding 7/14/23	\$ (2,500,000.00)		\$ (2,500,000.00)
Aug 8, 2023 ADHE Refund of FY 23 unused Scholarship Money	\$ 5,775,854.04		\$ 5,775,854.04
July 2023 funding 8/15/23	\$ 12,464,635.60	\$ 201,867.71	\$ 12,666,503.31
August 2023 funding 9/15/23	\$ 7,285,028.66	\$ 217,676.76	\$ 7,502,705.42

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Lottery Scholarship Trust Account**

	Fiscal Year June 30, 2023	Fiscal Year June 30, 2024 (YTD August 2023)
Beginning Balance	\$ 192,693,718	\$ 250,837,552
Net Proceeds	114,767,980	20,169,209 (1)
Transfers to ADHE:	FY23	FY24
Fall Academic Challenge Scholarships	9/23/22	7/14/23
Concurrent and Workforce Scholarships	12/7/22	
Spring Academic Challenge Scholarships	2/22/23	
Concurrent Scholarships	4/18/23	
Workforce Scholarships		
	(62,400,000)	(2,500,000)
Refund of Unused Scholarship Proceeds Requested:	FY23	FY24
		5,775,854
Ending Balance	\$ 250,837,552	\$ 268,506,761

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
August 31, 2023

	Monthly	Year to Date
Reserve Balance July 1, 2023		\$1,000,000.00
1. Unclaimed lottery prize money:	\$3,052,204.53	3,442,378.53
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	3,052,204.53	3,442,378.53
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		0
Reserve Balance August 31, 2023		\$4,442,378.53



Sections 5&6
Debt Set-Off Collections/Retailer
Losses

Department of Finance & Administration
Office of the Arkansas Lottery
Retailer Loss/Debt Set-Off/ Income Tax
August 2023

As of 08/31/2023

Retailer losses \$0

Arkansas Debt Set-Off	Aug-23	Total Since Inception
Department of Finance and Administration	\$ 34,716.01	\$ 1,761,837.60
Office of Child Support Enforcement	\$ 2,800.00	\$ 697,880.12
Total Debt Set-Off	\$ 37,516.01	\$ 2,459,717.72

Income Taxes Withheld	Aug-23	Total Since Inception
Federal	\$ 1,280,519.00	\$ 133,183,716.00
State	\$ 260,766.00	\$ 35,989,140.00
Total Income Taxes Withheld	\$ 1,541,285.00	\$ 169,172,856.00



Section 7
Breakdown of Lottery Sales per
County

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
August 1 through August 31, 2023

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$20,798.00	\$14,560.00	\$9,602.00	\$23,721.00	\$4,584.00	\$4,188.00	\$36,266.00	\$3,633.00	\$18,149.00	\$335,511.00
ASHLEY	\$13,568.00	\$15,760.00	\$6,426.00	\$214,328.00	\$1,986.00	\$2,530.00	\$19,673.00	\$2,109.00	\$14,864.00	\$291,244.00
BAXTER	\$4,143.50	\$2,716.50	\$13,740.00	\$562,306.00	\$7,446.00	\$9,872.00	\$89,384.00	\$10,223.00	\$41,346.00	\$714,157.00
BENTON	\$9,583.00	\$4,579.00	\$21,029.00	\$1,532,914.00	\$32,842.00	\$26,000.00	\$452,382.00	\$27,368.00	\$186,307.00	\$2,292,984.00
BOONE	\$2,591.00	\$2,075.00	\$19,503.00	\$452,030.00	\$4,188.00	\$3,038.00	\$59,181.00	\$4,828.00	\$28,419.00	\$576,853.00
BRADLEY	\$1,727.00	\$3,068.00	\$2,300.00	\$172,103.00	\$1,800.00	\$958.00	\$13,482.00	\$1,326.00	\$7,300.00	\$204,084.00
CALHOUN	\$3,311.50	\$406.00	\$913.00	\$48,402.00	\$564.00	\$698.00	\$3,713.00	\$777.00	\$2,021.00	\$60,805.50
CARROLL	\$1,358.00	\$329.00	\$12,634.00	\$232,556.00	\$3,054.00	\$2,564.00	\$37,001.00	\$3,273.00	\$19,741.00	\$312,510.00
CHICOT	\$7,862.00	\$3,035.00	\$3,792.00	\$221,400.00	\$2,398.00	\$3,926.00	\$23,970.00	\$2,332.00	\$14,749.00	\$283,464.00
CLARK	\$3,239.00	\$1,436.00	\$17,473.00	\$416,828.00	\$5,188.00	\$3,334.00	\$40,616.00	\$4,443.00	\$19,035.00	\$511,582.00
CLAY	\$444.00	\$28.50	\$4,617.00	\$171,378.00	\$1,286.00	\$1,712.00	\$12,182.00	\$1,704.00	\$6,521.00	\$199,872.50
CLEBURNE	\$1,648.00	\$1,628.00	\$18,490.00	\$13,362.00	\$6,952.00	\$6,080.00	\$53,484.00	\$7,212.00	\$26,729.00	\$435,595.00
CLEVELAND	\$918.00	\$243.00	\$987.00	\$42,907.00	\$488.00	\$1,354.00	\$5,374.00	\$481.00	\$2,890.00	\$55,642.00
COLUMBIA	\$15,492.50	\$8,135.00	\$14,122.00	\$416,288.00	\$3,076.00	\$2,954.00	\$26,116.00	\$2,045.00	\$13,968.00	\$502,176.50
CONWAY	\$8,565.50	\$2,719.00	\$14,733.00	\$480,161.00	\$7,986.00	\$4,386.00	\$44,879.00	\$7,059.00	\$21,392.00	\$591,880.50
CRAWFORD	\$12,650.00	\$9,338.00	\$34,735.00	\$1,758,404.00	\$15,712.00	\$13,706.00	\$175,884.00	\$12,968.00	\$81,431.00	\$2,114,828.00
CRAIGHEAD	\$2,290.50	\$1,923.50	\$9,633.00	\$420,021.00	\$8,874.00	\$6,392.00	\$83,502.00	\$7,944.00	\$38,353.00	\$578,933.00
CRITTENDEN	\$41,478.00	\$21,990.50	\$11,880.00	\$743,542.00	\$5,886.00	\$11,336.00	\$105,270.00	\$9,022.00	\$64,069.00	\$1,014,483.50
CROSS	\$6,394.50	\$4,856.00	\$10,302.00	\$357,108.00	\$2,384.00	\$2,014.00	\$22,987.00	\$1,697.00	\$13,179.00	\$420,871.50
DALLAS	\$4,734.50	\$1,433.50	\$3,546.00	\$219,558.00	\$1,696.00	\$1,176.00	\$11,641.00	\$1,195.00	\$6,706.00	\$251,668.00
DESHA	\$2,914.50	\$2,190.50	\$1,889.00	\$237,063.00	\$2,130.00	\$822.00	\$20,422.00	\$2,131.00	\$10,926.00	\$280,488.00
DREW	\$4,314.00	\$2,364.00	\$16,247.00	\$407,093.00	\$3,722.00	\$3,488.00	\$29,357.00	\$3,681.00	\$14,785.00	\$485,051.00
FAULKNER	\$16,524.00	\$7,517.50	\$44,115.00	\$1,395,542.00	\$26,874.00	\$17,400.00	\$195,887.00	\$22,555.00	\$90,015.00	\$1,816,389.50
FRANKLIN	\$697.50	\$85.00	\$8,474.00	\$176,888.00	\$4,210.00	\$1,416.00	\$27,844.00	\$2,949.00	\$14,024.00	\$236,567.50
FULTON	\$141.00	\$986.00	\$3,631.00	\$49,510.00	\$806.00	\$624.00	\$8,740.00	\$840.00	\$5,527.00	\$71,005.00
GARLAND	\$16,887.00	\$7,417.00	\$27,042.00	\$1,331,864.00	\$29,442.00	\$20,278.00	\$239,518.00	\$39,214.00	\$116,312.00	\$1,827,974.00
GRANT	\$1,395.00	\$1,079.00	\$5,425.00	\$210,603.00	\$3,640.00	\$3,038.00	\$25,984.00	\$3,147.00	\$12,973.00	\$267,284.00
GREENE	\$1,063.00	\$903.50	\$19,252.00	\$675,076.00	\$5,752.00	\$3,584.00	\$60,769.00	\$5,917.00	\$34,021.00	\$806,337.50
HEMPSTEAD	\$68,012.50	\$22,726.00	\$6,451.00	\$383,669.00	\$2,500.00	\$3,808.00	\$27,292.00	\$2,018.00	\$15,135.00	\$531,611.50
HOT SPRING	\$2,009.50	\$742.00	\$14,409.00	\$419,266.00	\$5,472.00	\$5,312.00	\$43,353.00	\$5,060.00	\$20,780.00	\$516,403.50
HOWARD	\$56,574.00	\$15,195.50	\$6,202.00	\$229,305.00	\$1,662.00	\$2,278.00	\$19,058.00	\$1,713.00	\$9,582.00	\$341,569.50
INDEPENDENCE	\$4,867.50	\$2,672.50	\$40,002.00	\$617,424.00	\$6,116.00	\$3,982.00	\$56,132.00	\$5,112.00	\$25,530.00	\$761,838.00
IZARD	\$171.50	\$107.50	\$11,367.00	\$128,615.00	\$1,700.00	\$986.00	\$14,665.00	\$2,584.00	\$7,950.00	\$168,146.00
JACKSON	\$18,906.00	\$8,754.50	\$14,271.00	\$328,705.00	\$3,594.00	\$1,732.00	\$22,886.00	\$3,006.00	\$12,387.00	\$414,241.50
JEFFERSON	\$58,193.50	\$80,811.00	\$40,467.00	\$1,632,146.00	\$24,570.00	\$24,758.00	\$144,143.00	\$22,974.00	\$87,680.00	\$2,115,742.50
JOHNSON	\$506.50	\$1,488.00	\$3,849.00	\$281,750.00	\$3,250.00	\$3,056.00	\$30,427.00	\$3,453.00	\$17,582.00	\$345,361.50
LAFAYETTE	\$10,194.50	\$6,573.00	\$1,770.00	\$90,058.00	\$410.00	\$806.00	\$8,082.00	\$752.00	\$4,642.00	\$123,267.50
LAWRENCE	\$916.50	\$152.00	\$12,360.00	\$319,549.00	\$2,040.00	\$1,896.00	\$24,863.00	\$1,882.00	\$12,715.00	\$376,409.50
LEE	\$2,721.50	\$19,147.50	\$2,071.00	\$77,800.00	\$412.00	\$2,260.00	\$7,939.00	\$551.00	\$4,047.00	\$116,949.00
LINCOLN	\$482.00	\$447.00	\$1,208.00	\$101,611.00	\$1,648.00	\$2,040.00	\$10,716.00	\$1,810.00	\$5,955.00	\$125,917.00
LITTLE RIVER	\$7,227.00	\$3,629.00	\$4,109.00	\$133,488.00	\$1,178.00	\$846.00	\$16,908.00	\$1,306.00	\$8,987.00	\$177,678.00
LOGAN	\$622.00	\$40.50	\$12,082.00	\$240,866.00	\$3,284.00	\$1,966.00	\$25,889.00	\$3,454.00	\$15,770.00	\$303,351.50
LONOKE	\$15,173.00	\$14,320.00	\$38,588.00	\$1,211,112.00	\$18,382.00	\$10,586.00	\$146,563.00	\$15,937.00	\$67,128.00	\$1,538,431.50
MADISON	\$91.50	\$24.00	\$1,892.00	\$103,631.00	\$2,166.00	\$1,796.00	\$20,103.00	\$1,514.00	\$10,627.00	\$141,844.50
MARION	\$5,290.00	\$3,224.00	\$9,393.00	\$240,166.00	\$3,320.00	\$3,310.00	\$26,550.00	\$4,105.00	\$14,053.00	\$309,411.00
MILLER	\$33,468.00	\$14,198.50	\$15,289.00	\$80,424.00	\$5,484.00	\$6,858.00	\$62,784.00	\$5,191.00	\$27,535.00	\$751,221.50
MISSISSIPPI	\$55,348.50	\$24,741.00	\$22,575.00	\$780,154.00	\$3,442.00	\$2,920.00	\$57,092.00	\$3,549.00	\$27,569.00	\$977,380.50

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
August 1 through August 31, 2023

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
MONROE	\$17,700.50	\$9,004.00	\$15,734.00	\$190,996.00	\$2,204.00	\$2,014.00	\$21,693.00	\$1,801.00	\$11,296.00	\$272,442.50
MONTGOMERY	\$22.00	\$170.00	\$2,381.00	\$34,010.00	\$886.00	\$482.00	\$9,309.00	\$688.00	\$3,856.00	\$51,784.00
NEVADA	\$5,346.50	\$2,893.00	\$2,289.00	\$163,279.00	\$181.00	\$1,216.00	\$10,770.00	\$790.00	\$5,260.00	\$192,761.50
NEWTON	\$246.50	\$111.00	\$2,009.00	\$50,278.00	\$486.00	\$478.00	\$4,887.00	\$629.00	\$2,573.00	\$61,697.50
OUACHITA	\$18,122.00	\$9,559.00	\$14,594.00	\$652,586.00	\$4,998.00	\$5,516.00	\$36,692.00	\$4,166.00	\$20,427.00	\$766,672.00
PERRY	\$693.50	\$812.50	\$4,043.00	\$18,824.00	\$2,412.00	\$1,370.00	\$16,427.00	\$2,055.00	\$8,536.00	\$155,173.00
PHILLIPS	\$16,262.50	\$6,595.50	\$5,993.00	\$188,409.00	\$1,734.00	\$2,114.00	\$23,063.00	\$3,001.00	\$14,352.00	\$261,524.00
PIKE	\$197.00	\$118.00	\$3,912.00	\$138,202.00	\$2,606.00	\$1,458.00	\$17,805.00	\$2,087.00	\$8,081.00	\$174,466.00
POINSETT	\$4,477.00	\$949.50	\$17,643.00	\$520,274.00	\$2,500.00	\$1,718.00	\$35,779.00	\$2,528.00	\$18,514.00	\$604,382.50
POLK	\$1,634.50	\$180.00	\$12,099.00	\$180,969.00	\$3,700.00	\$2,908.00	\$29,174.00	\$5,208.00	\$15,375.00	\$251,247.50
POPE	\$3,685.50	\$1,215.00	\$29,685.00	\$913,230.00	\$13,578.00	\$9,688.00	\$108,951.00	\$11,248.00	\$55,295.00	\$1,146,575.50
PRAIRIE	\$984.00	\$252.50	\$4,577.00	\$148,866.00	\$1,358.00	\$822.00	\$12,912.00	\$907.00	\$7,095.00	\$177,773.50
PULASKI	\$203,537.00	\$168,902.50	\$210,759.00	\$7,233,751.00	\$240,182.00	\$338,044.00	\$1,554,497.00	\$249,605.00	\$860,735.00	\$11,060,012.50
RANDOLPH	\$536.50	\$161.50	\$6,335.00	\$205,625.00	\$2,528.00	\$2,752.00	\$22,554.00	\$1,759.00	\$13,671.00	\$255,922.00
SAINT FRANCIS	\$30,106.00	\$10,608.50	\$6,796.00	\$346,680.00	\$2,510.00	\$3,238.00	\$34,178.00	\$3,621.00	\$21,049.00	\$458,786.50
SALINE	\$27,082.00	\$7,557.00	\$50,022.00	\$1,290,704.00	\$23,676.00	\$16,854.00	\$199,320.00	\$24,349.00	\$87,384.00	\$1,726,948.00
SCOTT	\$138.50	\$51.50	\$3,250.00	\$100,181.00	\$1,526.00	\$1,068.00	\$17,205.00	\$1,215.00	\$8,060.00	\$132,695.00
SEARCY	\$36.00	\$219.00	\$5,489.00	\$125,585.00	\$1,440.00	\$710.00	\$12,130.00	\$1,056.00	\$6,562.00	\$153,227.00
SEBASTIAN	\$12,442.00	\$4,109.50	\$20,602.00	\$919,241.00	\$20,716.00	\$19,038.00	\$223,788.00	\$21,507.00	\$109,720.00	\$1,351,163.50
SEVIER	\$6,081.00	\$656.00	\$1,944.00	\$207,303.00	\$1,862.00	\$1,038.00	\$21,357.00	\$1,575.00	\$9,885.00	\$251,701.00
SHARP	\$1,191.50	\$135.50	\$15,881.00	\$359,585.00	\$4,050.00	\$3,430.00	\$40,962.00	\$4,586.00	\$21,359.00	\$451,180.00
STONE	\$1,202.50	\$831.50	\$6,454.00	\$117,611.00	\$2,200.00	\$1,138.00	\$14,167.00	\$2,864.00	\$7,472.00	\$153,940.00
UNION	\$79,375.50	\$36,423.00	\$35,112.00	\$892,136.00	\$5,518.00	\$7,270.00	\$60,962.00	\$7,160.00	\$34,511.00	\$1,158,467.50
VAN BUREN	\$1,413.50	\$1,130.00	\$9,484.00	\$267,832.00	\$4,664.00	\$2,928.00	\$34,434.00	\$5,231.00	\$16,931.00	\$344,047.50
WASHINGTON	\$24,751.00	\$9,877.00	\$29,077.00	\$1,806,054.00	\$36,400.00	\$29,624.00	\$354,541.00	\$30,596.00	\$168,042.00	\$2,488,662.00
WHITE	\$12,147.50	\$5,905.50	\$64,502.00	\$1,038,200.00	\$15,548.00	\$9,968.00	\$116,323.00	\$12,264.00	\$55,211.00	\$1,330,069.00
WOODRUFF	\$1,796.50	\$917.50	\$3,154.00	\$124,813.00	\$1,344.00	\$838.00	\$9,997.00	\$861.00	\$5,678.00	\$148,399.00
YELL	\$562.50	\$62.00	\$4,185.00	\$263,503.00	\$3,112.00	\$1,920.00	\$25,360.00	\$3,623.00	\$13,024.00	\$315,351.50

GRAND TOTALS *Cash 3 \$1,019,279.00 *Cash 4 \$621,203.00 *Fast Play \$1,202,882.00 *Instant Settlements \$40,181,402.00 *Lotto \$690,272.00 *Lucky for Life \$709,916.00 *Mega Millions \$5,760,060.00 *Natural State Jackpot \$685,004.00 *Powerball \$2,932,408.00 *Total Sales \$53,802,426.00



Section 8
Total Number of Retailers

Arkansas Scholarship Lottery Retailer, Terminal Counts, and Vendor Service Highlights

August 2023

Retailer Count by Status	
Active	1,601
Renewal	409
Total	2,010

Monthly Highlights

- ▶ 5,351,677 Total transactions processed through the Arkansas Scholarship Lottery System in August
- ▶ 1,077 service tickets resolved by Field Service and the Call Center for the month of August
- ▶ 498 Preventative Maintenance Actions completed by Field Service Technicians for the month of August

Terminal Count by Type	
Photon	2,086
TVM	126
DreamTouch Smart	84
Total	2,296



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Section 9
Arkansas Department of Higher
Education

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
August 1 through August 31st, 2023



On August 1st OAL received a request from ADHE for reimbursement of Administrative expenses associated with the administration of scholarships funded by OAL net proceeds. This request was presented as part of OAL's report for the LOC meeting on August 21st. For the reporting period of August 1st through August 31st we have no request beyond the one submitted.



Section 10
Instant Ticket Games Releases

DFA/Office of the Arkansas Lottery
Instant & Fast Play Games
August 2023

Sales for the following instant games began August 1, 2023. No ending dates have been determined for these games.

\$1 X10 Bonus

\$2 X20 Bonus

\$5 X50 Bonus

\$10 \$10K Loaded

\$20 \$350,000 Riches

Sales for the following instant games began August 29, 2023. No ending dates have been determined for these games.

\$1 Moo-Lah

\$3 \$75,000 Jewels

\$5 Bonus Money

\$10 777

There were no new Fast Play games that started sales in August 2023.



Section 11
Contracts Awarded

Arkansas Department of Finance and Administration

Office Arkansas Lottery

Term Contracts for Goods and Services

August 1 through August 31st, 2023



Office of the Arkansas Lottery had no contracts executed during the reporting period.



Section 12
Internal Auditor Reports

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

Audit Report for August 1 through August 31st ,2023.



Office of the Arkansas Lottery had two audits during the reporting period.

- 1. 2023-29 Beneficiary Trust Fund.**
- 2. 2023-31 Accounting for Revenue, Prize Expense and Reserves.**



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

<u>Audit:</u>	2023-29 Beneficiary Trust Fund	<u>Report Date:</u> August 7, 2023
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2023
	<u>Office of the Arkansas Lottery</u> Eric Hagler, OAL Executive Director Jerry Fetzer, Chief Financial Officer Brandi Ratcliff, Treasurer Brent Standridge, Chief Legal Counsel	

Introduction

A scheduled periodic audit for Beneficiary Trust Fund for fiscal year ended June 30, 2023, and has been completed by Internal Audit. The periodic 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

Arkansas Code Annotated (ACA) § 23-115-801 establishes procedures surrounding the distribution of lottery proceeds, including net proceeds held by the OAL in trust for the Arkansas Division of Higher Education (ADHE). Such funds prior to the June 30, 2022, fiscal year were held in the Education Trust Fund Account or Workforce Challenge account. ACA § 06-85-202 established the Arkansas Academic Challenge Scholarship Program. ACA § 06-85-301 established the Arkansas Workforce Challenge Scholarship Program. ACA § 06-85-401 established the Arkansas Concurrent Challenge Scholarship Program. ACA § 23-115-115-801(b)(1)(B)(i) provided that the Office of the Arkansas Lottery establish the Lottery Scholarship Trust Account. ACA § 23-115-802 establishes the Scholarship Shortfall Reserve Trust Account, designed for use when Lottery Scholarship Trust Account balances are not adequate to meet funding requests by ADHE for the scholarship programs. Scholarship Shortfall Reserve Trust and the Lottery Scholarship Trust Account balances are deposited at Bank OZK, under contractual basis. Balances held by the OAL are subject to investment policy guidelines established by the State Board of Finance per ACA § 23-115-801 (b) (2).

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 to provide reasonable assurance that lottery proceeds are appropriately deposited to and withdrawn from

the Lottery Scholarship Trust Account and the Scholarship Shortfall Trust accounts in accordance with the Arkansas Scholarship Lottery Act (The Act).

Purpose, Objectives, and Scope (Continued)

Objectives

- Ensure that the Lottery Scholarship Trust Account deposits and withdrawals are in accordance with The Act.
- Ensure that the Scholarship Shortfall Trust Fund deposits and withdrawals are in accordance with The Act.
- Independently confirm the balance of the Lottery Scholarship Trust Account Bank OZK statements against the balances provided in Sage.
- Ensure all the OAL's bank accounts are properly collateralized by Bank OZK as month-end for each month in the fiscal year.
- Ensure the wire transfers to Arkansas Department of Higher Education (ADHE) have supporting documentation and signatures required for all wire transfers.

Scope

The procedures performed included reviewing bank statements, internally prepared calculations, and other supporting documentation.

Observations

Internal Audit (IA) had no observations or recommendations to report.

William C. Miller, CPA

William C Miller, Internal Auditor



STATE OF ARKANSAS
Department of Finance and Administration

OFFICE OF THE ARKANSAS LOTTERY
Post Office Box 3238
Little Rock, Arkansas 72203-3238
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William C. Miller, CPA, CGMA
Internal Auditor

<u>Audit:</u>	2023-31 Accounting for Revenue, Prize Expense and Reserves	<u>Report Date:</u> August 17, 2023
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2023
	<u>Office of the Arkansas Lottery</u> Eric Hagler, OAL Executive Director Jerry Fetzer, Chief Financial Officer Terry Williams, Controller Brent Standridge, Chief Legal Counsel	

Introduction

A scheduled audit of the Accounting for Revenue, Prize Expense and Reserves process for fiscal year ended June 30, 2022, and has been completed by Internal Audit. The periodic 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 (IA).

Background

The OAL has developed specific processes to record its game-related revenues, prize expense, and related reserves. The following information provides more details regarding the journal entry process and any related methodologies necessary to appropriately capture sales revenue, prize expense, and reserve activity within the OAL's accounting records.

Sales Revenues

The OAL derives revenues from two primary streams: instant tickets and terminal-generated tickets (also known as online tickets). Since the OAL settles with its retailers on a weekly basis, revenues and related prize expenses are typically recorded on this same basis. Additional adjustments are necessary monthly to properly account for instant and terminal-generated ticket sales in accordance with Generally Accepted Accounting Principles (GAAP) and subsequently calculate net lottery proceeds as prescribed by law.

Monthly instant ticket sales revenue is comprised of the following primary components: (1) instant ticket settlements with retailers during the month, (2) accrual for retailer-activated instant ticket packs that have not yet met the criteria to be included in a cash settlement with a retailer, (3) any adjustments to revenue resulting from credits issued to retailers for instant ticket inventory and (4) a month-end adjustment for instant ticket inventory on-hand in the OAL's claim center. The OAL has offered a variety of instant ticket games at price points ranging from \$1 to \$20 per ticket during fiscal year 2022.

Monthly terminal-generated ticket sales revenue is comprised of the following primary components: (1) tickets sold during the month, (2) any adjustments to revenue resulting from credits issued to retailers connected to terminal-generated tickets, and (3) a month-end adjustment for tickets sold during the month for future drawings (if applicable to the terminal-generated game).

The OAL offers or has offered the following terminal-generated games during fiscal 2022:

Multi-State Games

- Powerball®
- Mega Millions®
- Lucky for Life

In-State Games

- Cash 3
- Cash 4
- Natural State Jackpot
- Fast Play (a variety of games of this style were offered during the time period noted).

Prize Expense

Monthly instant ticket prize expense is comprised of the following primary components: (1) actual cash prizes paid by either retailers or directly by the OAL's claim center during the month, (2) payment or accrual of Play It Again™ prizes resulting from second-chance drawings held, (3) month-end accrual for unpaid prizes of all instant ticket packs activated by retailers, based on the designed payout percentage for each instant ticket game, and (4) any additional miscellaneous adjustments.

Monthly terminal-generated ticket prize expense may have varying components, based on the nature of the game. Multi-state game prize expense for Powerball® and Mega Millions® is comprised of the following primary components: (1) calculated prize expense at the game's designed payout percentage, based on tickets sold during the month, (2) any adjustments to reserve balances that are required to be maintained per the Multi-State Lottery Association (MUSL), primarily for the purpose of funding payout of jackpot prizes won, and (3) a month-end adjustment for the prize expense impact of tickets sold during the month for future drawings (since the related revenue has not been recognized).

Multi-state game prize expense for Lucky for Life is comprised of the following primary components: (1) low-tier cash prize payments during the month, (2) calculated prize expense at the game's designed payout percentage for high-tier prizes, based on tickets sold during the month, (3) a month-end adjustment for the prize expense impact of tickets sold during the month for future drawings (since the related revenue has not been recognized), and (4) a month-end accrual for prizes won but not yet paid.

In-state game prize expense for Cash 3, Cash 4, Natural State Jackpot, and Fast Play is comprised of the following primary components: (1) actual cash prizes paid during the month, (2) month-end accrual for prizes won but not yet paid, (3) month-end accrual for jackpot prizes not yet won, based on current jackpot levels and related sales, as applicable, and (4) a month-end adjustment for the prize expense impact of tickets sold during the month for future drawings (since the related revenue has not been recognized, except for Fast Play, which does not have future sales).

As previously mentioned, the OAL is required to maintain certain reserves for Powerball® and Mega Millions®, primarily for prize payment liabilities in connection with jackpot prizes, based on the OAL's sales levels. The OAL's required contribution to these reserves are or have been determined by the body for administering the game (in most cases, MUSL), and are reported to the OAL through periodic settlement statements. Further, the OAL is required to contribute to these reserves periodically, based on the total amount assessed as OAL's responsibility of the total reserve maintained for the game. In the event the OAL were to terminate its membership in MUSL, any reserve funds plus accrued interest, less any proportionate share of prize expenses and administrative costs would be returned. As such, the OAL accounts for these reserve amounts as an asset in its Statement of Net Position (Balance Sheet).

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 there are adequate controls and procedures in place to assure the OAL properly calculates (if applicable) and records revenues, prize expenses, and related reserves, and that such revenues, expenses, and reserves are appropriately authorized and approved when recorded to the OAL's general ledger.

Objectives

- To ensure that the OAL's Cash 3 game revenues and expenses are properly posted in the general ledger.
- To ensure that the OAL's Cash 4 game revenues and expenses are properly posted in the general ledger.
- To ensure that the OAL's Natural State Jackpot game revenues and expenses are properly posted in the general ledger.
- To ensure that the OAL's Fast Play game revenues and expenses are properly posted in the general ledger.
- To ensure that the multi-state Mega Millions game revenues, expenses and reserves are properly posted in the general ledger.
- To ensure that the multi-state Powerball game revenues, expenses and reserves are properly posted in the general ledger.
- To ensure that the multi-state Lucky for Life game revenues, expenses and reserves were

properly posted in the general ledger.

- To ensure that the OAL's instant games revenues and expenses are properly posted in the general ledger.
- To ensure that deferred revenue (future sales) associated with online games is properly recorded.

Scope

The procedures performed included independent generation of multiple gaming system reports by IA relative to sales and prize expense; independent calculation of expected sales and prize expense amounts for each month tested; independent generation of general ledger reports from Sage 50 accounting system used by the OAL and general ledger reports from the Arkansas Administrative Statewide Information System (AASIS); inspection of supporting documentation maintained by Management including journal entries and multi-state game settlement statements for each month tested. Based on the importance of this process to financial reporting for the OAL, IA tested every sale and prize expense transaction for every game for the period beginning June 1, 2021, through July 31, 2022 (fiscal year 2022).

Observations

Internal Audit had no observations or recommendations to report.

William C. Miller, CPA

William C Miller, CPA, CGMA
Internal Auditor