



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>

August 9, 2024

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

RE: Monthly Disclosure Report

Dear Governor Sanders:

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 2024. The report contains the following:

1. Net Position
2. Revenues and Expenses
3. Lottery Scholarship Trust Account
4. Unclaimed Prizes Report
5. Retailer Losses
6. Debt Set-off / Taxes Withheld
7. Lottery Sales- County
8. Total Number of Retailers
9. Arkansas Department of Higher Education (ADHE)
10. Instant Ticket Games - Releases
11. Contracts
12. Internal Auditor Reports

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sharon Strong". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Sharon Strong  
Executive Director

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



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August 9, 2024

The Honorable Ronald Caldwell, Co-Chair  
The Honorable Mindy McAlindon, Co-Chair  
Lottery Oversight Subcommittee  
One Capitol Mall, Room R-501  
Little Rock, AR 72201

RE: Monthly Disclosure Report

Dear Senator Caldwell and Representative McAlindon:

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 2024. The report contains the following:

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Respectfully submitted,

Sharon Strong  
Executive Director

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



**Arkansas**  
Scholarship Lottery



**NET POSITION**

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Net Position**  
**July 31, 2024**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 11,096,857.26
Restricted assets:	
Cash and cash equivalents	317,094,140.12
Accounts receivable	17,811,894.67
Prepaid items	85,988.59
Total current assets	<u>346,088,880.64</u>

**Non-current assets:**

Restricted assets:	
Cash and cash equivalents	20,512,072.93
Deposits with Multi-State Lottery Association	1,974,036.38
Capital assets, net	703,677.36
Total non-current assets	<u>23,189,786.67</u>

Total assets	<u>369,278,667.31</u>
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**Deferred outflows of resources:**

Related to pension	1,870,807.78
Related to OPEB	649,285.42
Total deferred outflows of resources	<u>2,520,093.20</u>

Total assets and deferred outflows of resources	<u>\$ 371,798,760.51</u>
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**LIABILITIES**

**Current liabilities:**

Accounts payable	\$ 2,231.50
Prizes payable	31,800,867.42
Accrued and other liabilities	7,749,171.94
Due to other funds of the State	1,339,778.28
Due to Lottery Scholarship Trust Account	315,972,438.12
Lease Liability	270,765.08
Compensated absences	404,372.99
OPEB Obligation	99,509.08
Unearned revenue	233,975.16
Total current liabilities	<u>357,873,109.57</u>

**Long-Term liabilities:**

Net other post employment benefits	2,634,941.25
Net pension liability	4,990,011.00
Lease Liability	319,286.24
Total long-term liabilities	<u>7,944,238.49</u>

Total liabilities	<u>365,817,348.06</u>
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**Deferred inflows of resources:**

Related to pension	215,173.00
Related to OPEB	1,227,745.22
Total deferred inflows of resources	<u>1,442,918.22</u>

Total liabilities and deferred inflows of resources	<u>367,260,266.28</u>
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**NET POSITION**

**Net position:**

Net investment in capital assets	384,391.12
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	508,922.93
Deposits with Multi-State Lottery Association	1,974,036.38
Unclaimed prizes reserve	1,121,702.00
Unrestricted (deficit)	<u>(19,450,558.20)</u>

Total net position	<u>4,538,494.23</u>
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Total liabilities, deferred inflows of resources and net position	<u>\$ 371,798,760.51</u>
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**Arkansas**  
Scholarship Lottery



# **REVENUES & EXPENSES**

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Month Ended July 31, 2024**

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 40,402,663.00	\$ 40,402,663.00
Online ticket sales	9,183,469.50	9,183,469.50
Retailer application, fidelity, bond and service fees	51,620.47	51,620.47
Other revenue	<u>(2,397.13)</u>	<u>(2,397.13)</u>
 Total operating revenues	 <u>49,635,355.84</u>	 <u>49,635,355.84</u>
 <b>Operating expenses:</b>		
Instant game prizes	30,094,255.43	30,094,255.43
Online game prizes	4,834,234.16	4,834,234.16
Retailer commissions	2,815,419.35	2,815,419.35
Gaming contract costs	2,547,624.50	2,547,624.50
Compensation and benefits	497,320.88	497,320.88
Marketing, advertising and promotions	513,535.68	513,535.68
General and administrative expenses	67,243.60	67,243.60
Services provided by Arkansas Department of Education - Division of Higher Education	62,500.00	62,500.00
Services provided by Arkansas Legislative Audit	13,800.00	13,800.00
Amortization - GASB 87 Leases	22,652.64	22,652.64
Depreciation	<u>31,554.45</u>	<u>31,554.45</u>
 Total operating expenses	 <u>41,500,140.69</u>	 <u>41,500,140.69</u>
 Operating income (1)	 8,135,215.15	 8,135,215.15
 <b>Non-operating revenue:</b>		
Interest income	1,261,415.62	1,261,415.62
Other income/expense	<u>(794.64)</u>	<u>(794.64)</u>
 Income before transfers	 9,395,836.13	 9,395,836.13
 <b>Transfers to:</b>		
Lottery Scholarship Trust Account (2)	<u>(8,382,190.00)</u>	<u>(8,382,190.00)</u>
 Change in net position	 <u>\$ 1,013,646.13</u>	 1,013,646.13
 Total net position - beginning		 3,524,848.10
Total net position - ending		<u>\$ 4,538,494.23</u>

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

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

UNAUDITED PRELIMINARY DRAFT

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues and Expenses Budget Comparisons**  
**For the Month Ended July 31, 2024**

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
<b>Operating revenues:</b>										
Instant games	\$ 40,402,663.00	81.40	\$ 38,500,000.00	82.27	\$ 1,902,663.00	\$ 40,402,663.00	81.40	\$ 38,500,000.00	82.27	\$ 1,902,663.00
Online games	9,183,469.50	18.50	8,235,000.00	17.60	948,469.50	9,183,469.50	18.50	8,235,000.00	17.60	948,469.50
Retailer fees	51,620.47	0.10	60,000.00	0.13	(8,379.53)	51,620.47	0.10	60,000.00	0.13	(8,379.53)
Other revenue	(2,397.13)	(0.00)	100.00	0.00	(2,497.13)	(2,397.13)	(0.00)	100.00	0.00	(2,497.13)
				0.00%						
Total operating revenues	<u>49,635,355.84</u>	100.00	<u>46,795,100.00</u>	100.00	<u>2,840,255.84</u>	<u>49,635,355.84</u>	100.00	<u>46,795,100.00</u>	100.00	<u>2,840,255.84</u>
<b>Operating expenses:</b>										
Instant game prizes	30,094,255.43	60.63	27,963,500.00	59.76	2,130,755.43	30,094,255.43	60.63	27,963,500.00	59.76	2,130,755.43
Online game prizes	4,834,234.16	9.74	4,485,500.00	9.59	348,734.16	4,834,234.16	9.74	4,485,500.00	9.59	348,734.16
Retailer commissions	2,815,419.35	5.67	2,641,000.00	5.64	174,419.35	2,815,419.35	5.67	2,641,000.00	5.64	174,419.35
Gaming contract costs	2,547,624.50	5.13	2,360,000.00	5.04	187,624.50	2,547,624.50	5.13	2,360,000.00	5.04	187,624.50
Compensation & benefits	497,320.88	1.00	560,000.00	1.20	(62,679.12)	497,320.88	1.00	560,000.00	1.20	(62,679.12)
Marketing, advertising & promotions	513,535.68	1.03	489,000.00	1.04	24,535.68	513,535.68	1.03	489,000.00	1.04	24,535.68
General and administrative expenses	67,243.60	0.14	105,000.00	0.22	(37,756.40)	67,243.60	0.14	105,000.00	0.22	(37,756.40)
Services provided by other agencies	76,300.00	0.15	85,000.00	0.18	(8,700.00)	76,300.00	0.15	85,000.00	0.18	(8,700.00)
Amortization - GASB 87 Leases	22,652.64	0.05	22,650.00	0.05	2.64	22,652.64	0.05	22,650.00	0.05	2.64
Depreciation	31,554.45	0.06	15,850.00	0.03	15,704.45	31,554.45	0.06	15,850.00	0.03	15,704.45
Total operating expenses	<u>41,500,140.69</u>	83.61	<u>38,727,500.00</u>	82.76	<u>2,772,640.69</u>	<u>41,500,140.69</u>	83.61	<u>38,727,500.00</u>	82.76	<u>2,772,640.69</u>
Operating income	8,135,215.15	16.39	8,067,600.00	17.24	67,615.15	8,135,215.15	16.39	8,067,600.00	17.24	67,615.15
<b>Non-operating revenue:</b>										
Interest income	1,261,415.62	2.54	925,000.00	1.98	336,415.62	1,261,415.62	2.54	925,000.00	1.98	336,415.62
Interest expense	(794.64)	(0.00)	(1,000.00)	(0.00)	205.36	(794.64)	(0.00)	(1,000.00)	(0.00)	205.36
Income before transfers	<u>\$ 9,395,836.13</u>	18.93	<u>\$ 8,991,600.00</u>	19.21	<u>\$ 404,236.13</u>	<u>\$ 9,395,836.13</u>	18.93	<u>\$ 8,991,600.00</u>	19.21	<u>\$ 404,236.13</u>

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues and Expenses - GAAP**  
**For the Month Ended July 31, 2024 Compared to July 31, 2023**

	Current Month July 31, 2024	% Sales	Current Month July 31, 2023	% Sales	Variance	Year to Date July 31, 2024	% Sales	Year to Date July 31, 2023	% Sales	Variance
<b>Operating revenues:</b>										
Instant ticket sales	\$ 40,402,663.00	81.4%	\$ 37,281,593.00	69.8%	\$ 3,121,070.00	\$ 40,402,663.00	81.4%	\$ 37,281,593.00	69.8%	\$ 3,121,070.00
Online ticket sales	9,183,469.50	18.5%	16,086,041.00	30.1%	(6,902,571.50)	9,183,469.50	18.5%	16,086,041.00	30.1%	(6,902,571.50)
Retailer fees	51,620.47	0.1%	59,698.23	0.1%	(8,077.76)	51,620.47	0.1%	59,698.23	0.1%	(8,077.76)
Other revenue	(2,397.13)	0.0%	0.00	0.0%	(2,397.13)	(2,397.13)	0.0%	0.00	0.0%	(2,397.13)
										-
Total operating revenues	49,635,355.84	100.0%	53,427,332.23	100.0%	(3,791,976.39)	49,635,355.84	100.0%	53,427,332.23	100.0%	(3,791,976.39)
<b>Operating expenses:</b>										
Instant game prizes	30,094,255.43	60.6%	27,873,721.86	52.2%	2,220,533.57	30,094,255.43	60.6%	27,873,721.86	52.2%	2,220,533.57
Online game prizes	4,834,234.16	9.7%	8,176,092.25	15.3%	(3,341,858.09)	4,834,234.16	9.7%	8,176,092.25	15.3%	(3,341,858.09)
Retailer commissions	2,815,419.35	5.7%	2,980,259.35	5.6%	(164,840.00)	2,815,419.35	5.7%	2,980,259.35	5.6%	(164,840.00)
Gaming contract costs	2,547,624.50	5.1%	2,498,975.14	4.7%	48,649.36	2,547,624.50	5.1%	2,498,975.14	4.7%	48,649.36
Compensation and benefits	497,320.88	1.0%	465,942.79	0.9%	31,378.09	497,320.88	1.0%	465,942.79	0.9%	31,378.09
Marketing, advertising and promotions	513,535.68	1.0%	442,883.77	0.8%	70,651.91	513,535.68	1.0%	442,883.77	0.8%	70,651.91
General and administrative expenses	67,243.60	0.1%	182,134.18	0.3%	(114,890.58)	67,243.60	0.1%	182,134.18	0.3%	(114,890.58)
Services provided by ADE - Division of Higher Education	62,500.00	0.1%	100,000.00	0.2%	(37,500.00)	62,500.00	0.1%	100,000.00	0.2%	(37,500.00)
Services provided by Legislative Audit Agency	13,800.00	0.0%	13,400.00	0.0%	400.00	13,800.00	0.0%	13,400.00	0.0%	400.00
Amortization - GASB 87 Leases	22,652.64	0.0%	22,652.65	0.0%	(0.01)	22,652.64	0.0%	22,652.65	0.0%	(0.01)
Depreciation	31,554.45	0.1%	35,447.15	0.1%	(3,892.70)	31,554.45	0.1%	35,447.15	0.1%	(3,892.70)
					0.0%					
Total operating expenses	41,500,140.69	83.6%	42,791,509.14	80.1%	(1,291,368.45)	41,500,140.69	83.6%	42,791,509.14	80.1%	(1,291,368.45)
Operating income	8,135,215.15	16.4%	10,635,823.09	19.9%	(2,500,607.94)	8,135,215.15	16.4%	10,635,823.09	19.9%	(2,500,607.94)
<b>Nonoperating revenue:</b>										
Interest income	1,261,415.62	2.5%	237,032.90	0.4%	1,024,382.72	1,261,415.62	2.5%	237,032.90	0.4%	1,024,382.72
Other Non Operating Income	(794.64)	-0.2%	(1,160.43)	-0.2%	365.79	(794.64)	-0.2%	(1,160.43)	-0.2%	365.79
Income before transfers	<u>\$ 9,395,836.13</u>	18.9%	<u>\$ 10,871,695.56</u>	20.3%	<u>\$ (1,475,859.43)</u>	<u>\$ 9,395,836.13</u>	18.9%	<u>\$ 10,871,695.56</u>	20.3%	<u>\$ (1,475,859.43)</u>
<b>Net Proceeds (1)</b>	<u>\$ 8,382,190.00</u>		<u>\$ 12,666,503.31</u>		<u>\$ (4,284,313.31)</u>	<u>\$ 8,382,190.00</u>		<u>\$ 12,666,503.31</u>		<u>\$ (4,284,313.31)</u>

**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 Month Ended July 31, 2024**

Year to date

**Operating revenues:**

Instant ticket (Settlements)	\$ 38,634,553.00
Online ticket sales	9,183,469.50
Retailer application, fidelity and service fees	51,620.47
Other revenue	(2,397.13)

Total operating revenues	47,867,245.84
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**Operating expenses:**

Instant game prizes (Settlements)	29,259,627.00
Online game prizes	4,834,234.16
Retailer commissions	2,815,419.35
Gaming contract costs	2,547,624.50
Compensation and benefits	497,320.88
Marketing, advertising and promotions	513,535.68
General and administrative expenses	67,243.60
Services provided by Arkansas Department of Education - Division of Higher Education	62,500.00
Services provided by Legislative Audit Agency	13,800.00
Amortization - GASB 87 Leases	22,652.64
Current year capital asset cost	
Total operating expenses	40,633,957.81

Change in net proceeds from operations	7,233,288.03
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**Non-operating revenue:**

Interest income	1,261,415.62	
Other non-operating income	(794.64)	
EDUCATION TRUST FUNDING-Current Year	0.00	
Less Act 1180 Unclaimed Prizes	(121,702.00)	
Less current year Bond Reserve Fees	(8,922.93)	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	12,905.92	see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	6,000.00	

**NET PROCEEDS EARNED-Current Month**

**\$ 8,382,190.00**

**-Year to Date**

**\$ 8,382,190.00**

**Lottery Scholarship Trust Account**

	Transfer	Interest	Total
	\$ 299,125,751.82	\$ 16,846,686.30	\$ 315,972,438.12
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
Transfer to ADHE for FY 2024 Workforce Scholarship Funding 9/28/23	\$ (750,000.00)		\$ (750,000.00)
Transfer to ADHE for FY 2024 Academic Scholarship Funding 9/28/23	\$ (30,000,000.00)		\$ (30,000,000.00)
September 2023 funding 10/15/23	\$ 9,266,597.78	\$ 864,374.07	\$ 10,130,971.85
October 2023 funding 11/15/23	\$ 8,615,141.08	\$ 911,767.62	\$ 9,526,908.70
November 2023 funding 12/15/23	\$ 8,313,139.36	\$ 886,147.40	\$ 9,199,286.76
December 2023 funding 1/15/24	\$ 7,958,190.71	\$ 893,502.76	\$ 8,851,693.47
January 2024 funding 2/15/24	\$ 9,688,101.19	\$ 1,043,247.95	\$ 10,731,349.14
Transfer to ADHE for FY 2024 Academic Scholarship Funding 2/28/23	\$ (30,000,000.00)		\$ (30,000,000.00)
February 2024 funding 3/15/24	\$ 6,092,946.95	\$ 940,220.39	\$ 7,033,167.34
Transfer to ADHE for FY 2024 Concurrent Scholarship Funding 3/15/24	\$ (2,500,000.00)		\$ (2,500,000.00)
March 2024 funding 4/15/24	\$ 11,472,242.22	\$ 870,311.23	\$ 12,342,553.45
April 2024 funding 5/15/24	\$ 10,739,878.17	\$ 997,871.23	\$ 11,737,749.40
May 2024 funding 6/15/24	\$ 8,566,636.78	\$ 1,010,742.05	\$ 9,577,378.83
June 2024 funding 7/15/24	\$ 18,930,681.29	\$ 948,333.90	\$ 19,879,015.19
Transfer to ADHE for FY 2025 Concurrent Scholarship Funding 7/26/24	\$ (4,000,000.00)		\$ (4,000,000.00)
Transfer to ADHE for FY 2025 Workforce Scholarship Funding 7/26/24	\$ (1,000,000.00)		\$ (1,000,000.00)
July 2024 funding 8/15/24	\$ 7,206,608.40	\$ 1,175,581.60	\$ 8,382,190.00



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Net Proceeds Analysis**

<b>Month</b>	<b>2025 Net Proceeds</b>	<b>2025 Unclaimed Prizes</b>	<b>Total Net Proceeds</b>	<b>2025 Budget</b>	<b>Over/Under Budget</b>	<b>Cumulative Balance</b>
July, 2024	\$ 8,382,190.00	\$ 121,702.00	\$ 8,503,892.00	\$ 8,991,600.00	\$ (487,708.00)	\$ (487,708.00)
August			-		-	
September			-		-	
October			-		-	
November			-		-	
December			-		-	
January, 2025			-		-	
February			-		-	
March			-		-	
April			-		-	
May			-		-	
June			-		-	
Sub Total	\$ 8,382,190.00	\$ 121,702.00	\$ 8,503,892.00	\$ 8,991,600.00		
Reserve GPW						
Total	<u>\$ 8,382,190.00</u>	<u>\$ 121,702.00</u>	<u>\$ 8,503,892.00</u>	<u>\$ 8,991,600.00</u>		<u>\$ (487,708.00)</u>



**Arkansas**  
Scholarship Lottery



# **LOTTERY SCHOLARSHIP TRUST ACCOUNT**

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

			<b>Fiscal Year June 30,2024</b>	<b>Fiscal Year June 30,2025 (YTD July 31 2024)</b>
<b>Beginning Balance</b>			\$ 249,160,965	\$ 312,590,248
<b>Net Proceeds</b>			129,179,283	8,382,190 (1)
<b>Transfers to ADHE:</b>	<b>FY24</b>	<b>FY25</b>		
Academic Challenge Scholarships - Fall	9/28/23		(30,000,000)	
Academic Challenge Scholarships - Spring	2/28/24		(30,000,000)	
Concurrent Challenge Scholarships	7/14/23	7/26/24	(2,500,000)	(4,000,000)
Concurrent Challenge Scholarships	3/15/24		(2,500,000)	
Workforce Scholarships	9/28/23	7/26/24	(750,000)	(1,000,000)
			<u>(65,750,000)</u>	<u>(5,000,000)</u>
<b>Refund of Unused Scholarship Proceeds Requested:</b>	<b>FY24</b>	<b>FY25</b>		
<b>Ending Balance</b>			<u>\$ 312,590,248</u>	<u>\$ 315,972,438</u>

Note 1 - Does not include Unclaimed Prizes.





**Arkansas**  
Scholarship Lottery



# **UNCLAIMED PRIZES REPORT**

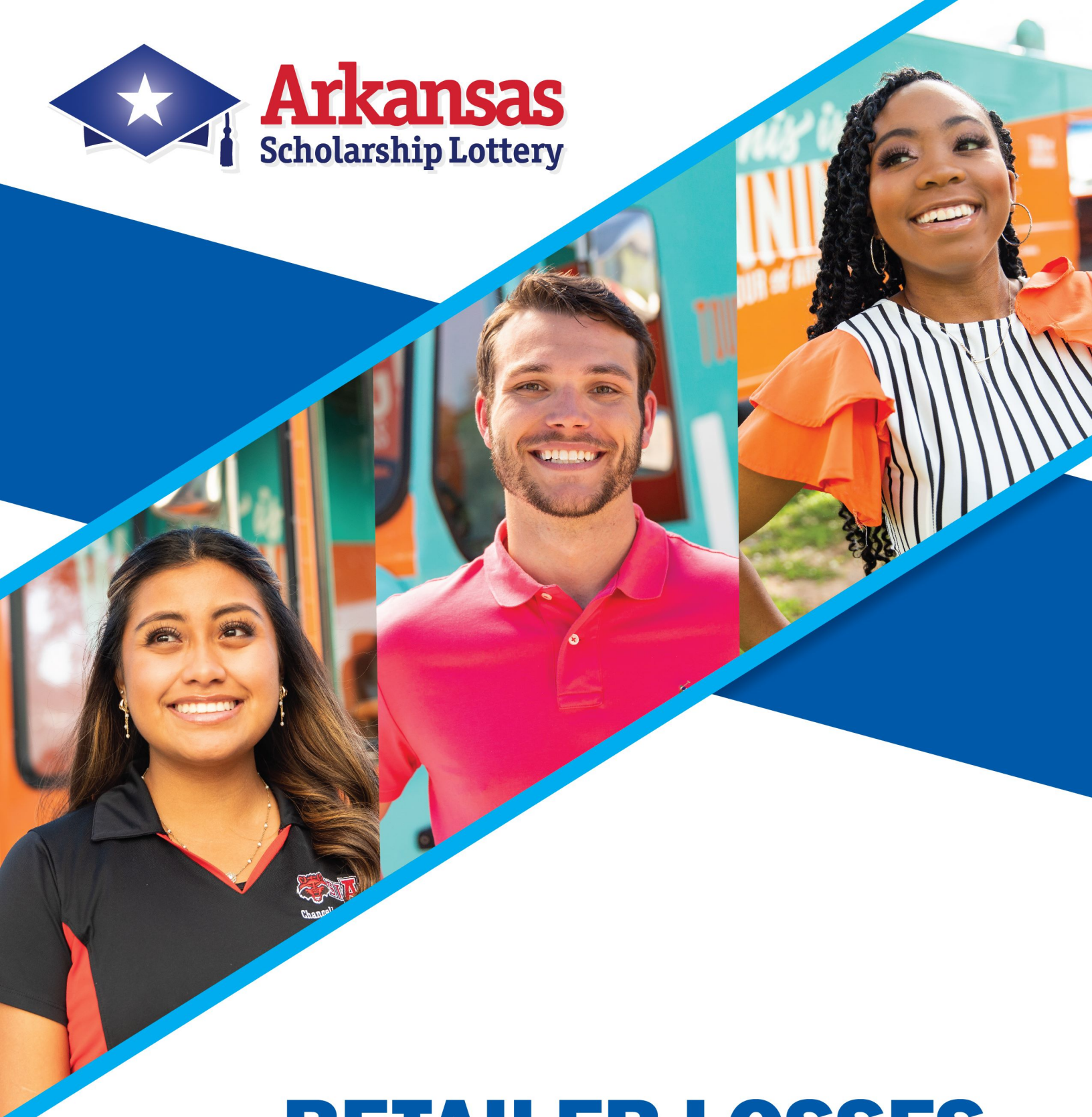
**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Unclaimed Prizes**  
**July 31, 2024**

	Monthly	Year to Date
Reserve Balance July 1, 2024		\$1,000,000.00
1. Unclaimed lottery prize money:	\$121,702.00	121,702.00
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	121,702.00	121,702.00
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
Reserve Balance July 31, 2024		\$1,121,702.00





**Arkansas**  
Scholarship Lottery



**RETAILER LOSSES**

**RETAILER LOSSES**  
**(July 2024)**

Retailer	Loss
None	\$0.00
Total Retailers = 2,034 (a/o 07/31/2024)	Total Loss = \$0.00





**Arkansas**  
Scholarship Lottery



# **DEBT SET-OFF AND WITHHOLDINGS**

**Department of Finance & Administration**  
**Office of the Arkansas Lottery**  
**Debt Set-off/Collections**  
**And Retailer Losses**  
**(July 2024)**

Arkansas Debt Set-Off	July-24		Total Since Inception	
Department of Finance and Administration	\$	4,102	\$	1,877,344
Office of Child Support Enforcement	\$	1,000	\$	722,922
<b>Total Debt Set-Off</b>	<b>\$</b>	<b>5,102</b>	<b>\$</b>	<b>2,600,266</b>

Income Taxes Withheld	July-24		Total Since Inception	
Federal	\$	861,067	\$	140,820,599
State	\$	139,903	\$	37,418,104
<b>Total Income Taxes Withheld</b>	<b>\$</b>	<b>1,000,970</b>	<b>\$</b>	<b>178,238,703</b>

As of 07/31/2024

Retailer losses \$0





**Arkansas**  
Scholarship Lottery



# **LOTTERY SALES BY COUNTY**



**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**OFFICE OF THE ARKANSAS LOTTERY**  
**RETAIL SALES BY COUNTY**  
**July 1 through July 31, 2024**



COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$16,016.00	\$10,421.00	\$14,087.00	\$517,037.00	\$8,176.00	\$3,580.00	\$10,303.00	\$5,521.00	\$11,906.00	\$597,047.00
ASHLEY	\$12,339.00	\$18,602.00	\$6,731.00	\$243,048.00	\$3,610.00	\$1,998.00	\$5,626.00	\$1,983.00	\$8,665.00	\$302,602.00
BAXTER	\$4,356.00	\$1,902.50	\$11,938.00	\$493,412.00	\$14,390.00	\$8,152.00	\$24,408.00	\$15,213.00	\$25,935.00	\$599,706.50
BENTON	\$8,259.50	\$5,118.00	\$20,409.00	\$1,602,045.00	\$76,420.00	\$25,416.00	\$107,942.00	\$45,299.00	\$108,191.00	\$1,999,099.50
BOONE	\$641.00	\$1,005.50	\$18,521.00	\$366,834.00	\$7,356.00	\$2,816.00	\$15,888.00	\$6,341.00	\$16,912.00	\$436,314.50
BRADLEY	\$2,276.00	\$5,281.00	\$2,815.00	\$208,874.00	\$2,456.00	\$742.00	\$3,092.00	\$1,616.00	\$3,705.00	\$230,857.00
CALHOUN	\$1,888.50	\$400.50	\$1,482.00	\$48,820.00	\$1,030.00	\$598.00	\$696.00	\$443.00	\$1,125.00	\$56,483.00
CARROLL	\$1,186.00	\$571.50	\$14,934.00	\$256,633.00	\$5,702.00	\$2,286.00	\$10,795.00	\$4,935.00	\$11,930.00	\$308,972.50
CHICOT	\$7,493.50	\$2,665.50	\$4,242.00	\$177,772.00	\$4,294.00	\$3,496.00	\$7,380.00	\$2,978.00	\$9,457.00	\$219,778.00
CLARK	\$4,892.00	\$1,364.50	\$11,598.00	\$379,664.00	\$7,506.00	\$2,670.00	\$9,865.00	\$4,775.00	\$11,127.00	\$433,461.50
CLAY	\$497.00	\$22.50	\$4,362.00	\$148,931.00	\$1,906.00	\$866.00	\$2,967.00	\$2,440.00	\$3,815.00	\$165,806.50
CLEBURNE	\$1,911.50	\$2,622.00	\$16,716.00	\$271,739.00	\$16,426.00	\$6,294.00	\$15,431.00	\$11,046.00	\$17,653.00	\$359,838.50
CLEVELAND	\$836.50	\$238.00	\$763.00	\$58,205.00	\$986.00	\$902.00	\$1,388.00	\$895.00	\$1,453.00	\$65,666.50
COLUMBIA	\$14,668.50	\$6,640.00	\$9,715.00	\$370,255.00	\$5,156.00	\$3,338.00	\$6,946.00	\$4,096.00	\$9,047.00	\$429,861.50
CONWAY	\$12,655.00	\$2,734.50	\$12,104.00	\$495,571.00	\$13,880.00	\$5,026.00	\$12,044.00	\$10,194.00	\$13,223.00	\$577,431.50
CRAIGHEAD	\$17,352.50	\$14,871.50	\$43,434.00	\$1,719,732.00	\$34,096.00	\$14,312.00	\$43,029.00	\$23,156.00	\$46,017.00	\$1,956,000.00
CRAWFORD	\$2,269.50	\$1,562.50	\$19,133.00	\$406,417.00	\$18,732.00	\$6,726.00	\$22,563.00	\$12,890.00	\$23,225.00	\$513,518.00
CRITTENDEN	\$51,219.00	\$33,247.00	\$15,981.00	\$838,958.00	\$12,250.00	\$12,524.00	\$35,947.00	\$16,240.00	\$46,643.00	\$1,063,009.00
CROSS	\$5,348.50	\$3,078.50	\$5,363.00	\$315,604.00	\$3,740.00	\$1,992.00	\$6,210.00	\$3,791.00	\$6,888.00	\$352,015.00
DALLAS	\$3,092.00	\$1,057.50	\$4,388.00	\$195,890.00	\$3,152.00	\$772.00	\$3,043.00	\$1,706.00	\$3,584.00	\$216,684.50
DESHA	\$2,765.00	\$2,043.00	\$3,148.00	\$230,500.00	\$2,986.00	\$1,422.00	\$5,817.00	\$3,118.00	\$6,494.00	\$258,293.00
DREW	\$4,190.00	\$3,863.00	\$7,321.00	\$350,531.00	\$5,294.00	\$3,614.00	\$8,109.00	\$4,586.00	\$10,043.00	\$397,551.00
FAULKNER	\$11,123.50	\$7,354.00	\$35,079.00	\$1,355,818.00	\$46,804.00	\$15,932.00	\$46,702.00	\$33,090.00	\$51,484.00	\$1,603,386.50
FRANKLIN	\$597.50	\$190.50	\$7,572.00	\$208,979.00	\$8,100.00	\$1,662.00	\$8,396.00	\$4,030.00	\$8,157.00	\$247,684.00
FULTON	\$183.50	\$650.50	\$7,881.00	\$61,575.00	\$1,234.00	\$900.00	\$2,398.00	\$1,616.00	\$2,820.00	\$79,258.00
GARLAND	\$12,586.50	\$5,807.00	\$28,205.00	\$1,276,475.00	\$56,316.00	\$18,178.00	\$64,707.00	\$54,607.00	\$69,384.00	\$1,586,265.50
GRANT	\$1,384.50	\$764.00	\$6,618.00	\$213,322.00	\$7,176.00	\$3,302.00	\$6,636.00	\$4,811.00	\$7,748.00	\$251,761.50
GREENE	\$1,386.50	\$410.00	\$20,956.00	\$633,852.00	\$11,150.00	\$5,004.00	\$16,540.00	\$9,353.00	\$20,025.00	\$718,676.50
HEMPSTEAD	\$58,950.00	\$23,650.00	\$14,128.00	\$372,464.00	\$4,464.00	\$2,818.00	\$8,462.00	\$3,628.00	\$9,294.00	\$497,858.00
HOT SPRING	\$2,699.00	\$1,046.00	\$9,791.00	\$387,377.00	\$11,398.00	\$5,938.00	\$11,353.00	\$6,116.00	\$13,051.00	\$448,769.00
HOWARD	\$58,888.50	\$13,996.00	\$5,986.00	\$208,260.00	\$3,088.00	\$2,636.00	\$6,100.00	\$2,971.00	\$6,464.00	\$308,389.50
INDEPENDENCE	\$2,462.50	\$738.50	\$32,237.00	\$582,699.00	\$10,560.00	\$4,666.00	\$13,914.00	\$7,592.00	\$17,153.00	\$672,022.00
IZARD	\$172.00	\$19.50	\$5,815.00	\$80,431.00	\$2,766.00	\$726.00	\$3,537.00	\$3,133.00	\$3,731.00	\$100,330.50
JACKSON	\$17,661.00	\$9,411.00	\$13,674.00	\$307,362.00	\$5,026.00	\$1,592.00	\$5,922.00	\$4,782.00	\$7,515.00	\$372,945.00
JEFFERSON	\$43,936.00	\$43,290.00	\$39,629.00	\$1,389,016.00	\$35,440.00	\$17,708.00	\$32,980.00	\$29,790.00	\$45,055.00	\$1,676,844.00
JOHNSON	\$417.00	\$943.00	\$2,849.00	\$267,066.00	\$7,354.00	\$3,106.00	\$10,095.00	\$5,645.00	\$10,974.00	\$308,449.00
LAFAYETTE	\$8,437.50	\$4,453.00	\$1,873.00	\$81,100.00	\$908.00	\$994.00	\$2,333.00	\$620.00	\$3,257.00	\$103,975.50
LAWRENCE	\$462.00	\$129.50	\$13,672.00	\$278,108.00	\$4,248.00	\$2,040.00	\$5,956.00	\$4,332.00	\$6,665.00	\$315,612.50
LEE	\$4,054.50	\$7,972.50	\$3,183.00	\$75,209.00	\$826.00	\$1,594.00	\$1,982.00	\$442.00	\$2,411.00	\$97,674.00
LINCOLN	\$536.00	\$201.00	\$2,407.00	\$91,807.00	\$2,460.00	\$1,928.00	\$2,754.00	\$2,407.00	\$3,443.00	\$107,943.00
LITTLE RIVER	\$9,590.00	\$3,447.50	\$3,835.00	\$150,962.00	\$1,662.00	\$1,004.00	\$5,109.00	\$1,308.00	\$5,393.00	\$182,310.50
LOGAN	\$392.50	\$44.50	\$13,842.00	\$239,238.00	\$8,644.00	\$2,136.00	\$6,666.00	\$4,843.00	\$8,566.00	\$284,372.00

**ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**OFFICE OF THE ARKANSAS LOTTERY**  
**RETAIL SALES BY COUNTY**  
**July 1 through July 31, 2024**



COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
LONOKE	\$16,432.50	\$11,216.50	\$31,932.00	\$1,074,942.00	\$39,292.00	\$10,030.00	\$35,948.00	\$27,452.00	\$40,827.00	\$1,288,072.00
MADISON	\$83.50	\$23.00	\$1,794.00	\$101,334.00	\$4,446.00	\$1,580.00	\$5,763.00	\$1,841.00	\$5,233.00	\$122,097.50
MARION	\$2,430.50	\$1,733.50	\$9,851.00	\$221,639.00	\$4,698.00	\$2,420.00	\$8,245.00	\$6,954.00	\$9,475.00	\$267,446.00
MILLER	\$35,850.00	\$13,325.50	\$13,073.00	\$574,505.00	\$8,578.00	\$7,868.00	\$15,943.00	\$8,979.00	\$16,597.00	\$694,718.50
MISSISSIPPI	\$61,447.50	\$28,808.00	\$12,949.00	\$747,554.00	\$6,282.00	\$3,786.00	\$16,575.00	\$6,360.00	\$20,374.00	\$904,135.50
MONROE	\$14,137.50	\$8,891.50	\$13,087.00	\$180,478.00	\$3,362.00	\$1,662.00	\$6,521.00	\$2,771.00	\$7,170.00	\$238,080.00
MONTGOMERY	\$64.00	\$21.00	\$2,492.00	\$36,739.00	\$1,822.00	\$518.00	\$2,441.00	\$953.00	\$2,269.00	\$47,319.00
NEVADA	\$4,213.50	\$3,435.00	\$1,146.00	\$169,948.00	\$1,912.00	\$1,042.00	\$3,476.00	\$1,527.00	\$3,365.00	\$190,064.50
NEWTON	\$171.50	\$57.50	\$2,923.00	\$54,244.00	\$1,500.00	\$696.00	\$2,584.00	\$1,193.00	\$2,752.00	\$66,121.00
OUACHITA	\$15,043.50	\$9,394.00	\$17,146.00	\$661,804.00	\$9,486.00	\$4,702.00	\$9,658.00	\$6,140.00	\$11,638.00	\$745,011.50
PERRY	\$1,005.00	\$882.00	\$3,513.00	\$105,411.00	\$3,796.00	\$1,542.00	\$3,789.00	\$3,368.00	\$4,530.00	\$127,836.00
PHILLIPS	\$22,800.00	\$7,698.00	\$3,646.00	\$204,951.00	\$2,238.00	\$2,618.00	\$7,311.00	\$3,534.00	\$9,143.00	\$263,939.00
PIKE	\$265.00	\$247.50	\$4,672.00	\$103,673.00	\$5,978.00	\$1,580.00	\$4,270.00	\$3,176.00	\$4,452.00	\$128,313.50
POINSETT	\$4,921.00	\$1,753.50	\$14,950.00	\$471,227.00	\$6,788.00	\$2,106.00	\$8,446.00	\$4,154.00	\$8,875.00	\$523,220.50
POLK	\$1,844.00	\$183.00	\$15,073.00	\$192,203.00	\$5,712.00	\$2,234.00	\$9,396.00	\$5,143.00	\$9,764.00	\$241,552.00
POPE	\$4,056.00	\$1,466.50	\$23,629.00	\$874,310.00	\$25,118.00	\$9,904.00	\$31,899.00	\$19,499.00	\$33,402.00	\$1,023,283.50
PRAIRIE	\$1,222.50	\$747.50	\$2,978.00	\$119,305.00	\$2,208.00	\$920.00	\$2,855.00	\$919.00	\$3,592.00	\$134,747.00
PULASKI	\$208,612.50	\$149,635.00	\$241,618.00	\$7,097,328.00	\$404,830.00	\$299,314.00	\$561,863.00	\$359,031.00	\$532,644.00	\$9,854,875.50
RANDOLPH	\$242.00	\$52.50	\$7,430.00	\$220,660.00	\$4,616.00	\$2,262.00	\$7,637.00	\$3,444.00	\$8,601.00	\$254,944.50
SAINT FRANCIS	\$26,894.50	\$11,095.50	\$10,318.00	\$323,945.00	\$4,528.00	\$2,310.00	\$9,504.00	\$6,388.00	\$12,838.00	\$407,821.00
SALINE	\$30,736.50	\$8,274.00	\$53,218.00	\$1,229,204.00	\$51,710.00	\$18,838.00	\$45,853.00	\$38,626.00	\$53,321.00	\$1,529,780.50
SCOTT	\$228.00	\$108.50	\$2,200.00	\$126,677.00	\$3,304.00	\$740.00	\$4,371.00	\$1,474.00	\$4,612.00	\$143,714.50
SEARCY	\$33.00	\$112.50	\$2,092.00	\$71,607.00	\$2,064.00	\$440.00	\$2,668.00	\$1,125.00	\$3,076.00	\$83,217.50
SEBASTIAN	\$13,763.00	\$4,069.00	\$27,416.00	\$952,267.00	\$47,280.00	\$18,136.00	\$57,943.00	\$37,481.00	\$66,175.00	\$1,224,530.00
SEVIER	\$7,123.00	\$530.50	\$1,442.00	\$176,830.00	\$3,008.00	\$1,386.00	\$5,574.00	\$3,129.00	\$5,693.00	\$204,715.50
SHARP	\$1,415.50	\$395.00	\$16,956.00	\$365,805.00	\$8,124.00	\$3,480.00	\$11,630.00	\$8,357.00	\$14,693.00	\$430,855.50
STONE	\$346.50	\$24.00	\$3,307.00	\$101,874.00	\$4,262.00	\$1,332.00	\$4,370.00	\$2,963.00	\$4,938.00	\$123,416.50
UNION	\$71,994.00	\$40,417.00	\$26,589.00	\$804,692.00	\$10,646.00	\$7,754.00	\$16,717.00	\$8,923.00	\$21,832.00	\$1,009,564.00
VAN BUREN	\$1,196.50	\$810.50	\$4,666.00	\$209,335.00	\$7,922.00	\$1,822.00	\$8,947.00	\$5,162.00	\$9,748.00	\$249,609.00
WASHINGTON	\$24,363.50	\$9,172.00	\$31,891.00	\$1,740,701.00	\$73,016.00	\$28,926.00	\$95,314.00	\$43,219.00	\$99,427.00	\$2,146,029.50
WHITE	\$14,622.00	\$6,511.50	\$45,162.00	\$997,897.00	\$26,544.00	\$7,536.00	\$27,650.00	\$20,991.00	\$32,916.00	\$1,179,829.50
WOODRUFF	\$1,625.00	\$1,357.00	\$3,187.00	\$124,512.00	\$2,556.00	\$1,064.00	\$3,640.00	\$1,492.00	\$4,011.00	\$143,444.00
YELL	\$265.00	\$322.00	\$5,309.00	\$241,824.00	\$7,374.00	\$2,138.00	\$7,204.00	\$5,319.00	\$8,110.00	\$277,865.00

GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lotto	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$1,001,521.00	\$566,600.00	\$1,176,072.00	\$38,637,017.00	\$1,274,168.00	\$656,092.00	\$1,668,036.00	\$1,019,465.00	\$1,775,721.00	\$47,774,692.00



**Arkansas**  
Scholarship Lottery



**TOTAL NUMBER  
OF RETAILERS**

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

July 2024

Retailer Count by Status	
Active	1,995
Renewal	39
<b>Total</b>	<b>2,034</b>

Terminal Count by Type	
Photon	2,110
TVM	126
DreamTouch Smart	84
<b>Total</b>	<b>2,320</b>

## Monthly Highlights

- ▶ 4,466,394 Total transactions processed through the Arkansas Scholarship Lottery System in July
- ▶ 858 service tickets resolved by Field Service and the Call Center for the month of July
- ▶ 521 Preventative Maintenance Actions completed by Field Service Technicians for the month of July







**Arkansas**  
Scholarship Lottery



**ARKANSAS  
DEPARTMENT OF  
HIGHER EDUCATION**





## Division of Higher Education

101 E. Capital Ave., Suite 300 • Little Rock, Arkansas • 72201-3818 • (501) 371-2000 • Fax (501) 371-2001

Jacob Oliva  
Secretary

Ken Warden, Ed.D.  
Commissioner

July 22, 2024

Ms. Sharon Strong, Executive Director  
Arkansas Scholarship Lottery  
124 W. Capitol Ave., Suite 1400  
Little Rock, AR 72201

Dear Ms. Strong:

I hereby certify to the Office of the Arkansas Lottery that an estimated one million dollars (\$1,000,000) in net lottery proceeds will be required to fund the disbursement of scholarships awarded under A.C.A. § 6-85-301 et. seq. for the Workforce Challenge Scholarship for the 2024-2025 Academic Year.

Therefore, I am requesting the amount of one million dollars (\$1,000,000) be transferred to the Arkansas Division of Higher Education's commercial bank account with First Security Bank by Monday July 29, 2024. We will monitor closely and advise if additional requests for net proceeds are needed based on the submissions of the universities and colleges enrollment verification rosters.

If you require additional information or have questions, please contact me at 501.371.2026.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas Fuller", written over a light blue horizontal line.

Nicholas Fuller  
Assistant Commissioner for Finance



## Division of Higher Education

101 E. Capital Ave., Suite 300 • Little Rock, Arkansas • 72201-3818 • (501) 371-2000 • Fax (501) 371-2001

Jacob Oliva  
Secretary

Ken Warden, Ed.D.  
Commissioner

July 22, 2024

Ms. Sharon Strong, Executive Director  
Arkansas Scholarship Lottery  
124 W. Capitol Ave., Suite 1400  
Little Rock, AR 72201

Dear Ms. Strong:

I hereby certify to the Office of the Arkansas Lottery that an estimated four million dollars (\$4,000,000) in net lottery proceeds will be required to fund the first disbursement of scholarships awarded under A.C.A. § 6-85-401 et. seq. for the Concurrent Challenge Scholarship for the 2024-2025 Academic Year.

Therefore, I am requesting the amount of four million dollars (\$4,000,000) be transferred to the Arkansas Division of Higher Education's commercial bank account with First Security Bank by Monday July 29, 2024. We will monitor closely and advise if additional requests for net proceeds are needed based on the submissions of the universities and colleges enrollment verification rosters.

If you require additional information or have questions, please contact me at 501.371.2026.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas Fuller", written over a light blue horizontal line.

Nicholas Fuller  
Assistant Commissioner for Finance



**Arkansas**  
Scholarship Lottery



**INSTANT TICKET  
RELEASES**

**DFA/Office of the Arkansas Lottery**  
**Instant & Fast Play Games**  
**July 2024**

Sales for the following instant games began July 2, 2024. No ending dates have been determined for these games.

**\$1 \$50! Blast!**  
**\$2 \$100 Loaded**  
**\$3 Xtreme Crossword**  
**\$5 \$6 Million Blowout**  
**\$10 Multiplier Mania**

Sales for the following instant games began July 30, 2024. No ending dates have been determined for these games.

**\$1 X10**  
**\$2 X20**  
**\$5 X50**  
**\$10 \$10K Stacks**  
**\$20 \$350,000 Cash Payout**

Sales for the following Fast Play games began July 1, 2024. No ending dates have been determined for these games.

**\$1 Quick Cards**  
**\$2 Bingo**

Sales for the following Fast Play games began July 29, 2024. No ending dates have been determined for these games.

**\$1 Jumbo Bucks**  
**\$2 In Between**





**Arkansas**  
Scholarship Lottery



**CONTRACTS**

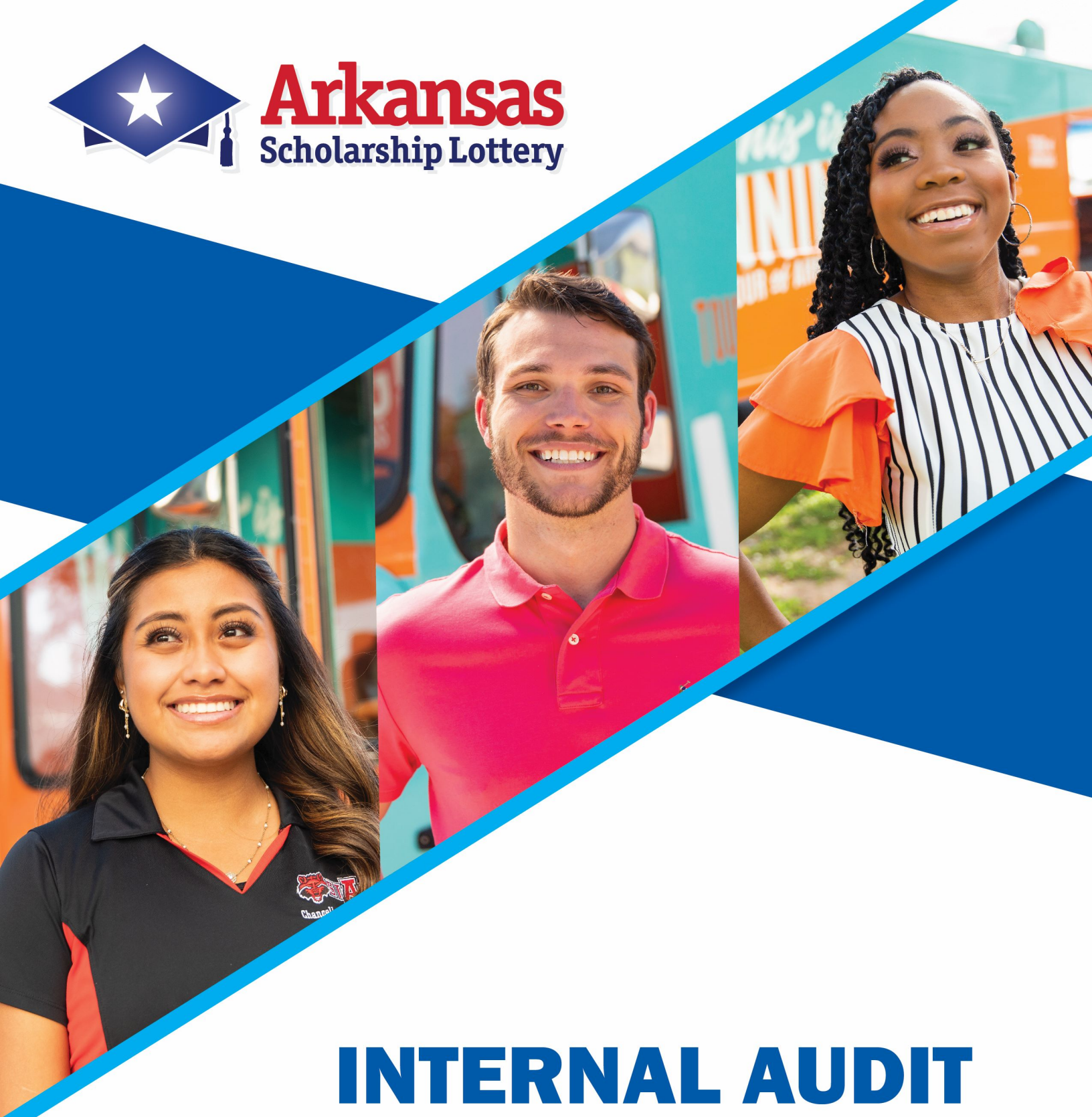


Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Contracts  
July 1 through July 31, 2024

There were no contracts entered into in excess of \$20,000 by Arkansas Department of Finance and Administration Office of the Arkansas Lottery during the month of July 2024.



**Arkansas**  
Scholarship Lottery



# **INTERNAL AUDIT REPORTS**



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>	2024-29 Beneficiary Trust Fund	<u>Report Date:</u> July 17, 2024
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration  Office of the Arkansas Lottery Sharron Strong, OAL Executive Director Jerry Fetzer, Chief Financial Officer Brandi Ratcliff, Treasurer Brent Standridge, Chief Legal Counsel	<u>For Fiscal Year:</u> June 30, 2024

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### **Introduction**

A scheduled periodic audit for Beneficiary Trust Fund for fiscal year ended June 30, 2024, 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

### **Purpose, Objectives, and Scope (Continued)**

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

### **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 and Recommendations**

*Observation #:* 1

*Observation Title:* Under Collateralization of Bank Deposits

*Internal Audit Observation:* OAL's bank deposits were under collateralized for the month of August 2023 by \$3,025,359.57.

*Recommendations:*

OAL and Bank OZK expanded monthly procedures to include the following:

When renewing the letter of credit that is issued for collateral, Bank OZK will reach out directly to OAL to confirm any incoming deposits. Bank OZK will provide the amount of the new letter of credit and in return OAL accounting staff will confirm if it is sufficient to their totals. Bank OZK will increase the letter of credit for their end of month sweep and interest deposits. On the final day of the month, Bank OZK will then reach out again to ensure any incoming deposits will be covered. This will ensure that any securities being issued will reflect on First National Bankers Bank reports.

OAL IA agrees with the corrective action, therefore has no recommendations.



*William C. Miller, CPA*

William C Miller, CPA, CGMA  
Director of Internal Audit



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<u>Audit:</u>	2024-45 Instant Ticket Reconstruction	<u>Report Date:</u> July 12, 2024
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2024
	Office of the Arkansas Lottery Sharon Strong, Executive Director Jerry Fetzer, Chief Fiscal Office Angela Jones, Senior Security Specialist Brent Standridge, Chief Legal Counsel	

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## Introduction

A scheduled audit of the Instant Ticket Reconstructions process for July 1, 2023, through May 31, 2024, has been completed by Internal Audit (IA). The audit 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

From time to time, the OAL is presented with an instant ticket that a player believes to be a winner that the OAL claim center cannot validate through normal methods. Most often, this inability to validate results from some sort of damage to some or all the instant ticket, and normally includes some level of damage to the barcodes used to scan instant tickets in the claim center to determine if the tickets are winners. Damage usually results from the player inadvertently getting a ticket wet, using tools for scratching the ticket that removes more than the top coatings that are intended to be removed, or other actions that damage or destroy critical portions of the instant ticket. When this occurs, claim center personnel refer the case to OAL Security for resolution. There are also occasions where OAL ticket reconstruction requests are initiated by IT Gaming. These requests occur to resolve a player complaint. In these cases, the ticket is researched in BOS because OAL will not have the hard copy of the ticket in question.

OAL Security normally collects information from the player about their ticket, in addition to obtaining the ticket or remains thereof, and then logs a request with Scientific Games (SGI), OAL's instant ticket vendor, to determine if the ticket is a winner or non-winner, so that a recommendation on whether the player should be paid can be made. This is done even when a ticket appears to be a winner and the play area of a ticket has not been damaged, but the barcode cannot be scanned, to confirm that no alteration of the ticket has taken place, so that pay out of a claim for a fraudulent ticket can be avoided. Reconstruction of a ticket involves SGI personnel accessing confidential game and ticket information that allows them to provide an image of the play area for a given ticket

and confirmation to OAL Security that a specific instant ticket is indeed a winner or a non-winner. As such, SGI treats these requests with a high level of importance and exercises a number of control processes to ensure that only authorized individuals from lotteries like the OAL are able to request reconstructions, that only those tickets requested to be reconstructed are indeed reconstructed, that only authorized SGI employees are able to perform the reconstructions, and that the integrity of the games it produces for the OAL is protected by systematic requirement of certain information and details before reconstructions can take place.

This is primarily achieved through the Keyed Dual Security (KDS) II system, where the OAL makes reconstruction requests. Despite the level of checks and balances in place at SGI to protect the integrity of the OAL's instant games through the reconstruction process, it is also important for the OAL to have controls and procedures in place to ensure that only select employees have the ability to request instant ticket reconstructions, and that such requests are reasonable under the circumstances, given that requesting employees are able to ascertain if specific tickets are winners (if authorized to request such information from SGI), even if the tickets reconstructed are not in the physical custody of the requesting individual or if the play area and/or barcode have not been revealed through scratching.

### **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 that instant ticket reconstruction requests are authorized and reasonable given the circumstances that might give rise to a reconstruction request.

#### **Objectives**

To ensure that instant ticket reconstruction requests are authorized and reasonable.

#### **Scope**

The procedures performed included reviewing internal reconstruction logs, records per the KDS II System used to submit reconstruction requests to Scientific Games, hard copy files and case files detailing actions taken, and monthly reconciliation / review documentation maintained by OAL Security. No ticket reconstruction documentation was considered for testing after May 31, 2024, for the scope period July 1, 2023, through May 31, 2024.

### **Observation**

IA had no observations or recommendations to report.

William C. Miller, CPA

William C Miller, CPA, CGMA  
Director of Internal Audit