



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://myarkansalottery.com>

April 10, 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 March 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,

Mike Smith  
Gaming Director

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



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>

April 10, 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 March 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 black ink that reads "Mike Smith".

Mike Smith  
Gaming Director

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



SECTION 1

NET POSITION

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

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 8,426,188.19
Restricted assets:	
Cash and cash equivalents	280,614,024.38
Accounts receivable	16,862,086.16
Prepaid items	158,790.51
Total current assets	<u>306,061,089.24</u>
<b>Non-current assets:</b>	
Restricted assets:	
Cash and cash equivalents	20,597,132.74
Deposits with Multi-State Lottery Association	2,007,529.28
Capital assets, net	921,620.81
Total non-current assets	<u>23,526,282.83</u>
Total assets	<u>329,587,372.07</u>
<b>Deferred outflows of resources:</b>	
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>\$ 332,107,465.27</u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 1,831.50
Prizes payable	29,143,250.08
Accrued and other liabilities	6,021,263.39
Due to other funds of the State	902,978.28
Due to Lottery Scholarship Trust Account	271,396,104.70
Lease Liability	270,765.08
Compensated absences	407,425.88
OPEB Obligation	99,509.08
Unearned revenue	384,566.18
Total current liabilities	<u>308,627,694.17</u>
<b>Long-Term liabilities:</b>	
Net other post employment benefits	2,562,941.25
Net pension liability	4,990,011.00
Lease Liability	410,716.09
Total long-term liabilities	<u>7,963,668.34</u>
Total liabilities	<u>316,591,362.51</u>
<b>Deferred inflows of resources:</b>	
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>318,034,280.73</u>

**NET POSITION**

<b>Net position:</b>	
Net investment in capital assets	510,904.72
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	603,132.74
Deposits with Multi-State Lottery Association	2,007,529.28
Unclaimed prizes reserve	9,217,919.68
Unrestricted (deficit)	<u>(18,266,301.88)</u>
Total net position	<u>14,073,184.54</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 332,107,465.27</u>



SECTION 2

REVENUES AND EXPENSES

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

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 44,632,078.00	\$ 359,091,522.00
Online ticket sales	14,082,169.00	104,673,939.00
Retailer application, fidelity, bond and service fees	67,293.64	519,923.20
Other revenue	<u>33.48</u>	<u>(1,489.28)</u>
 Total operating revenues	 <u>58,781,574.12</u>	 <u>464,283,894.92</u>
 <b>Operating expenses:</b>		
Instant game prizes	33,425,121.87	261,382,495.03
Online game prizes	7,552,376.66	55,695,155.81
Retailer commissions	3,287,024.52	26,162,841.54
Gaming contract costs	2,840,997.33	22,702,172.48
Compensation and benefits	488,858.24	4,383,230.44
Marketing, advertising and promotions	536,705.40	4,691,749.56
General and administrative expenses	107,057.41	834,674.29
Services provided by Arkansas Department of Education - Division of Higher Education	100,000.00	900,000.00
Services provided by Arkansas Legislative Audit	13,400.00	120,600.00
Amortization - GASB 87 Leases	22,652.65	203,873.83
Depreciation	<u>32,671.29</u>	<u>307,970.83</u>
 Total operating expenses	 <u>48,406,865.37</u>	 <u>377,384,763.81</u>
 Operating income (1)	 10,374,708.75	 86,899,131.11
 <b>Non-operating revenue:</b>		
Interest income	1,021,849.03	7,878,295.88
Other income/expense	<u>(917.52)</u>	<u>(9,105.88)</u>
 Income before transfers	 11,395,640.26	 94,768,321.11
 <b>Transfers to:</b>		
Lottery Scholarship Trust Account (2)	<u>(12,342,553.45)</u>	<u>(87,985,139.44)</u>
 Change in net position	 <u>\$ (946,913.19)</u>	 6,783,181.67
 Total net position - beginning		 7,290,002.87
Total net position - ending		<u>\$ 14,073,184.54</u>

1) Includes all GAAP related accounting items including 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 Nine Months Ended March 31, 2024

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
<b>Operating revenues:</b>										
Instant games	\$ 44,632,078.00	75.93	\$ 45,000,000.00	84.01	\$ (367,922.00)	\$ 359,091,522.00	77.34	\$ 352,500,000.00	82.90	\$ 6,591,522.00
Online games	14,082,169.00	23.96	8,508,000.00	15.88	5,574,169.00	104,673,939.00	22.55	72,200,000.00	16.98	32,473,939.00
Retailer fees	67,293.64	0.11	58,000.00	0.11	9,293.64	519,923.20	0.11	495,000.00	0.12	24,923.20
Other revenue	33.48	0.00	200.00	0.00	(166.52)	(1,489.28)	(0.00)	1,500.00	0.00	(2,989.28)
		0.00%								
Total operating revenues	58,781,574.12	100.00	53,566,200.00	100.00	5,215,374.12	464,283,894.92	100.00	425,196,500.00	100.00	39,087,394.92
<b>Operating expenses:</b>										
Instant game prizes	33,425,121.87	56.86	32,661,583.00	60.97	763,538.87	261,382,495.03	56.30	255,210,247.00	60.02	6,172,248.03
Online game prizes	7,552,376.66	12.85	4,679,417.00	8.74	2,872,959.66	55,695,155.81	12.00	39,644,753.00	9.32	16,050,402.81
Retailer commissions	3,287,024.52	5.59	3,026,000.00	5.65	261,024.52	26,162,841.54	5.64	24,023,000.00	5.65	2,139,841.54
Gaming contract costs	2,840,997.33	4.83	2,678,000.00	5.00	162,997.33	22,702,172.48	4.89	21,259,000.00	5.00	1,443,172.48
Compensation & benefits	488,858.24	0.83	485,000.00	0.91	3,858.24	4,383,230.44	0.94	4,500,000.00	1.06	(116,769.56)
Marketing, advertising & promotions	536,705.40	0.91	542,000.00	1.01	(5,294.60)	4,691,749.56	1.01	4,874,000.00	1.15	(182,250.44)
General and administrative expenses	107,057.41	0.18	121,000.00	0.23	(13,942.59)	834,674.29	0.18	1,083,000.00	0.25	(248,325.71)
Services provided by other agencies	113,400.00	0.19	106,000.00	0.20	7,400.00	1,020,600.00	0.22	954,000.00	0.22	66,600.00
Amortization - GASB 87 Leases	22,652.65	0.04	-	-	22,652.65	203,873.83	0.04	-	0.00	203,873.83
Depreciation	32,671.29	0.06	58,000.00	0.11	(25,328.71)	307,970.83	0.07	526,000.00	0.12	(218,029.17)
Total operating expenses	48,406,865.37	82.35	44,357,000.00	82.81	4,049,865.37	377,384,763.81	81.28	352,074,000.00	82.80	25,310,763.81
Operating income	10,374,708.75	17.65	9,209,200.00	17.19	1,165,508.75	86,899,131.11	18.72	73,122,500.00	17.20	13,776,631.11
<b>Non-operating revenue:</b>										
Interest income	1,021,849.03	1.74	260,000.00	0.49	761,849.03	7,878,295.88	1.70	2,199,000.00	0.52	5,679,295.88
Interest expense	(917.52)	(0.00)	(1,000.00)	(0.00)	82.48	(9,105.88)	(0.00)	(13,000.00)	(0.00)	3,894.12
Income before transfers	\$ 11,395,640.26	19.39	\$ 9,468,200.00	17.68	\$ 1,927,440.26	\$ 94,768,321.11	20.41	\$ 75,308,500.00	17.71	\$ 19,459,821.11

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Statement of Revenues and Expenses - GAAP  
For the Nine Months Ended March 31, 2024 Compared to March 31, 2023

	Current Month March 31, 2024	% Sales	Current Month March 31, 2023	% Sales	Variance	Year to Date March 31, 2024	% Sales	Year to Date March 31, 2023	% Sales	Variance
<b>Operating revenues:</b>										
Instant ticket sales	\$ 44,632,078.00	75.9%	\$ 45,121,263.00	83.2%	\$ (489,185.00)	\$ 359,091,522.00	77.3%	\$ 352,949,529.00	76.8%	\$ 6,141,993.00
Online ticket sales	14,062,169.00	24.0%	9,075,987.00	16.7%	5,006,182.00	104,673,939.00	22.5%	106,085,500.50	23.1%	(1,411,561.50)
Retailer fees	67,293.64	0.1%	57,661.16	0.1%	9,632.48	519,923.20	0.1%	506,176.06	0.1%	13,747.14
Other revenue	33.48	0.0%	101.53	0.0%	(68.05)	(1,489.28)	0.0%	131.31	0.0%	(1,620.59)
<b>Total operating revenues</b>	<b>\$ 58,781,574.12</b>	<b>100.0%</b>	<b>\$ 54,255,012.69</b>	<b>100.0%</b>	<b>\$ 4,526,561.43</b>	<b>\$ 464,283,894.92</b>	<b>100.0%</b>	<b>\$ 459,541,336.87</b>	<b>100.0%</b>	<b>\$ 4,742,558.05</b>
<b>Operating expenses:</b>										
Instant game prizes	33,425,121.87	56.9%	33,704,959.38	62.1%	(279,837.51)	261,382,495.03	56.3%	256,159,869.98	55.7%	5,222,625.05
Online game prizes	7,552,376.66	12.8%	5,166,474.55	9.5%	2,383,902.11	55,695,155.81	12.0%	56,884,744.66	12.4%	(1,189,588.85)
Retailer commissions	3,287,024.52	5.6%	3,074,854.80	5.7%	212,169.72	26,162,841.54	5.6%	25,874,771.28	5.6%	288,070.26
Gaming contract costs	2,840,997.33	4.8%	2,722,496.90	5.0%	118,500.43	22,702,172.48	4.9%	22,418,424.70	4.9%	283,747.78
Compensation and benefits	488,858.24	0.8%	491,661.39	0.9%	(2,803.15)	4,383,230.44	0.9%	4,312,714.51	0.9%	70,515.93
Marketing, advertising and promotions	536,705.40	0.9%	393,073.93	0.7%	143,631.47	4,691,749.56	1.0%	5,499,318.03	1.2%	(807,568.47)
General and administrative expenses	107,057.41	0.2%	221,220.15	0.4%	(114,162.74)	834,674.29	0.2%	2,186,257.32	0.5%	(1,351,583.03)
Services provided by ADE - Division of Higher Education	100,000.00	0.2%	125,200.00	0.2%	(25,200.00)	900,000.00	0.2%	1,045,900.00	0.2%	(145,900.00)
Services provided by Legislative Audit Agency	13,400.00	0.0%	13,200.00	0.0%	200.00	120,600.00	0.0%	118,800.00	0.0%	1,800.00
Amortization - GASB 87 Leases	22,652.65	0.0%	22,652.66	0.0%	(0.01)	203,873.83	0.0%	203,873.82	0.0%	0.01
Depreciation	32,671.29	0.1%	35,595.51	0.1%	(2,924.22)	307,970.83	0.1%	321,644.92	0.1%	(13,674.09)
<b>Total operating expenses</b>	<b>\$ 48,406,865.37</b>	<b>82.4%</b>	<b>\$ 45,973,389.27</b>	<b>84.7%</b>	<b>\$ 2,433,476.10</b>	<b>\$ 377,384,763.81</b>	<b>81.3%</b>	<b>\$ 375,026,319.22</b>	<b>81.6%</b>	<b>\$ 2,358,444.59</b>
<b>Operating income</b>	<b>\$ 10,374,708.75</b>	<b>17.6%</b>	<b>\$ 8,281,623.42</b>	<b>15.3%</b>	<b>\$ 2,093,085.33</b>	<b>\$ 86,899,131.11</b>	<b>18.7%</b>	<b>\$ 84,515,017.65</b>	<b>18.4%</b>	<b>\$ 2,384,113.46</b>
<b>Nonoperating revenue:</b>										
Interest income	1,021,849.03	1.7%	205,317.49	0.4%	816,531.54	7,878,285.88	1.7%	1,829,206.70	0.4%	6,049,089.18
Other Non Operating Income	(917.52)	-0.2%	(1,277.80)	-0.2%	360.28	(9,105.88)	-0.2%	(12,549.63)	-0.3%	3,443.75
<b>Income before transfers</b>	<b>\$ 11,395,640.26</b>	<b>19.4%</b>	<b>\$ 8,485,663.11</b>	<b>15.6%</b>	<b>\$ 2,909,977.15</b>	<b>\$ 94,788,321.11</b>	<b>20.4%</b>	<b>\$ 86,331,674.72</b>	<b>18.8%</b>	<b>\$ 8,456,646.39</b>
<b>Net Proceeds (1)</b>	<b>\$ 12,342,553.45</b>		<b>\$ 8,295,844.53</b>		<b>\$ 4,046,708.92</b>	<b>\$ 87,985,139.44</b>		<b>\$ 80,737,726.37</b>		<b>\$ 7,247,413.07</b>



**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 Nine Months Ended March 31, 2024**

	Year to date
<b>Operating revenues:</b>	
Instant ticket (Settlements)	\$ 360,464,189.00
Online ticket sales	104,673,939.00
Retailer application, fidelity and service fees	519,923.20
Other revenue	<u>(1,489.28)</u>
 Total operating revenues	 <u>465,656,561.92</u>
 <b>Operating expenses:</b>	
Instant game prizes (Settlements)	261,766,118.00
Online game prizes	55,695,155.81
Retailer commissions	26,162,841.54
Gaming contract costs	22,702,172.48
Compensation and benefits	4,383,230.44
Marketing, advertising and promotions	4,691,749.56
General and administrative expenses	834,674.29
Services provided by Arkansas Department of Education - Division of Higher Education	900,000.00
Services provided by Legislative Audit Agency	120,600.00
Amortization - GASB 87 Leases	203,873.83
Current year capital asset cost	<u>30,505.10</u>
Total operating expenses	<u>377,490,921.05</u>
 Change in net proceeds from operations	 88,165,640.87
 <b>Non-operating revenue:</b>	
Interest income	7,878,295.88
Other non-operating income	(9,105.88)
EDUCATION TRUST FUNDING-Current Year	(75,642,585.99)
Less Act 1180 Unclaimed Prizes	(8,217,919.68)
Less current year Bond Reserve Fees	(103,132.74) 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	73,360.99 see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>198,000.00</u>
 <b>NET PROCEEDS EARNED-Current Month</b>	 <b><u>\$ 12,342,553.45</u></b>
<b>-Year to Date</b>	<b><u>\$ 87,985,139.44</u></b>

	Transfer	Interest	Total
<b>Lottery Scholarship Trust Account</b>	<b>\$ 258,681,947.18</b>	<b>\$ 12,714,157.52</b>	<b>\$ 271,396,104.70</b>
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

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

Month	2024 Transfers	2024 Unclaimed Prizes	Total Transfer	2024 Budget	Over/Under Budget	Cumulative Balance
July, 2023	\$ 12,666,503.31	\$ 390,174.00	\$ 13,056,677.31	\$ 8,207,600.00	\$ 4,849,077.31	\$ 4,849,077.31
August	7,502,705.42	3,052,204.53	10,554,909.95	8,218,700.00	2,336,209.95	7,185,287.26
September	10,130,971.85	106,942.00	10,237,913.85	8,082,600.00	2,155,313.85	9,340,601.11
October	9,526,908.70	1,397,222.69	10,924,131.39	8,155,600.00	2,768,531.39	12,109,132.50
November	9,199,286.76	115,051.00	9,314,337.76	8,214,700.00	1,099,637.76	13,208,770.26
December	8,851,693.47	275,498.00	9,127,191.47	8,632,700.00	494,491.47	13,703,261.73
January, 2024	10,731,349.14	1,505,810.30	12,237,159.44	8,365,700.00	3,871,459.44	17,574,721.17
February	7,033,167.34	1,168,282.16	8,201,449.50	7,962,700.00	238,749.50	17,813,470.67
March	12,342,553.45	206,735.00	12,549,288.45	9,468,200.00	3,081,088.45	20,894,559.12
April						
May						
June						
Sub Total	\$ 87,985,139.44	\$ 8,217,919.68	\$ 96,203,059.12	\$ 75,308,500.00		
Reserve GPW						
Total	\$ 87,985,139.44	\$ 8,217,919.68	\$ 96,203,059.12	\$ 75,308,500.00		\$ 20,894,559.12



SECTION 3

LOTTERY SCHOLARSHIP TRUST ACCOUNT

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

	<b>Fiscal Year June 30, 2023</b>	<b>Fiscal Year June 30, 2024 (YTD March 31, 2024)</b>
<b>Beginning Balance</b>	\$ 192,693,718	\$ 249,160,965
 <b>Net Proceeds</b>	 113,091,393	 87,985,140 (1)
 <b>Transfers to ADHE:</b>	<b>FY23</b>	<b>FY24</b>
Academic Challenge Scholarships - Fall	9/23/22	9/28/23
Academic Challenge Scholarships - Spring	2/22/23	2/28/24
Concurrent Challenge Scholarships	12/7/22	7/14/23
Concurrent Challenge Scholarships	4/18/23	3/15/24
Workforce Scholarships	9/28/23	9/28/23
	(62,400,000)	(65,750,000)
 <b>Refund of Unused Scholarship Proceeds Requested:</b>	<b>FY23</b>	<b>FY24</b>
	8/1/2023	8/1/2023
		5,775,854
 <b>Ending Balance</b>	\$ 249,160,965	\$ 271,396,105

Note 1 - Does not include Unclaimed Prizes.



SECTION 4

UNCLAIMED PRIZES REPORT

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

	Monthly	Year to Date
Reserve Balance July 1, 2023		\$1,000,000.00
1. Unclaimed lottery prize money:	\$206,735.00	8,217,919.68
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	206,735.00	8,217,919.68
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		0
Reserve Balance March 31, 2024		\$9,217,919.68



SECTION 5

RETAILER LOSSES



**RETAILER LOSSES  
(March 2024)**

RETAILER	LOSS
NONE	\$00.00
TOTAL RETAILERS = 1,999 (a/o 03-31-2024)	TOTAL LOSS = \$00.00





SECTION 6

DEBT SET-OFF / TAXES WITHHELD

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

<b>Arkansas Debt Set-Off</b>	<b>Mar-24</b>	<b>Total Since Inception</b>
Department of Finance and Administration	\$ 4,619	\$ 1,839,512
Office of Child Support Enforcement	\$ 2,893	\$ 717,373
<b>Total Debt Set-Off</b>	<b>\$ 7,512</b>	<b>\$ 2,556,885</b>

<b>Income Taxes Withheld</b>	<b>Mar-24</b>	<b>Total Since Inception</b>
Federal	\$ 611,183	\$ 138,974,863
State	\$ 109,798	\$ 37,100,291
<b>Total Income Taxes Withheld</b>	<b>\$ 720,981</b>	<b>\$ 176,075,154</b>



SECTION 7

SALES BY COUNTY

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

COUNTY	CASHS	CASH /	FASTPLAY	INSTANT SERVICES	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$15,149.50	\$10,802.50	\$18,615.00	\$576,615.00	\$6,618.00	\$3,790.00	\$23,747.00	\$3,749.00	\$29,341.00	\$688,427.00
ASHLEY	\$17,442.00	\$21,629.50	\$7,434.00	\$258,529.00	\$3,158.00	\$3,008.00	\$12,536.00	\$2,229.00	\$18,741.00	\$344,706.50
BAXTER	\$6,281.00	\$2,092.00	\$23,218.00	\$580,056.00	\$9,146.00	\$7,960.00	\$52,766.00	\$8,827.00	\$61,797.00	\$732,343.50
BENTON	\$8,276.50	\$3,956.00	\$25,386.00	\$1,693,083.00	\$49,108.00	\$25,706.00	\$265,113.00	\$25,487.00	\$314,208.00	\$2,410,323.00
BOONE	\$487.50	\$571.00	\$21,252.00	\$437,217.00	\$5,446.00	\$2,606.00	\$32,762.00	\$4,113.00	\$40,378.00	\$544,832.50
BRADLEY	\$4,608.00	\$7,300.00	\$3,191.00	\$205,866.00	\$2,540.00	\$1,462.00	\$7,838.00	\$1,310.00	\$9,345.00	\$243,460.00
CALHOUN	\$3,096.00	\$783.50	\$4,276.00	\$67,917.00	\$680.00	\$646.00	\$2,301.00	\$631.00	\$3,271.00	\$83,561.50
CARROLL	\$357.50	\$726.50	\$17,265.00	\$312,275.00	\$4,762.00	\$3,142.00	\$24,041.00	\$3,920.00	\$28,818.00	\$395,063.00
CHICOT	\$7,739.00	\$3,118.00	\$9,324.00	\$240,329.00	\$3,028.00	\$2,662.00	\$17,542.00	\$1,958.00	\$22,557.00	\$308,257.00
CLARK	\$4,668.50	\$1,534.50	\$20,370.00	\$468,194.00	\$7,136.00	\$2,714.00	\$23,267.00	\$2,816.00	\$28,980.00	\$589,680.00
CLAY	\$1,015.50	\$67.00	\$7,689.00	\$147,367.00	\$1,530.00	\$1,680.00	\$6,563.00	\$1,253.00	\$8,923.00	\$176,087.50
CLEBURNE	\$1,598.50	\$1,925.50	\$26,320.00	\$354,472.00	\$11,010.00	\$5,820.00	\$32,246.00	\$7,427.00	\$40,702.00	\$481,521.00
CLEVELAND	\$523.50	\$192.50	\$2,326.00	\$56,705.00	\$860.00	\$1,486.00	\$3,019.00	\$486.00	\$4,247.00	\$69,845.00
COLUMBIA	\$17,909.00	\$9,439.00	\$17,695.00	\$482,953.00	\$3,950.00	\$3,828.00	\$15,984.00	\$3,071.00	\$22,059.00	\$576,888.00
CONWAY	\$11,662.00	\$3,070.50	\$13,924.00	\$565,971.00	\$11,526.00	\$4,694.00	\$24,889.00	\$6,951.00	\$31,597.00	\$674,254.50
CRAIGHEAD	\$16,570.00	\$16,341.00	\$39,529.00	\$2,192,413.00	\$23,692.00	\$14,834.00	\$103,479.00	\$13,843.00	\$126,650.00	\$2,547,351.00
CRAWFORD	\$4,388.50	\$1,421.50	\$22,171.00	\$495,506.00	\$13,738.00	\$7,294.00	\$50,131.00	\$8,228.00	\$60,330.00	\$663,168.00
CRITTENDEN	\$44,465.00	\$28,767.00	\$18,703.00	\$989,644.00	\$10,466.00	\$10,836.00	\$80,973.00	\$10,340.00	\$113,270.00	\$1,307,464.00
CROSS	\$6,021.00	\$3,063.00	\$7,431.00	\$352,946.00	\$2,846.00	\$1,902.00	\$15,356.00	\$1,433.00	\$19,308.00	\$410,106.00
DALLAS	\$3,003.50	\$1,062.00	\$7,837.00	\$222,176.00	\$2,440.00	\$910.00	\$6,589.00	\$916.00	\$9,042.00	\$253,975.50
DESHA	\$4,100.50	\$2,472.00	\$3,523.00	\$278,329.00	\$3,376.00	\$1,082.00	\$13,779.00	\$2,576.00	\$17,961.00	\$327,198.50
DREW	\$4,531.00	\$3,015.50	\$9,503.00	\$422,183.00	\$4,746.00	\$3,578.00	\$17,907.00	\$3,179.00	\$23,189.00	\$491,831.50
FAULKNER	\$14,285.00	\$5,929.00	\$47,639.00	\$1,650,531.00	\$40,628.00	\$18,188.00	\$115,573.00	\$22,287.00	\$140,593.00	\$2,095,653.00
FRANKLIN	\$803.50	\$61.00	\$7,833.00	\$204,462.00	\$5,398.00	\$1,682.00	\$18,581.00	\$2,888.00	\$21,825.00	\$263,513.50
FULTON	\$94.50	\$480.50	\$4,969.00	\$826.00	\$26.00	\$796.00	\$4,124.00	\$901.00	\$5,790.00	\$63,635.00
GARLAND	\$14,226.00	\$6,002.00	\$9,767.00	\$1,487,010.00	\$43,994.00	\$18,742.00	\$151,070.00	\$36,021.00	\$184,774.00	\$2,001,606.00
GRANT	\$1,804.00	\$1,322.50	\$7,312.00	\$236,917.00	\$5,594.00	\$3,346.00	\$18,206.00	\$3,049.00	\$22,163.00	\$299,713.50
GREENE	\$980.50	\$695.50	\$24,144.00	\$846,658.00	\$8,084.00	\$4,352.00	\$36,207.00	\$5,563.00	\$48,212.00	\$975,096.00
HEMPSTEAD	\$77,016.00	\$31,396.00	\$13,369.00	\$515,557.00	\$3,448.00	\$4,028.00	\$18,673.00	\$2,414.00	\$21,784.00	\$687,685.00
HOT SPRING	\$2,917.50	\$955.00	\$19,627.00	\$468,746.00	\$10,120.00	\$5,294.00	\$25,182.00	\$4,632.00	\$33,795.00	\$571,268.50
HOWARD	\$57,601.50	\$15,970.00	\$8,640.00	\$272,454.00	\$2,354.00	\$2,436.00	\$10,973.00	\$2,006.00	\$14,054.00	\$386,488.50
INDEPENDENCE	\$2,871.00	\$1,608.50	\$53,697.00	\$742,655.00	\$8,266.00	\$4,158.00	\$34,616.00	\$5,132.00	\$41,795.00	\$894,798.50
IZARD	\$30.00	\$26.00	\$5,564.00	\$102,300.00	\$1,948.00	\$858.00	\$7,635.00	\$1,606.00	\$9,096.00	\$129,063.00
JACKSON	\$23,304.00	\$12,885.00	\$15,858.00	\$375,173.00	\$4,002.00	\$1,786.00	\$13,813.00	\$2,860.00	\$17,181.00	\$466,862.00
JEFFERSON	\$71,661.00	\$45,839.00	\$45,568.00	\$1,780,191.00	\$29,870.00	\$24,388.00	\$93,847.00	\$19,966.00	\$115,316.00	\$2,216,646.00
JOHNSON	\$886.50	\$919.50	\$4,365.00	\$319,080.00	\$5,584.00	\$3,092.00	\$20,130.00	\$3,331.00	\$25,492.00	\$382,860.00
LAFAYETTE	\$11,928.50	\$5,496.00	\$1,459.00	\$100,200.00	\$874.00	\$854.00	\$4,372.00	\$757.00	\$5,649.00	\$131,589.50
LAWRENCE	\$881.00	\$220.50	\$17,568.00	\$303,346.00	\$2,848.00	\$2,326.00	\$13,991.00	\$2,203.00	\$17,782.00	\$361,165.50
LEE	\$3,303.00	\$18,066.50	\$2,266.00	\$86,900.00	\$806.00	\$1,626.00	\$6,193.00	\$544.00	\$7,401.00	\$127,105.50
LINCOLN	\$632.00	\$369.50	\$3,884.00	\$112,420.00	\$2,444.00	\$2,138.00	\$6,152.00	\$1,575.00	\$8,366.00	\$137,970.50
LITTLE RIVER	\$8,756.50	\$4,218.00	\$8,686.00	\$174,616.00	\$1,436.00	\$1,446.00	\$11,125.00	\$1,268.00	\$12,415.00	\$223,968.50
LOGAN	\$484.00	\$42.00	\$19,697.00	\$312,253.00	\$5,292.00	\$2,338.00	\$16,993.00	\$3,232.00	\$22,210.00	\$382,241.00
LONOKE	\$16,794.50	\$10,775.00	\$45,682.00	\$1,396,494.00	\$30,598.00	\$12,030.00	\$99,203.00	\$17,756.00	\$108,190.00	\$1,727,522.50
MADISON	\$28.00	\$5.50	\$3,857.00	\$107,838.00	\$2,780.00	\$1,516.00	\$12,847.00	\$1,141.00	\$16,024.00	\$146,016.50
MARIION	\$5,313.00	\$2,640.00	\$21,623.00	\$288,643.00	\$3,738.00	\$2,510.00	\$16,527.00	\$4,367.00	\$20,956.00	\$366,317.00
MILLER	\$47,943.00	\$17,639.50	\$20,621.00	\$670,379.00	\$7,080.00	\$7,594.00	\$39,608.00	\$4,398.00	\$44,773.00	\$860,035.50
MISSISSIPPI	\$60,591.00	\$27,377.00	\$15,236.00	\$1,073,446.00	\$4,892.00	\$4,220.00	\$37,943.00	\$3,685.00	\$45,531.00	\$1,272,921.00

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

COUNTY	CASH 2	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE JACKPOT	POWERBALL	TOTAL
MONROE	\$19,189.50	\$12,998.50	\$17,741.00	\$248,142.00	\$2,854.00	\$1,448.00	\$14,735.00	\$1,849.00	\$19,843.00	\$338,800.00
MONTGOMERY	\$283.00	\$0.00	\$2,131.00	\$44,858.00	\$1,504.00	\$420.00	\$5,345.00	\$668.00	\$6,559.00	\$61,768.00
NEVADA	\$4,058.50	\$2,314.50	\$2,200.00	\$198,012.00	\$1,598.00	\$998.00	\$8,586.00	\$1,004.00	\$9,799.00	\$228,520.00
NEWTON	\$345.00	\$187.00	\$1,612.00	\$66,300.00	\$614.00	\$590.00	\$4,467.00	\$884.00	\$5,341.00	\$80,540.00
OUACHITA	\$16,518.50	\$10,457.00	\$17,102.00	\$773,712.00	\$7,738.00	\$4,316.00	\$21,667.00	\$4,089.00	\$28,105.00	\$883,704.50
PERRY	\$915.50	\$972.50	\$3,579.00	\$135,986.00	\$3,594.00	\$1,578.00	\$9,593.00	\$1,791.00	\$11,749.00	\$169,798.50
PHILLIPS	\$19,881.50	\$7,276.50	\$3,030.00	\$219,516.00	\$2,386.00	\$2,650.00	\$18,007.00	\$2,804.00	\$23,337.00	\$298,888.00
PIKE	\$167.00	\$103.00	\$4,340.00	\$161,002.00	\$4,178.00	\$1,532.00	\$9,856.00	\$1,961.00	\$11,652.00	\$194,791.00
POINSETT	\$4,606.50	\$2,233.50	\$28,925.00	\$589,186.00	\$4,224.00	\$2,010.00	\$23,215.00	\$2,342.00	\$29,575.00	\$686,317.00
POLK	\$1,767.50	\$135.50	\$19,186.00	\$193,225.00	\$4,304.00	\$2,362.00	\$17,666.00	\$3,395.00	\$21,311.00	\$263,362.00
POPE	\$4,350.50	\$1,288.00	\$33,625.00	\$1,066,118.00	\$20,278.00	\$11,784.00	\$71,035.00	\$11,446.00	\$84,058.00	\$1,303,982.50
PRAIRIE	\$2,199.50	\$685.00	\$5,436.00	\$146,394.00	\$1,928.00	\$1,040.00	\$8,265.00	\$1,078.00	\$11,242.00	\$178,267.50
PULASKI	\$208,416.50	\$168,501.00	\$300,874.00	\$8,739,322.00	\$362,910.00	\$333,754.00	\$1,181,510.00	\$247,582.00	\$1,321,922.00	\$12,864,801.50
RANDOLPH	\$280.50	\$74.00	\$8,343.00	\$250,600.00	\$3,376.00	\$2,560.00	\$15,725.00	\$2,380.00	\$18,724.00	\$302,062.50
SAINT FRANCIS	\$38,053.00	\$11,916.50	\$6,218.00	\$423,904.00	\$4,026.00	\$2,844.00	\$24,793.00	\$2,998.00	\$34,587.00	\$549,339.50
SALINE	\$34,129.00	\$9,006.50	\$70,560.00	\$1,417,271.00	\$42,032.00	\$20,272.00	\$120,916.00	\$24,923.00	\$146,611.00	\$1,885,720.50
SCOTT	\$103.00	\$127.50	\$1,649.00	\$122,575.00	\$2,162.00	\$688.00	\$10,743.00	\$1,056.00	\$12,357.00	\$151,660.50
SEARCY	\$13.50	\$79.50	\$8,672.00	\$127,618.00	\$1,758.00	\$336.00	\$6,321.00	\$905.00	\$8,144.00	\$153,847.00
SEBASTIAN	\$16,189.00	\$4,040.50	\$30,934.00	\$1,039,005.00	\$32,930.00	\$18,866.00	\$137,061.00	\$23,457.00	\$181,310.00	\$1,483,792.50
SEVIER	\$5,902.50	\$583.00	\$2,702.00	\$240,125.00	\$2,720.00	\$1,068.00	\$13,328.00	\$1,575.00	\$15,130.00	\$283,133.50
SHARP	\$1,229.00	\$260.00	\$22,556.00	\$430,553.00	\$6,022.00	\$4,158.00	\$28,358.00	\$5,847.00	\$35,367.00	\$534,350.00
STONE	\$686.50	\$237.50	\$9,534.00	\$137,140.00	\$3,702.00	\$1,908.00	\$10,351.00	\$2,692.00	\$11,607.00	\$177,868.00
UNION	\$91,806.50	\$51,998.50	\$36,782.00	\$1,072,122.00	\$7,954.00	\$7,990.00	\$36,453.00	\$7,143.00	\$50,232.00	\$1,362,481.00
VAN BUREN	\$1,267.50	\$1,052.50	\$9,028.00	\$269,402.00	\$6,400.00	\$2,590.00	\$20,674.00	\$4,235.00	\$25,491.00	\$340,140.00
WASHINGTON	\$24,396.00	\$9,335.50	\$40,861.00	\$1,904,399.00	\$52,870.00	\$27,762.00	\$215,933.00	\$25,951.00	\$261,309.00	\$2,562,816.50
WHITE	\$16,780.00	\$7,613.50	\$66,111.00	\$1,159,329.00	\$22,924.00	\$8,788.00	\$69,276.00	\$12,289.00	\$87,358.00	\$1,450,468.50
WOODRUFF	\$2,058.00	\$1,401.50	\$3,422.00	\$192,098.00	\$1,800.00	\$1,332.00	\$7,155.00	\$1,001.00	\$9,073.00	\$219,340.50
YELL	\$253.00	\$72.00	\$5,051.00	\$294,482.00	\$5,574.00	\$2,230.00	\$16,007.00	\$3,609.00	\$19,757.00	\$347,035.00

<b>GRAND TOTALS</b>	<b>*Cash 3</b>	<b>*Cash 4</b>	<b>*Fast Play</b>	<b>*Instant Settlements</b>	<b>*Lotto</b>	<b>*Lucky for Life</b>	<b>*Mega Millions</b>	<b>*Natural State Jackpot</b>	<b>*Powerball</b>	<b>*Total Sales</b>
	\$1,124,835.00	\$639,239.50	\$1,567,873.00	\$46,717,275.00	\$1,029,026.00	\$711,370.00	\$3,773,103.00	\$669,289.00	\$4,547,421.00	\$60,779,431.50



**SECTION 8**

**TOTAL NUMBER OF RETAILERS**

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

March 2024

Active	1,987
Renewal	12
<b>Total</b>	<b>1,999</b>

## Monthly Highlights

- ▶ 5,819,074 Total transactions processed through the Arkansas Scholarship Lottery System in March
- ▶ 721 service tickets resolved by Field Service and the Call Center for the month of March
- ▶ 759 Preventative Maintenance Actions completed by Field Service Technicians for the month of March

Photon	2,084
TVM	125
DreamTouch Smart	84
<b>Total</b>	<b>2,293</b>





SECTION 9

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

March 11, 2024

Mr. Eric Hagler, Director  
Arkansas Scholarship Lottery  
P.O. Box 3238  
Little Rock, AR 72203-3238

Dear Mr. Hagler:

I hereby certify to the Office of the Arkansas Lottery that an estimated two million five hundred thousand dollars (\$2,500,000) in net lottery proceeds will be required to fund the second disbursement of scholarships awarded under A.C.A. § 6-85-401 et. seq. for the Concurrent Challenge Scholarship for the 2023-2024 Academic Year.

Therefore, I am requesting the amount of two million five hundred thousand (\$2,500,000) be transferred to the Arkansas Division of Higher Education's commercial bank account with First Security Bank by Monday, March 18, 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,

Nicholas Fuller  
Assistant Commissioner for Finance

**Jerold  
Fetzer** Digitally signed  
by Jerold Fetzer  
Date: 2024.03.12  
08:18:15 -05'00'

**Eric  
Hagler** Digitally signed  
by Eric Hagler  
Date: 2024.03.12  
08:51:27 -05'00'



SECTION 10

INSTANT TICKET GAME RELEASES

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

There were no new Instant games that started sales in March 2024.

Sales for the following Fast Play games began March 4, 2024. No ending dates have been determined for these games.

**\$1 Tic Tac Toe**

**\$2 Hot Dice**



SECTION 11

CONTRACTS

Sponsor #: KR157303  
Contract #: 748-262511  
Date: July 01, 2024

**Sponsor:**

**DEPARTMENT OF FINANCE & ADMINISTRATION OFFICE OF ARKANSAS LOTTERY**  
Attn: Eric Hagler  
124 W. Capitol  
Little Rock, AR 72201

**Bill To:**

**DEPARTMENT OF FINANCE & ADMINISTRATION OFFICE OF ARKANSAS LOTTERY**  
Attn: Ashley McNatt  
124 W. Capitol  
Little Rock, AR 72201

P.O. Box 3238  
Little Rock, AR 72203-3238

This Marketing and Sponsorship Agreement ("Agreement"), effective as of the date set forth above, between Sponsor and IMG College, LLC ("Provider"), relates to sponsorship opportunities and specific inventory items at University of Arkansas, solely with respect to its athletics department ("University"). Provider, University's designated multi-media rights holder, appreciates Sponsor's commitment to support and sponsor University. The parties agree as follows:

**Benefits:** Each Contract Year (as defined below) during the Term (as defined below), Provider will provide Sponsor the benefits described on Exhibit A ("Benefits").

**Term:** 07/01/2024 through 06/30/2025

**Sponsorship Fee:**

<u>Contract Year</u>	<u>Cash Amount</u>
2024-2025	\$83,000.00

**Additional Provisions:**

- No agency commission(s) or fee(s) are included in the above Cash Amount(s). Sponsor is solely responsible for paying each such Cash Amount(s) pursuant to the below Installment Billing Schedule.
- "Contract Year" means July 1 through June 30 each year during the Term.
- This Agreement is governed by the additional Terms and Conditions set forth on Exhibit B.

**INSTALLMENT BILLING SCHEDULE**

<u>Invoice Date</u>	<u>Invoice Amount</u>
11/30/2024	\$83,000.00

Sponsor may submit each payment by check, credit card (which will incur a three percent (3%) surcharge where allowed by applicable law) or ACH/wire transfer. If Sponsor elects to pay via ACH/wire transfer, then Sponsor must send a remittance, identifying the applicable customer number and invoice number, to [ar@learfield.com](mailto:ar@learfield.com). If Sponsor elects to pay by check, then Sponsor must send the check, together with a remittance, identifying the customer number and invoice number, to the following remittance address, unless or until Provider directs otherwise: LEARFIELD, c/o Learfield Communications, LLC, P.O. Box 843038, Kansas City, MO 64184-3038. If Sponsor elects to pay by credit card or ACH/wire transfer, then Sponsor must request applicable account information from Provider. With respect to processing Sponsor's payment(s) hereunder, Provider will not engage with any third-party payment processor (e.g., Ariba, PayModeX).

*Terms: Due Net Thirty (30) Days  
Checks made payable to LEARFIELD*

AGREED AND ACCEPTED:

Department of Finance & Administration Office of  
Arkansas Lottery

IMG College, LLC

By: 

By: 

Name: J. ERIC HAGLER

Name: SEAN Rochelle

Title: EXECUTIVE DIRECTOR

Title: Sen Mgr Bns. Dev.

Date: 03/12/2024

Date: 3/15/24

*Thank you for your business!  
For billing inquiries, please contact Provider's Office of Accounts Receivable at (336) 831-0737.*

**Exhibit A**

**Benefits**

<u>University</u>	<u>Sport</u>	<u>Product</u>	<u>Item Name</u>	<u>Quantity</u>	<u>Events</u>
University of Arkansas, Fayetteville	Baseball	Display	Onsite Display/Activation Description: Game Day Setup	1	1
University of Arkansas, Fayetteville	Baseball	Radio	In-Game Spot	1	Season
University of Arkansas, Fayetteville	Baseball	Signage	Back Stop LED	1	Season
University of Arkansas, Fayetteville	Basketball - Men's	Display	Onsite Display/Activation Description: Game Day Setup	1	1
University of Arkansas, Fayetteville	Basketball - Men's	Signage	Videoboard Feature	1	1
University of Arkansas, Fayetteville	Football	Radio	In-Game Live Mention	1	Season
University of Arkansas, Fayetteville	Football	Radio	In-Game Spot	1	Season
University of Arkansas, Fayetteville	Football	Radio	Pre-Game Show Interview	1	1
University of Arkansas, Fayetteville	Football	Signage	Videoboard Feature	1	1

## Exhibit B

### Terms and Conditions

**University Marks.** To the extent Benefits include the right to make use of University's names, logos, trademarks, service marks, trade names or other identifying indicia ("University Marks"), Sponsor shall provide Provider, for prior review and approval, all proposed uses of University Marks and examples thereof. Sponsor shall use University Marks only (i) in the exact form, manner and context Provider approves in writing and (ii) as further detailed on Exhibit A. Sponsor may not use University Marks in connection with the name, image or likeness ("NIL") of any current student athlete, unless otherwise set forth on Exhibit A and, then, only to the extent explicitly set forth thereon. Sponsor must obtain all promotional premium products bearing University Marks from a Provider-approved licensed provider, which shall be responsible for assuring such products comply with all applicable University licensing requirements (including, but not limited to, compliance with applicable licensing-royalty payments).

Sponsor acknowledges University Marks are and will remain the exclusive property of University, which is the sole owner of University Marks and their associated goodwill, and Sponsor, by reason of this Agreement or otherwise, has not acquired any right, title, interest or ownership claim to them. Each of Sponsor's uses of University Marks, and any and all goodwill arising from each such use, inures solely to University's benefit.

**Insurance.** At all times during the Term, Sponsor shall carry (i) commercial general liability insurance (including, without limitation, premises-operations, broad-form property damage, products and completed operations, contractual liability, independent contractors and personal and advertising injury) with a minimum combined single limit for each occurrence of at least One Million Dollars (\$1,000,000.00), a general aggregate of Two Million Dollars (\$2,000,000.00) and a separate products-completed operations aggregate of Two Million Dollars (\$2,000,000.00), (ii) commercial automobile liability insurance with a minimum combined single limit of at least One Million Dollars (\$1,000,000.00) for each accident, (iii) workers' compensation insurance, as required by applicable law, (iv) employer's liability insurance with minimum limits of not less than One Million Dollars (\$1,000,000.00) for each accident and One Million Dollars (\$1,000,000.00) for disease coverage for each employee and policy and (v) umbrella liability insurance with a minimum combined single limit for each occurrence of at least Five Million Dollars (\$5,000,000.00) and an aggregate of Five Million Dollars (\$5,000,000.00). Each of Sponsor's automobile liability policy, general liability policy and umbrella liability policy is to (a) be written on a primary and non-contributory basis and (b) name as additional insureds Provider and its parent, subsidiary and affiliated companies, including their respective directors, officers, employees and agents. Under each policy listed above, a waiver of subrogation will be included in favor of Provider and its parent, subsidiary and affiliated companies, including their respective directors, officers, employees and agents. Sponsor will be responsible for paying any deductible or retention under its policies. Upon request, Sponsor shall furnish Provider

certificates of insurance evidencing its compliance with this section's provisions.

**Benefits.** Unless otherwise specifically stated on Exhibit A or elsewhere in this Agreement, all Benefits are for the regular season only. If, for any reason other than Sponsor's fault, Provider is unable to provide Sponsor with any Benefit(s), then Provider will notify Sponsor and offer Sponsor make-good benefits in lieu of the Benefit(s) Provider is unable to provide Sponsor ("Alternative Make-Good Benefits"). Alternative Make-Good Benefits will not, however, include tickets, hospitality, catering or similar benefits that involve an out-of-pocket cost to Provider. Alternative Make-Good Benefits will be subject to Sponsor's approval, which approval will not be unreasonably withheld, delayed or conditioned. Until such time as Alternative Make-Good Benefits are agreed upon, Sponsor will continue to pay the full Sponsorship Fee to Provider as set forth above. If the parties are unable to agree on Alternative Make-Good Benefits, then such disagreement will not be considered a breach of this Agreement and this Agreement will not terminate, but rather the Sponsorship Fee to be paid by Sponsor will be adjusted to reflect the Benefit(s) not available to Sponsor.

**University Notice.** If Provider is advised by University that Provider no longer has the right to provide Sponsor all the Benefits ("University Notice"), then Provider will have the option to terminate this Agreement at the end of the Contract Year for which the University Notice is applicable, with no further liability or obligations of either party under this Agreement thereafter, except for payment of the Sponsorship Fee still owed by Sponsor at the time of termination. If the University Notice requires Provider to terminate this Agreement prior to the end of the then-current Contract Year for which the University Notice is applicable, then this Agreement will terminate upon Provider's written notice to Sponsor and Sponsor will (i) receive a *pro rata* refund of the Sponsorship Fee equal to the value of Benefits not yet received as a result of the termination or (ii) pay Provider for Benefits received but not yet paid for, but in no event will either party have any further liability or obligation to the other party under this Agreement. In the event of this Agreement's termination as a result of a University Notice, Sponsor will have no obligation to pay the Sponsorship Fee for the period after the effective termination date. Notwithstanding the foregoing, in lieu of this Agreement terminating because of a University Notice, Provider and Sponsor may negotiate for a period of thirty (30) days following Provider's receiving the University Notice in order to determine whether alternative benefits can be offered to Sponsor and, if offered, whether they are acceptable to Sponsor ("Alternative Benefits"). If Alternative Benefits are offered and accepted, then this Agreement will not terminate as a result of the University Notice but instead will remain in full force and effect with the Alternative Benefits. Notwithstanding any other provision herein, whether either party agrees to Alternative Benefits or an amendment to this Agreement is within the party's sole discretion.

**Preparation of Promotional/Sponsorship Materials.** Provider is responsible for providing publication space or spot-



advertisement locations for Sponsor-prepared promotional/sponsorship recognitions or advertising. Advertising production, video or graphics production, talent charges and service charges, if any, are not covered under this Agreement and remain Sponsor's sole responsibility, but Sponsor can obtain from Provider any such services for an additional service fee. Sponsor is responsible for timely submitting to Provider its advertisements, promotional/sponsorship recognitions, graphics, LED designs, video-board features, Internet displays and/or any other creative materials, as applicable, for Benefits ("Sponsorship Materials"). Sponsorship Materials (whether provided by Sponsor or on its behalf) are subject to Provider's written approval, which approval will not constitute approval as to conformity with any federal, state or local laws or regulations. If, by the deadline date (which Provider will provide Sponsor), Provider has not received from Sponsor its applicable Sponsorship Materials for publication, distribution or display, or if, after the deadline date, Sponsor submits to Provider copy corrections of applicable Sponsorship Materials, then Provider will not be obligated to publish Sponsorship Materials (or corrected Sponsorship Materials, as the case may be). Provider's failure to publish Sponsorship Materials (or corrected Sponsorship Materials) due to Sponsor's failure to meet the deadline date, however, in no way will relieve Sponsor of any of its obligations and duties under this Agreement, including its obligation to submit payments in full, as set forth in the Installment Billing Schedule. Sponsor shall indemnify, defend and hold harmless Provider and University, and each of their parents, subsidiaries, affiliates, officers, trustees, employees and agents, from and against any and all claims, losses or damages (including reasonable attorneys' fees and expenses) arising or resulting from Provider's publishing Sponsorship Materials, or any parts thereof, in the form or format Sponsor (or its agent) provides, approves or requests.

**Compliance.** In connection with Sponsor's activities hereunder, during the Term, Sponsor shall comply with the policies, rules and regulations of University and any athletics conference to which University belongs (as Provider may provide Sponsor from time to time), as well as the National Collegiate Athletic Association's ("NCAA") constitution, bylaws and rules (publicly available at [www.ncaa.org](http://www.ncaa.org)). Sponsor shall indemnify, defend and hold harmless Provider and University, and each of their parents, subsidiaries, affiliates, officers, trustees, employees and agents, from and against any and all claims, losses or damages (including reasonable attorneys' fees and expenses) arising or resulting from Sponsor's (or its agent's) breach or alleged breach of this section's provisions.

**Effect of Breach.** In the event that the University claims that the Office of the Arkansas Lottery (OAL) has failed to fulfill its contractual obligations, the Parties agree, as is mandated by Arkansas State Law, that any such claim is to be governed by Ark. Code Ann. §23-115-208 *et seq* which require such claims to be first presented to OAL, and, provided that there is not a satisfactory resolution of the claim or dispute with OAL, by way of appeal to the *Arkansas State Claims Commission*.

**Cross-Default.** In the event of an uncured breach in any agreement other than this Agreement between Sponsor and Provider or any affiliate of Provider, Provider will have the

right to terminate this Agreement effective upon written notice to Sponsor.

**Limitation of Liability.** In no event will either party be liable for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party alleged to be liable has knowledge of the possibility of such damages, whether under contract, tort (including negligence), strict liability or any other theory of liability; provided, however, nothing shall limit Provider's right to seek full payment of the Sponsorship Fee (without any obligation to mitigate) due to Sponsor's material breach hereunder. Provider will not, under any circumstances, be liable for any amount in excess of the total Sponsorship Fee actually paid to Provider in the twelve (12) months prior to the date any claim is asserted.

**Unforeseen Events.** If, due to public emergency or necessity, epidemic or pandemic, legal restrictions, labor disputes, strikes, boycotts, acts of God or similar reasons, including, but not limited to, mechanical or technological breakdowns beyond its control and without its fault, Provider is unable to perform any of its obligations hereunder, then Provider will not be liable to Sponsor, except to the extent of providing Sponsor suitable mutually agreed upon Alternative Make-Good Benefits. Until such time as Alternative Make-Good Benefits are agreed upon, Sponsor will continue to pay the full Sponsorship Fee to Provider as set forth above. If the parties are unable to agree on Alternative Make-Good Benefits, then such disagreement will not be considered a breach of this Agreement and this Agreement will not terminate, but rather the Sponsorship Fee to be paid by Sponsor will be adjusted to reflect the Benefit(s) not available to Sponsor.

**Late Payments/Sales or Other Taxes.** All late payments are subject to a late payment fee of two percent (2%) per month or the highest rate allowed by law together with all costs and expenses of collection, including attorneys' fees and court costs. If any sales tax, use tax, gross receipts tax, service tax or other tax (other than Provider's income tax) is imposed in connection with any Benefits or payment hereunder, then Sponsor will pay such tax on or before the due date thereof and, if not otherwise paid, any unpaid amount thereof will be added to the invoice for the period that includes such due date.

**Assignment.** This Agreement is personal to Sponsor. Sponsor shall not sell, transfer or assign this Agreement, or any of Sponsor's rights hereunder, without Provider's prior written approval, and no rights will devolve by operation of law or otherwise upon any Sponsor assignee, receiver, liquidator, trustee or other third party. Any unauthorized assignment will be void and of no effect unless approved by Provider in writing. Subject to the foregoing, this Agreement will be binding upon any approved Sponsor assignee or successor, and this Agreement will inure to the benefit of Provider, its successors and permitted assigns.

**Miscellaneous.** This Agreement (i) sets forth the parties' entire understanding with respect to its subject matter, (ii) supersedes all prior negotiations and agreements, whether written or oral, between the parties concerning such subject matter and (iii) may be modified or amended only by a written instrument each party signs. Each party represents and warrants to the other party (a) the individual signing this Agreement on its behalf is

duly authorized to do so and (b) no representations have been made or relied upon other than those expressly provided for herein. This Agreement may be executed via delivery of a facsimile transmission or other commonly used electronic means (e.g., via a PDF attachment) in one (1) or more counterpart, each of which will be deemed an original, but all of which, taken together, constitute one (1) and the same agreement. No party's agent, employee or other representative is empowered to alter any of this Agreement's terms unless via written instrument signed by the appropriate party's authorized officer or agent. A waiver by either party of any of this Agreement's terms or conditions in any instance will not be deemed or construed to be a waiver of such term or condition for the future, or of any subsequent breach thereof.

Notwithstanding the University Notice section, Provider may terminate this Agreement, effective immediately upon delivering to Sponsor written notice thereof, if Provider's University rights agreement is terminated for any reason; provided, however, Provider shall provide Sponsor a *pro rata* refund of any amounts paid for Benefits not yet received as of such effective termination date. This Agreement is governed by and construed in accordance with the laws of the state of Texas, without giving effect to its conflict of law rules; however, in the event that IMG makes a claim against OAL for breach of this agreement, the Parties agree that, as is provided for in the "Effect of Breach" clause contained in this exhibit "B", any such claim must be resolved as is provided for in Ark. Code Ann. §23-115-208 et seq.

Sponsor #: KR111589  
Contract #: 232-266599  
Date: July 01, 2024

*Sponsor:*  
**DEPARTMENT OF FINANCE & ADMINISTRATION OFFICE OF ARKANSAS LOTTERY**  
Attn: Eric Hagler  
124 West Capitol Avenue Suite 1400  
Little Rock, AR 72201

*Bill To:*  
**DEPARTMENT OF FINANCE & ADMINISTRATION OFFICE OF ARKANSAS LOTTERY**  
Attn: Ashley McNatt  
124 West Capitol Avenue Suite 1400  
Little Rock, AR 72201

P.O. Box 3238  
Little Rock, AR 72203-3238

This Marketing and Sponsorship Agreement ("Agreement"), effective as of the date set forth above, between Sponsor and RED WOLVES SPORTS PROPERTIES, LLC ("Provider"), relates to sponsorship opportunities and specific inventory items at Arkansas State, solely with respect to its athletics department ("University"). Provider, University's designated multi-media rights holder, appreciates Sponsor's commitment to support and sponsor University. The parties agree as follows:

*Benefits:* Each Contract Year (as defined below) during the Term (as defined below), Provider will provide Sponsor the benefits described on Exhibit A ("Benefits").

*Term:* 07/01/2024 through 06/30/2025

*Sponsorship Fee:*

<u>Contract Year</u>	<u>Cash Amount</u>
2024-2025	\$13,000.00

*Additional Provisions:*

1. No agency commission(s) or fee(s) are included in the above Cash Amount(s). Sponsor is solely responsible for paying each such Cash Amount(s) pursuant to the below Installment Billing Schedule.
2. "Contract Year" means July 1 through June 30 each year during the Term.
3. This Agreement is governed by the additional Terms and Conditions set forth on Exhibit B.

**INSTALLMENT BILLING SCHEDULE**

<u>Invoice Date</u>	<u>Invoice Amount</u>
11/1/2024	\$13,000.00

Sponsor may submit each payment by check, credit card (which will incur a three percent (3%) surcharge where allowed by applicable law) or ACH/wire transfer. If Sponsor elects to pay via ACH/wire transfer, then Sponsor must send a remittance, identifying the applicable customer number and invoice number, to ar@learfield.com. If Sponsor elects to pay by check, then Sponsor must send the check, together with a remittance, identifying the customer number and invoice number, to the following remittance address, unless or until Provider directs otherwise: LEARFIELD, c/o Learfield Communications, LLC, P.O. Box 843038, Kansas City, MO 64184-3038. If Sponsor elects to pay by credit card or ACH/wire transfer, then Sponsor must request applicable account information from Provider. **With respect to processing Sponsor's payment(s) hereunder, Provider will not engage with any third-party payment processor (e.g., Ariba, PayModeX).**

*Terms: Due Net Thirty (30) Days*  
*Checks made payable to RED WOLVES SPORTS PROPERTIES, LLC*

AGREED AND ACCEPTED:

DEPARTMENT OF FINANCE & ADMINISTRATION  
OFFICE OF ARKANSAS LOTTERY

RED WOLVES SPORTS PROPERTIES, LLC

By: Eric Hagler Digitally signed by Eric Hagler  
Date: 2024.03.18 10:08:50 -0500

By: [Signature]

Name: \_\_\_\_\_

Name: Ross Crafton

Title: \_\_\_\_\_

Title: Managing Business Development

Date: \_\_\_\_\_

Date: 3-18-24

*Thank you for your business!  
For billing inquiries, please contact Provider's Office of Accounts Receivable at (336) 831-0737.*

**Exhibit A**

**Benefits**

<u>Provider</u>	<u>Sport</u>	<u>Product</u>	<u>Item Name</u>	<u>Quantity</u>	<u>Events</u>
Red Wolves Sports Properties, LLC	Basketball	Signage	Videoboard Logo with PA Announcement Description: Public address announcement at all regular season home basketball games	1	Season
Red Wolves Sports Properties, LLC	Basketball - Men's	Display/Sampling	Onsite Display/Activation Description: Onsite tabling display at a selected home men's basketball game	1	1
Red Wolves Sports Properties, LLC	Football	Display/Sampling	Onsite Display/Activation Description: Onsite tabling display at a selected home football game	1	1
Red Wolves Sports Properties, LLC	Football	Radio	In-Game Live Mention Description: Network In-Game Live Mention during each Football broadcast	2	Season
Red Wolves Sports Properties, LLC	Social Media	Digital	Lead Generation Note: Description: Enter-to-win sweepstakes; includes landing page, promotional social graphic(s), paid social media impressions (75K) and post-campaign entrant database. Note: previously basic social engagement campaign with paid media	2	Season

## Exhibit B

### Terms and Conditions

University Marks. To the extent Benefits include the right to make use of University's names, logos, trademarks, service marks, trade names or other identifying indicia ("University Marks"), Sponsor shall provide Provider, for prior review and approval, all proposed uses of University Marks and examples thereof. Sponsor shall use University Marks only (i) in the exact form, manner and context Provider approves in writing and (ii) as further detailed on Exhibit A. Sponsor may not use University Marks in connection with the name, image or likeness ("NIL") of any current student athlete, unless otherwise set forth on Exhibit A and, then, only to the extent explicitly set forth thereon. Sponsor must obtain all promotional premium products bearing University Marks from a Provider-approved licensed provider, which shall be responsible for assuring such products comply with all applicable University licensing requirements (including, but not limited to, compliance with applicable licensing-royalty payments).

Sponsor acknowledges University Marks are and will remain the exclusive property of University, which is the sole owner of University Marks and their associated goodwill, and Sponsor, by reason of this Agreement or otherwise, has not acquired any right, title, interest or ownership claim to them. Each of Sponsor's uses of University Marks, and any and all goodwill arising from each such use, inures solely to University's benefit.

Insurance. At all times during the Term, Sponsor shall carry (i) commercial general liability insurance (including, without limitation, premises-operations, broad-form property damage, products and completed operations, contractual liability, independent contractors and personal and advertising injury) with a minimum combined single limit for each occurrence of at least One Million Dollars (\$1,000,000.00), a general aggregate of Two Million Dollars (\$2,000,000.00) and a separate products-completed operations aggregate of Two Million Dollars (\$2,000,000.00), (ii) commercial automobile liability insurance with a minimum combined single limit of at least One Million Dollars (\$1,000,000.00) for each accident, (iii) workers' compensation insurance, as required by applicable law, (iv) employer's liability insurance with minimum limits of not less than One Million Dollars (\$1,000,000.00) for each accident and One Million Dollars (\$1,000,000.00) for disease coverage for each employee and policy and (v) umbrella liability insurance with a minimum combined single limit for each occurrence of at least Five Million Dollars (\$5,000,000.00) and an aggregate of Five Million Dollars (\$5,000,000.00). Each of Sponsor's automobile liability policy, general liability policy and umbrella liability policy is to (a) be written on a primary and non-contributory basis and (b) name as additional insureds Provider and its parent, subsidiary and affiliated companies, including their respective directors, officers, employees and agents. Under each policy listed above, a waiver of subrogation will be included in favor of Provider and its parent, subsidiary and affiliated companies, including their respective directors, officers, employees and agents. Sponsor will be

responsible for paying any deductible or retention under its policies. Upon request, Sponsor shall furnish Provider certificates of insurance evidencing its compliance with this section's provisions.

Benefits. Unless otherwise specifically stated on Exhibit A or elsewhere in this Agreement, all Benefits are for the regular season only. If, for any reason other than Sponsor's fault, Provider is unable to provide Sponsor with any Benefit(s), then Provider will notify Sponsor and offer Sponsor make-good benefits in lieu of the Benefit(s) Provider is unable to provide Sponsor ("Alternative Make-Good Benefits"). Alternative Make-Good Benefits will not, however, include tickets, hospitality, catering or similar benefits that involve an out-of-pocket cost to Provider. Alternative Make-Good Benefits will be subject to Sponsor's approval, which approval will not be unreasonably withheld, delayed or conditioned. Until such time as Alternative Make-Good Benefits are agreed upon, Sponsor will continue to pay the full Sponsorship Fee to Provider as set forth above. If the parties are unable to agree on Alternative Make-Good Benefits, then such disagreement will not be considered a breach of this Agreement and this Agreement will not terminate, but rather the Sponsorship Fee to be paid by Sponsor will be adjusted to reflect the Benefit(s) not available to Sponsor.

University Notice. If Provider is advised by University that Provider no longer has the right to provide Sponsor all the Benefits ("University Notice"), then Provider will have the option to terminate this Agreement at the end of the Contract Year for which the University Notice is applicable, with no further liability or obligations of either party under this Agreement thereafter, except for payment of the Sponsorship Fee still owed by Sponsor at the time of termination. If the University Notice requires Provider to terminate this Agreement prior to the end of the then-current Contract Year for which the University Notice is applicable, then this Agreement will terminate upon Provider's written notice to Sponsor and Sponsor will (i) receive a *pro rata* refund of the Sponsorship Fee equal to the value of Benefits not yet received as a result of the termination or (ii) pay Provider for Benefits received but not yet paid for, but in no event will either party have any further liability or obligation to the other party under this Agreement. In the event of this Agreement's termination as a result of a University Notice, Sponsor will have no obligation to pay the Sponsorship Fee for the period after the effective termination date. Notwithstanding the foregoing, in lieu of this Agreement terminating because of a University Notice, Provider and Sponsor may negotiate for a period of thirty (30) days following Provider's receiving the University Notice in order to determine whether alternative benefits can be offered to Sponsor and, if offered, whether they are acceptable to Sponsor ("Alternative Benefits"). If Alternative Benefits are offered and accepted, then this Agreement will not terminate as a result of the University Notice but instead will remain in full force and effect with the Alternative Benefits. Notwithstanding any other provision herein, whether either

party agrees to Alternative Benefits or an amendment to this Agreement is within the party's sole discretion.

Preparation of Promotional/Sponsorship Materials. Provider is responsible for providing publication space or spot-advertisement locations for Sponsor-prepared promotional/sponsorship recognitions or advertising. Advertising production, video or graphics production, talent charges and service charges, if any, are not covered under this Agreement and remain Sponsor's sole responsibility, but Sponsor can obtain from Provider any such services for an additional service fee. Sponsor is responsible for timely submitting to Provider its advertisements, promotional/sponsorship recognitions, graphics, LED designs, video-board features, Internet displays and/or any other creative materials, as applicable, for Benefits ("Sponsorship Materials"). Sponsorship Materials (whether provided by Sponsor or on its behalf) are subject to Provider's written approval, which approval will not constitute approval as to conformity with any federal, state or local laws or regulations. If, by the deadline date (which Provider will provide Sponsor), Provider has not received from Sponsor its applicable Sponsorship Materials for publication, distribution or display, or if, after the deadline date, Sponsor submits to Provider copy corrections of applicable Sponsorship Materials, then Provider will not be obligated to publish Sponsorship Materials (or corrected Sponsorship Materials, as the case may be). Provider's failure to publish Sponsorship Materials (or corrected Sponsorship Materials) due to Sponsor's failure to meet the deadline date, however, in no way will relieve Sponsor of any of its obligations and duties under this Agreement, including its obligation to submit payments in full, as set forth in the Installment Billing Schedule. Sponsor shall indemnify, defend and hold harmless Provider and University, and each of their parents, subsidiaries, affiliates, officers, trustees, employees and agents, from and against any and all claims, losses or damages (including reasonable attorneys' fees and expenses) arising or resulting from Provider's publishing Sponsorship Materials, or any parts thereof, in the form or format Sponsor (or its agent) provides, approves or requests.

Compliance. In connection with Sponsor's activities hereunder, during the Term, Sponsor shall comply with the policies, rules and regulations of University and any athletics conference to which University belongs (as Provider may provide Sponsor from time to time), as well as the National Collegiate Athletic Association's ("NCAA") constitution, bylaws and rules (publicly available at [www.ncaa.org](http://www.ncaa.org)). Sponsor shall indemnify, defend and hold harmless Provider and University, and each of their parents, subsidiaries, affiliates, officers, trustees, employees and agents, from and against any and all claims, losses or damages (including reasonable attorneys' fees and expenses) arising or resulting from Sponsor's (or its agent's) breach or alleged breach of this section's provisions.

Effect of Breach. In the event that the University claims that the Office of the Arkansas Lottery (OAL) has failed to fulfill its contractual obligations, the Parties agree, as is mandated by Arkansas State Law, that any such claim is to be governed by Ark. Code Ann. §23-115-208 et seq which require such claims to be first presented to OAL and, provided that there is not a

satisfactory resolution of the claim or dispute with OAL, by way of appeal to the Arkansas State Claims Commission.

Cross-Default. In the event of an uncured breach in any agreement other than this Agreement between Sponsor and Provider or any affiliate of Provider, Provider will have the right to terminate this Agreement effective upon written notice to Sponsor.

Limitation of Liability. In no event will either party be liable for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party alleged to be liable has knowledge of the possibility of such damages, whether under contract, tort (including negligence), strict liability or any other theory of liability; provided, however, nothing shall limit Provider's right to seek full payment of the Sponsorship Fee (without any obligation to mitigate) due to Sponsor's material breach hereunder. Provider will not, under any circumstances, be liable for any amount in excess of the total Sponsorship Fee actually paid to Provider in the twelve (12) months prior to the date any claim is asserted.

Unforeseen Events. If, due to public emergency or necessity, epidemic or pandemic, legal restrictions, labor disputes, strikes, boycotts, acts of God or similar reasons, including, but not limited to, mechanical or technological breakdowns beyond its control and without its fault, Provider is unable to perform any of its obligations hereunder, then Provider will not be liable to Sponsor, except to the extent of providing Sponsor suitable mutually agreed upon Alternative Make-Good Benefits. Until such time as Alternative Make-Good Benefits are agreed upon, Sponsor will continue to pay the full Sponsorship Fee to Provider as set forth above. If the parties are unable to agree on Alternative Make-Good Benefits, then such disagreement will not be considered a breach of this Agreement and this Agreement will not terminate, but rather the Sponsorship Fee to be paid by Sponsor will be adjusted to reflect the Benefit(s) not available to Sponsor.

Late Payments/Sales or Other Taxes. All late payments are subject to a late payment fee of two percent (2%) per month or the highest rate allowed by law together with all costs and expenses of collection, including attorneys' fees and court costs. If any sales tax, use tax, gross receipts tax, service tax or other tax (other than Provider's income tax) is imposed in connection with any Benefits or payment hereunder, then Sponsor will pay such tax on or before the due date thereof and, if not otherwise paid, any unpaid amount thereof will be added to the invoice for the period that includes such due date.

Assignment. This Agreement is personal to Sponsor. Sponsor shall not sell, transfer or assign this Agreement, or any of Sponsor's rights hereunder, without Provider's prior written approval, and no rights will devolve by operation of law or otherwise upon any Sponsor assignee, receiver, liquidator, trustee or other third party. Any unauthorized assignment will be void and of no effect unless approved by Provider in writing. Subject to the foregoing, this Agreement will be binding upon any approved Sponsor assignee or successor, and this Agreement will inure to the benefit of Provider, its successors and permitted assigns.

Miscellaneous. This Agreement (i) sets forth the parties' entire understanding with respect to its subject matter, (ii) supersedes all prior negotiations and agreements, whether written or oral, between the parties concerning such subject matter and (iii) may be modified or amended only by a written instrument each party signs. Each party represents and warrants to the other party (a) the individual signing this Agreement on its behalf is duly authorized to do so and (b) no representations have been made or relied upon other than those expressly provided for herein. This Agreement may be executed via delivery of a facsimile transmission or other commonly used electronic means (e.g., via a PDF attachment) in one (1) or more counterpart, each of which will be deemed an original, but all of which, taken together, constitute one (1) and the same agreement. No party's agent, employee or other representative is empowered to alter any of this Agreement's terms unless via written instrument signed by the appropriate party's authorized

officer or agent. A waiver by either party of any of this Agreement's terms or conditions in any instance will not be deemed or construed to be a waiver of such term or condition for the future, or of any subsequent breach thereof. Notwithstanding the University Notice section, Provider may terminate this Agreement, effective immediately upon delivering to Sponsor written notice thereof, if Provider's University rights agreement is terminated for any reason; provided, however, Provider shall provide Sponsor a *pro rata* refund of any amounts paid for Benefits not yet received as of such effective termination date. This Agreement is governed by and construed in accordance with the laws of the state of Texas, without giving effect to its conflict of law rules; however, in the event that Learfield makes a claim against OAL for breach of this agreement, the Parties agree that, as is provided for in the "Effect of Breach" clause contained in this exhibit "B", any such claim must be resolved as is provided for in Ark. Code Ann. §23-115-208 et seq.





SECTION 12

INTERNAL AUDITOR 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

---

<u>Periodic Review:</u>	2024-11 Instant Ticket Quality	<u>Report Date:</u>	March 19, 2024
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u>	June 30, 2024
	<u>Office of the Arkansas Lottery</u> Eric Hagler, Executive Director Mike Smith, Director of Gaming Brent Standridge, Chief Legal Counsel		

---

### **Introduction**

A scheduled periodic review of Instant Ticket Quality reports for fiscal year ended June 30, 2024, 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**

On an annual basis, OAL selects three instant ticket games produced by Scientific Games for independent testing designed to assess the selected tickets' security and durability. Scientific Games compensates the independent lab, Evaluations, Inc. (EVAL), of Reynoldsburg, Ohio, for completing the security and durability tests. Evaluations, Inc. issues three individual reports to the OAL. Each report includes a summary report of its findings, detailed information, and exhibits regarding the selected instant ticket performed.

Evaluations, Inc. was formed as a C-Corp, incorporated in the State of Ohio, December 1994 and opened for business on February 13, 1995. Since opening, they have provided client independent security, integrity, and quality examinations of scratch-off and pull-tab products. Other areas in which they have provided services within the lottery industry include audits of "live" lottery drawings, examinations of all sets and drawing equipment, and quasi-statistical analysis of the randomly drawn numbers for lottery games.

EVAL uses four different subjective ratings for the quality, security, and protective coating characteristics when evaluating instant lottery tickets. The subjective ratings used by EVAL are good, relatively good, fair, and poor. There overall security rating is usually a "balance" of four subcategory ratings. The security subcategories are (1) surreptitious reading, (2) data removal or concealment and replacement alterations, (3) "cut and paste" alterations, and (4) color copier reproduction/alteration. Basic definitions/descriptions of ticket characteristics and test results which would result in the above ratings are provided below. *With respect to "acceptable" as provided for Quality in reports, that would be equivalent to either "good" or "relatively good" as described below.*

### **Good**

With respect to quality, a good rating implies that there are no consistent or readily noticeable flaws throughout the ticket submission.

A good overall security rating would imply that none of the evaluated compromise or alteration methods presented a threat to ticket security, and that all or most of the cover material/paper card stock compromise methods resulted in no data read out.

If the ticket components are not noticeably affected during the various water exposure evaluations (i/e. submersions and water puddling), then the protective coating integrity is usually given a good rating.

### **Relatively Good**

A relatively good quality rating usually is given when minor, but easily noticeable, quality flaws are present which do not affect ticket security or integrity or data legibility.

With respect to overall security, a relatively good rating may be given if some minor threats are present with respect to ticket security.

Noticeable effects during the various water exposure evaluations, which do not result in the data becoming illegible, typically result in a relatively good rating for protective coating integrity.

### **Fair**

With respect to quality, a fair rating may be given when numerous minor flaws are present, or when quality flaws are present (i.e., in the overprinting) which adversely affect ticket security or integrity, but do not result in a serious threat to security or integrity. In addition, difficult cover removal, severe cover material dusting, and ticket-to-ticket variations in appearance or test results, may result in a fair quality rating.

An overall security rating of fair usually implies that several compromise/alteration methods were considered to present threats to ticket security. While these threats should be taken seriously and corrective action is usually recommended, these threats typically are not "serious." An overall security rating of fair may be assigned, even in the presence of a serious threat, depending on other test results (i.e. a serious threat is present with respect to color copier reproduction, but the surreptitious readout, data removal/concealment and replacement, and "cut and paste" subcategories have good or relatively good ratings).

A fair protective coating integrity rating typically implies that damage to the game data area inks and coatings occurred during the various water exposure evaluations, and some data may not fully legible. The damage may result in a perceived threat to ticket security, but the threat typically is not considered serious.

### **Poor**

A poor-quality rating is indicated when quality flaws in the tickets result in some of the following effects: illegible data, cover removal which results in damage to the data, or overprinting flaws which disguise cover material compromise.

Poor ratings are rarely assigned to the overall security category, since this area is defined by four subcategories. However, in the event that a very simple compromise method (which may be accidentally discovered and requires little hands-on time) is highly successful with little or no noticeable ticket damage, the overall security rating may be reported as poor.

With respect to the protective coating integrity, a poor rating is usually assigned when various exposures to liquids result in complete (or nearly complete) loss of legible data and/or removal of the data links with no other noticeable damage, or when cover removal results in damage to the data which causes it to be illegible.

They do not provide a rating for the overall integrity of the tickets but do indicate in the report, and in the report conclusions, if possible, threats to the integrity of the tickets were noted during the evaluation.

### **Purpose, Objectives, and Scope**

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

#### **Purpose**

The purpose of this periodic review was to ensure that independent forensic testing reports obtained by the OAL provide reasonable assurance that instant tickets sold by the OAL to the public are secure and durable.

#### **Objectives**

Review independent laboratory reports to ensure OAL instant tickets subjected to testing passed all durability and security tests.

#### **Scope**

The procedures included reviewing the reports issued by Evaluations, Inc. relative to three (3) instant ticket games submitted to Evaluations, Inc. for testing procedures to ensure they passed all durability and security tests performed. The three (3) instant ticket games tested by Evaluations, Inc. were "Winner Winner Chicken Dinner" (Game #729), "Double Cash" (Game #730), "X50 Bonus" (Game #744). Given that the review was limited to the reports issued for these games, there were no other games selected, by OAL, for testing, after January 16, 2024 (the Evaluations, Inc. report dates).

**Observation and Recommendations**

Observation #: 1

Observation Title: Results of Evaluation, Inc. Test Procedures

Internal Audit Observation: Integrity of Game "Double Cash" Game #730 and "X50 Bonus" Game #744 below Good or Relatively Good.

**"Winner Winner Chicken Dinner" Game #729**

The quality of these "Winner Winner Chicken Dinner" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "Winner Winner Chicken Dinner" tickets was judged to be relatively good.

The integrity of the game data area protective coating was judged to be relatively good.

**"Double Cash" Game #730**

The quality of these "Double Cash" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "Double Cash" tickets was judged to be relatively good.

The integrity of the game data area protective coating was judged to be fair.

**"X50 Bonus" Game #744**

The quality of these "X50 Bonus" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "X50 Bonus" tickets was judged to be relatively good.

The integrity of the game data area protective coating was judged to be fair.

"Double Cash" Game #730 and "X50 Bonus" Game #744 integrity of the game data area protective coatings were judged to be fair. However, Evaluations, Inc. also reported that, "based on the tests performed, on our best judgement and experience and as explained in the enclosed report, these 'Double Cash' Game # 730 and 'X50 Bonus' Game #744 tickets should be considered acceptable to market to the general public."

Per inquiry of Evaluations, Inc personnel, results could have been the result of either weakened lamps or the speed of the printer during production.

IA has no recommendations.

*William C Miller, CPA*

William C Miller, CPA, CGMA  
Director of Internal Audit



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>	2024-21 Claim Center Operations Audit	<u>Report Date:</u> March 05, 2024
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2024
	<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 audit of the Claim Center Operations process for fiscal year ending June 30, 2023, has been completed by Internal Audit. The audit was conducted in conformance with the *International Standards of the Professional Practice of Internal Auditing*, upon which Office of the Arkansas Lottery (OAL) Internal Audit (IA) policies and procedures are based.

### Background

The OAL operates a single claim center at 124 West Capitol Avenue in Little Rock. The claim center is responsible for processing all player claims in excess of \$500 (though players who win less may choose to make a claim at the claim center), whether a player makes a claim in person at the claim center office or chooses to mail the winning ticket and any associated claim form to the claim center for processing. The claim center is staffed by three (3) full-time employees, a Claims Manager and two (2) Claims Assistants. In addition to processing player claims, the claim center sells lottery products to the public through a ticket vending machine (DreamTouch). The DreamTouch machine is placed outside the claim center in the building's lobby.

Processing a player's claim may vary based on the size of the claim. A claim form is required for any claim in excess of \$500. The form captures basic information about the player needed in order to comply with provisions of Arkansas Law and the OAL's operational rules, such as player name, address, tax status, taxpayer identification number, and signature. For claims in excess of \$500, the OAL also requires valid photo identification. State of Arkansas debts, including back taxes and child support, are withheld from any claim in excess of \$500. In accordance with IRS and State of Arkansas regulations, income taxes are withheld from any claim more than \$5,000. Claims of \$1,000,000 or more require claimants to appear in person at the claim center for payment. Tickets are validated at the terminal in the claim center before the processing is able to start, and the system automatically determines if a claim has already been paid for the ticket presented, preventing the possibility of duplicate payment. Additionally, basic claimant information is compared to a list of Ineligible Players (IEP), and the claim processing system is designed to prevent payment of a claim to IEP, subject to provisions of Arkansas Law.

### **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, procedures, and safeguards in place at the OAL's claim center to assure prize claims are validated and paid in accordance with established laws, regulations, and internal policies. Further, lottery product sales and cash handling procedures at the claim center were evaluated as part of this audit.

#### **Objectives**

- Ensure prize validation and payment policies and procedures exist, are maintained, are followed; and are in accordance with the Arkansas Scholarship Lottery Act (The Act) and the Office of the Arkansas Lottery's Operational Rules for payment of prizes (OAL Rules).
- Ensure that no prizes over \$500 were paid to IEP, and that the IEP List is being properly maintained in accordance with The Act and OAL Rules.
- Ensure lottery game sales policies and cash handling procedures exist, are maintained, and are followed.

#### **Scope**

Transactions and documentation selected for testing included items generated from July 1, 2022, through June 30, 2023, for all tests other than maintenance of the IEP List and cash count. Date for IEP List testing was through November 16, 2023, and cash count occurred on September 28, 2023. Only the transactions or events that occurred as, or within the scope period was considered for testing.

### **Observations**

*Observation #:* 1

*Observation Title:* Accuracy of IEP List

*2024-21 Discussion and Background:* IA's last report dated April 26, 2022, had the following observations and recommendations related to the accuracy of the IEP List:

*Internal Audit Observation:* Three IEP records were inaccurate.

*Discussion and Background:* Arkansas Code Annotated (ACA) § 23-115-403 (f)(1) (A) (B) and (C) dictates that the OAL "shall not pay a lottery prize that exceeds the amount of five hundred dollars (\$500)" to an OAL employee or a member of his or her immediate family, living in the same household of the employee. As such, the OAL maintains an IEP List which is integrated into the OAL system used to process lottery prize



claims, thus designed to prevent unauthorized prize payments to OAL employees or their families. The Security function has now taken on primary responsibility for keeping the IEP List up to date and obtaining regular updates from OAL employees.

IA selected all new hired employees from July 1, 2021, through January 14, 2022, for testing. In addition to determining that each new employee was included on the IEP List maintained in the OAL system, the IEP Form was reviewed for each new employee to determine that the form was properly executed, and additional details on the IEP Form was included on the IEP List (i.e., birthdate, address). Out of the ten selected for further testing, one did not meet the attributes tested. In the one exception, the employee nor additional members of the household were located on the IEP List.

IA further selected four terminated employees during the same time frame for further testing as well as one updated IEP Form submitted in July of 2021 by an IA employee. Of the five selected for further testing, two did not meet the attributes tested. One had been removed from the IEP List as of August 6, 2021, though their termination date per Human Resources was recorded on August 20, 2021. The second exception to testing, the changes per the updated IEP Form submitted by the IA employee had not been recorded in the IEP List at the time of fieldwork.

As part of planned audit testing, IA ran a series of comparisons of player claims to the IEP List and noted no evidence that these inaccuracies in any way impacted payment of claims (i.e., IA noted no payments to IEP). Upon notification that these inaccuracies existed in the IEP List, the Security function immediately updated the IEP List, prior to the end of fieldwork for the audit.

*Cause:* Outdated and incomplete policies and procedures to confirm accuracy of updates or changes to the IEP List.

*Effect:* Inaccurate IEP records that could lead to inadvertent payment of a claim to IEP.

*Internal Audit Recommendations:* IA recommends:

(1)(a) Management add additional language to policies and procedures to include:

- Position that is designated and responsible for maintaining the IEP List
- Position that has been "cross trained," to "rotate" into performing the IEP List maintenance task.
- Circumstances that a "rotation" would be appropriate.
- Regular schedule for requesting updates from OAL staff and vendor employees.
- Monitoring procedures that have been designed and implemented related to the TIFF function, which occurs once the updating into BOS function has been initiated (add to procedures 1 – 9)

(1)(b) Management design, document, and implement policies and procedures related to monitoring of the initiation of the IEP process. The two initiation points are at the time of hiring, and routine update requests from OAL staff and vendor employees. IA believes this could be accomplished by Management moving from a "negative" request from staff and vendor employees to a "positive" request that would allow for an audit trail to be established. This could further be accomplished through, but not limited to:

- A manual system utilizing email receipts, and an excel master listing where each response is recorded. Required updates would be recorded in an excel file, with completed IEP Forms as backup, then continue with preestablished procedures for entry into BOS which populates the IEP List.
- A database system, fed by an online form where link is emailed to new hires or during update request dates. Information captured in an established online portal would be stored in a database for further processing and reporting based upon preestablished procedures.

Each approach would allow for the following:

- Reporting through detailing OAL staff and vendor employees that had or had not responded and allow for follow up with non-respondents.
- Establishing an Audit Trail of receipt of documentation for entry
- Monitoring by appropriate levels of management from the initiation of the process through completion.

(2)(a) Management maintain a completed IEP Form for each employee as backup to the IEP List

(2)(b) Management alter definition of retention date for IEP Forms' from "dispose of after three years" to "dispose of three years after termination."

(2)(c) Management request an updated IEP Form for all current OAL staff and vendor employees that IEP Forms have been disposed of under retention date policies utilized through end of fieldwork, February 4, 2022.

---

*2024-21 Internal Audit Observation:* IA concluded that six ineligible players per the confirmation responses received from vendors were not properly included on OAL's IEP List. Through additional inquiry, vendor had a break down in their internal control process and communication was not provided to OAL regarding new hires. IA also concluded that there was one ineligible player with a termination date that was currently still employed by a vendor of OAL.

*Discussion and Background:* IA notes that Management concurred with IA's findings in the 2022-21 Report issued on April 26, 2022 (see Exhibit A for Management's response dated April 22, 2022.)

*Internal Audit Recommendations:*

IA believes that prior recommendations are still applicable, with emphasis in prior recommendation (1)(b) that states the need to move from a "negative" request to a "positive" request. IA further recommends that OAL representatives follow up with vendors to ensure that internal controls from all organizations are understood and are properly integrated with one another. Where applicable, IA recommends considering adding failure to provide timely staffing up-dates to OAL staff to future penalty language when extensions or new contracts are granted.

IA further believes that any changes to policies and procedures stated to be implemented by Management to IA recommendation (1)(a) be modified by Management due to no longer having a Deputy Director of Security position as well as Security Department no longer having a limited staffing issue due to addition of positions during time span between prior and current engagement.

*Observation #: 2*

*Observation Title:* Audit Trail Related to Claim Center's Daily Summaries

*Internal Audit Observation:* OAL introduced a DreamTouch machine in the lobby of headquarters in April 2022. DreamTouch machines were initially purchased for the Walmart account and are operated in environments where there are either daily store closures or there are twenty-four-hour operations. If they are placed in a store that there are daily store closures every day, then there is a shift report that reflects the daily transactions. If they operate in a twenty-four-hour environment there is a night manager that is on staff to do a shift close that reflects the daily transactions. OAL is currently using the system in an environment that does not close at the end of the day nor does it operate in an environment that has an OAL staff member on site to perform end of day procedures to capture daily transactions.

Currently the claim center runs a Shift Report that has a time span of 3:00 P.M. to 3:00 PM which includes data from two different days. This is due to lack of staffing related to operating in a twenty-four-hour environment. The Retailer Activity Sales – Detail report utilized by the Accounting Department to reconcile and record weekly activity in the Arkansas Administrative Statewide Information System (AASIS) is based on a twenty-four-hour record keeping for a total of seven days. Due to the reports generated by the two departments being on different time schedule of data capture, there is a timing issue in the transaction data. Management has attempted to account for the timing issue within the following week's Monday's A.M.'s Daily Summaries report. The adjustments reported include backing out any sales activity from midnight Sunday night until Monday morning, when an End Shift Report can be generated out of the DreamTouch

machine. These adjustments are used to calculate the Monday through Sunday's end of cash and ticket values.

Based on work performed IA observed that adding Monday P.M. Daily Summary through Monday A.M. Daily Summary Sheet's Online Sales line items and the Cash Disbursement line items did not consistently tie to the Retailer Activity Sales – Detail report's Online Sales Total and the Cash Disbursement Total for the week. Historically IA has been able to utilize Daily Summaries and agree them without exception to the Retailer Activity Sales – Detail report for Online Sales and Cash Disbursements.

*Internal Audit Recommendations:*

For audit trail purposes, IA recommends that all the week's Daily Summary properly reflect the amount of Online Sales line items and Cash Disbursements line item that would agree to balances reflected on the weekly "Retailer Activity Sales – Detail" report utilized by Accounting Department for reconciliation purposes. IA believes this could be accomplished through Management adopting one of the following procedures:

1. If maintaining the 3:00 P.M. to 3:00 P.M. shifts and following Monday's A.M. shift report:

IA would recommend reformatting the Daily Summary reports so that they reflect a subtotal for the Instant Ticket sales as well as the Online Ticket sales from the existing format (Exhibit B) to a new format (Exhibit C) clearly presenting adjustments so that daily subtotals for all daily reports tie correctly the Retailer Activity Sales – Detail report used by Controller for reconciliation purposes.

2. Management moving from a 3:00 P.M. to 3:00 P.M shift to the Midnight-to-Midnight shift report.

As previously stated, the DreamTouch machines do not allow for capturing shift reports unless an employee is physically at the machine. Since non-lottery retailers do not have access to BOS reports, machine shift reports are important for data capture for reconciliation purposes. Due to the ability of OAL personnel to access BOS reports that capture data on a midnight-to-midnight basis, IA does not feel that it is necessary for OAL staff to utilize the shift reports out of the DreamTouch machine. Due to this difference as well as the BOS system captures and produces reports on a day's activity in its entirety, IA recommends that Management move from utilizing the shift reports out of the DreamTouch to utilizing the Activity Sales – Detail reports for the day out of BOS for daily reconciliation purposes.

IA further recommends creating a DreamTouch end shift report every weekday at 8:00 A.M. to capture data within the DreamTouch machine in case of a communication issue between the DreamTouch to BOS at Intralot. While IA believes it is important to capture the data within the DreamTouch machine, IA does not recommend on printing or maintaining that documentation

unless of a catastrophic failure in the IT infrastructure as the machine maintains a history of reports that can be accessed and printed at a later date.

By utilizing the BOS reports and only segregating net cash by day instead of adjusting reconciling figures within the Daily Summary reports IA feels that Management could improve the audit trail function in that all reports are on the same time capture format as well as improve efficiency. This method could also eliminate the need for paper records and move to electronic storage that can be easily maintained as well as searched.

*Observation #: 3*

*Observation Title: Report Access*

*Internal Audit Observation:* IA noted during testing that neither the Claim Center Manager nor the Treasurer had access to all required reports to adequately perform the Daily Summary reconciliation.

*Internal Audit Recommendations:*

IA recommends Management give the Claim Center Manager and Treasurer access to all reports needed to perform their job duties without interruptions.

*Management's Response:*

(See Exhibit D)

*William C. Miller, CPA*

William C. Miller, CPA, CGMA  
Director of Internal Audit



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>

April 22, 2022

Mr. Chad Miller  
 Internal Auditor  
 Department of Finance and Administration 1509 W. Seventh Street, 4th Floor  
 Little Rock, AR 72201

**RE: Internal Audit re: Claims Center Operations.**

Dear Mr. Miller:

On behalf of the Office of the Arkansas Lottery, thank you for your report regarding the FY22 Claims Center audit. I have reviewed the report with Security Director Angela Springer. The agency's response is set forth herein below, as further evidenced by the attached policy. Your recommendations noted the following areas of concern; immediately following is Management's response.

**Internal Audit Recommendation:** IA recommends: (1)(a) Management designate a specific employee within the Security Department to be responsible for all updates to the IEP list.

**Management's Response:** Management concurs with the recommendation outlined in the Internal Audit Recommendation. OAL Security has designated the IT Security Analyst as the person primarily responsible for maintaining the IEP List. However, the Deputy Director of Security also has the authority to enter IEP information as well. Due to limited staffing, the Security Department engages in "cross training" which allows any security staff member to step in and fill any role/task when necessary. A copy of the OAL Policy is attached hereto and marked as Exhibit "A".

**Internal Audit Recommendation:** IA recommends: (1)(b) policies and procedures be updated to include a regular schedule for requesting updates from existing employees.

**Management's Response:** Management concurs with the recommendation outlined in the Internal Audit Recommendation. OAL will ensure that the IT Security Analyst sends quarterly emails requesting updates from existing employees. A copy of the OAL Policy is attached hereto and marked as Exhibit "A".

**Internal Audit Recommendation:** IA recommends: (1)(c) monitoring procedures be implemented to ensure updates are performed timely and accurately.

**Management's Response:** Management concurs with the recommendation. Please see attached Exhibit "A".

**Internal Audit Recommendation:** Because the IEP list is a "living document", IA further recommends: (2)(a) Management maintain a completed IEP Form for each employee as backup to the IEP list ...

**Management's Response:** Management concurs with the recommendation. Going forward, all IEP Forms are now stored in Laserfiche, which retains all copies of "living documents."

**Internal Audit Recommendation:** IA recommends: (2)(b) original IEP Forms only be removed from the backup file if they are being replaced by updated forms or at the record retention date of three (3) years after termination of employment.

**Management's Response:** Management concurs with this recommendation. OAL will ensure that all versions of each document are permanently retained and stored in Laserfiche and available for forensic review.

**Internal Audit Recommendation:** IA recommends: 2(c) that Management request an updated IEP Form for all current OAL staff and vendor employees that IEP Forms have been disposed of under retention date policies utilized through the end of fieldwork, February 4, 2022.

**Management's Response:** Management concurs. The record retention language in the OAL policy will be revised to read: "three years after termination/separation of employee/vendor."  
A copy of the revised OAL Policy is attached hereto and marked as Exhibit "A".

Please advise if you have any additional observations or guidance regarding OAL's resolution (set forth above) of the identified areas. We are appreciative of the opportunity to respond, as well as the clarifications set out in the amended report.

With kind regards,



J. Eric Hagler  
Executive Director

JEH:

Encl.

cc: Larry Walther, Cabinet Secretary (DFA)  
Alan McVey, Chief of Staff (DFA-Administration)  
Paul Louthian, Deputy Director (DFA-Accounting)  
Rickey Quattlebaum (Inspector General)  
Brent Standridge, Chief Legal Counsel(OAL-DFA)



## 17.0

### Ineligible Players

#### Policy

Refer to House Bill 1302 is now Act 207. This is the bill that redefined the ineligible player limitations. The Ineligible Player database is a resource for checking all claims to make sure that the person is a legal winner.

SECTION 27. Arkansas Code § 23-115-403(f), concerning the eligibility of the Office of the Arkansas Lottery employee family members to purchase or receive prizes from lottery tickets, is amended to read as follows:

The Office of the Arkansas Lottery shall not pay a lottery prize that exceeds the amount of five hundred dollars (\$500) to any:

- (A) Member of the Office of the Arkansas Lottery;
- (B) Employee of the Office of the Arkansas Lottery; or
- (C) Member of the immediate family of a member of an employee of the Office of the Arkansas Lottery living in the same household as the employee.

The bill is online at

<http://www.arkleg.state.ar.us/assembly/2011/2011R/Bills/HB1302.pdf>

#### Procedure

1. Open the Ineligible Player Hire Date List.xlsx located in LaserFiche under Security Logs and Ineligible Players.
2. Select the appropriate tab at the bottom of the excel form as to where they Ineligible player is employed.
3. Insert a line at the bottom and enter the next IE number in sequence. If the Ineligible player has a spouse or other persons in their household, you will use the same IE Number for each. Make note of the IE Number on this excel form. See \*\*\*\*\*Ineligible Player Numbers\*\*\*\*\* below to ensure the correct number is assigned.
4. Security personnel: Log onto BOS.
5. Go to Claims Mgmt, then Ineligible Claimants.
6. This is the module to which to enter the Ineligible Claims Information such as Employee Number, Claimant Name, birth date and zip code. The Employee number should be the same as the Employee number assigned automatically when you select the "Add New Ineligible Player" button.
7. In BOS enter the number assigned in step 3 into the field labeled Employee Number.
8. Make note on the IE Players form the auto generated number in BOS in the Ineligible Number field. This will help search for the entries if they ever need updated.
9. All claims information of Last Name and Birth date is checked against all claims.

If the claim is a positive match, then a "Contact Security" alert comes up and the claim is put on hold. When this alert occurs, security personnel will research the claim and release or deny the claim.





Security will send quarterly emails requesting updates from existing IEP employees/vendors. Security will also send an annual IEP form to be completed by OAL employees/vendors.

All completed IEP forms will be stored in Laserfiche until they meet record retention dates. Which is three years after termination/separation of employee/vendor.

# Exhibit B

<b>Daily Summary</b>		
Claim Center or Event:	LITTLE ROCK	Prepared by:
Date:		PM

<b>Vault Summary</b>			
	Currency	Ticket Value	Total
<b>Beginning Vault Balance</b>	\$ 5,324.50	5,904.00	\$ 11,228.50
<b>Additions:</b>			
Cash Added From Bank			
Cash Added From Drawer			
Total Instant	\$ 436.00		
Total Online	\$ 35.00		
New Instant - Tickets Sales (777 -750)	\$ 300.00	300.00	
Midnight - Open AM Instant ticket sales	\$ 8.00		
Other- Monday AM Reinvested Tickets			
<b>Total Additions</b>	<b>\$ 779.00</b>	<b>\$ 300.00</b>	<b>\$ 1,079.00</b>
<b>Reductions:</b>			
Cash To Bank			
Cash To Drawer	\$ 145.00		
Instant Tickets Disbursed		436.00	
Reinvested Tickets for Purchase	14.00		
Returned Instant Tickets			
Instant Tickets Pulled			
Other - Monday AM instant ticket sales		2.00	
Toys for Tots Promo		300.00	
Other -			
Other - Tickets sold from register (777-70)		300.00	
<b>Total Reductions</b>	<b>\$ 159.00</b>	<b>\$ 1,038.00</b>	<b>\$ 1,197.00</b>
<b>Ending Vault Balance</b>	<b>\$ 5,944.50</b>	<b>\$ 5,166.00</b>	<b>\$ 11,110.50</b>

<b>Cash Drawer Summary</b>	
<b>Beginning Cash Drawer Balance</b>	\$ 300.00
<b>Additions:</b>	
Cash from Vault	\$ 145.00
Sales from Drawer	
<b>Total Additions</b>	<b>\$ 145.00</b>
<b>Reductions:</b>	
Prizes Paid From Cash Drawer	\$ 145.00
Cash to Vault	
<b>Total Reductions</b>	<b>\$ 145.00</b>
<b>Ending Cash Drawer Balance</b>	<b>\$ 300.00</b>

<b>Totals</b>	
<b>Net Beginning Cash:</b>	\$ 5,624.50
<b>Net Ending Cash:</b>	\$ 6,244.50
<b>Net Beginning Cash Plus Tickets:</b>	<b>\$ 11,528.50</b>
<b>Net Ending Cash Plus Tickets:</b>	<b>\$ 11,410.50</b>

# Exhibit C

## Daily Summary

Claim Center or Event:	LITTLE ROCK	Prepared by:
Date:		PM

## Vault Summary

	Currency	Ticket Value	Total
<b>Beginning Vault Balance</b>	\$ 5,324.50	5,904.00	\$ 11,228.50
<b>Additions:</b>			
Cash Added From Bank			
Cash Added From Drawer			
Instant Ticket Sales	\$ 436.00		
+/- AM Instant Ticket Sales	\$ 2.00		
<b>Total Instant</b>	<b>\$ 438.00</b>		
Online Ticket Sales	\$ 35.00		
+/- AM Online Ticket Sales	\$ 6.00		
<b>Total Online</b>	<b>\$ 41.00</b>		
New Instant - Tickets Sales (777 -750)	\$ 300.00	300.00	
Other			
<b>Total Additions</b>	<b>\$ 779.00</b>	<b>\$ 300.00</b>	<b>\$ 1,079.00</b>
<b>Reductions:</b>			
Cash To Bank			
Cash To Drawer	\$ 145.00		
Instant Tickets Disbursed		436.00	
Reinvested Tickets for Purchase	14.00		
Returned Instant Tickets			
Instant Tickets Pulled			
Other - Monday AM instant ticket sales		2.00	
Toys for Tots Promo		300.00	
Other -			
Other - Tickets sold from register (777-70)		300.00	
<b>Total Reductions</b>	<b>\$ 159.00</b>	<b>\$ 1,038.00</b>	<b>\$ 1,197.00</b>
<b>Ending Vault Balance</b>	<b>\$ 5,944.50</b>	<b>\$ 5,166.00</b>	<b>\$ 11,110.50</b>

## Cash Drawer Summary

<b>Beginning Cash Drawer Balance</b>	\$ 300.00
<b>Additions:</b>	
Cash from Vault	\$ 145.00
Sales from Drawer	
<b>Total Additions</b>	<b>\$ 145.00</b>
<b>Reductions:</b>	
Prizes Paid From Cash Drawer	\$ 145.00
Cash to Vault	
<b>Total Reductions</b>	<b>\$ 145.00</b>
<b>Ending Cash Drawer Balance</b>	<b>\$ 300.00</b>

## Totals

<b>Net Beginning Cash:</b>	\$ 5,624.50
<b>Net Ending Cash:</b>	\$ 6,244.50
<b>Net Beginning Cash Plus Tickets:</b>	<b>\$ 11,528.50</b>
<b>Net Ending Cash Plus Tickets:</b>	<b>\$ 11,410.50</b>

## Audit Responses: 2024-21 Claim Center Operations Audit

### OAL Management Response to Observation #1 and Internal Audit Recommendations:

Management for Security concurs with the observation and agrees to Internal Audit's recommendations.

#### Actions and remedies taken:

1. **"Positive" request:** Security requires all employees and contract vendors to complete the IEP form annually. Even if no changes are needed by the person. This requires a response from every individual. (Updated Policy)
2. **Follow up with vendors:** Security will send a monthly email to contract vendors requesting if any new hires have taken place in the last 30 days. (Updated Policy)
3. **Future Penalty Language:** Management has noted this recommendation and will attempt to present future penalty language in new contacts or extensions for failure to provide staffing updates.
4. **Recommendation of 1(a) :** Maintaining the IEP database is the duty of the IT Security Analyst. The Senior Security Specialist will be trained annually as the backup, if needed in the absence of the IT Security Analyst. (Updated Policy)

Attached is the updated Policy and Procedures (17.0 Ineligible Players) as of 03/11/2024.

### OAL Management Response to Observation #2 and Internal Audit Recommendations:

OAL Management concurs with Internal Audit Observation #2 and concurs with recommendation 2.- Management moving from 3:00 P.M. to 3:00 P.M. shift to the Midnight to Midnight shift report. This change in the daily shift report has been made effective February 1, 2024.

### OAL Management Response to Observation #3 and Internal Audit Recommendations:

OAL Management concurs with Internal Audit Observation #3. However, the recommendation that "Management give the Claim Center Manager and Treasurer access to all (BOS) reports needed to perform their job duties without interruptions", was modified due to BOS internal control limitations, which will not currently allow personnel that can execute customer claims in BOS, to also have claims control report access. Since, at certain times it is necessary for the Claim Center Manager to execute customer claims, they could not be provided BOS access to the claims control reports. Instead, it was determined that BOS can auto generate the required reports and distribute them by e-mail, at 8 A.M each day, to the Claim Center Manager, the Treasurer, and the Chief Fiscal Officer.



17.0

## Ineligible Players

### Policy

Refer to House Bill 1302 is now Act 207. This is the bill that redefined the ineligible player limitations. The Ineligible Player database is a resource for checking all claims to make sure that the person is a legal winner.

SECTION 27. Arkansas Code § 23-115-403(f), concerning the eligibility of the Office of the Arkansas Lottery employee family members to purchase or receive prizes from lottery tickets, is amended to read as follows:

The Office of the Arkansas Lottery shall not pay a lottery prize that exceeds the amount of five hundred dollars (\$500) to any:

(A) Member of the Office of the Arkansas Lottery;

(B) Employee of the Office of the Arkansas Lottery; or

(C) Member of the immediate family of a member of an employee of the Office of the Arkansas Lottery living in the same household as the employee.

The bill is online at

<http://www.arkleg.state.ar.us/assembly/2011/2011R/Bills/HB1302.pdf>

### Procedure

1. Open the Ineligible Player Hire Date List.xlsx located in Laserfiche under Security Logs and Ineligible Players.
2. Select the appropriate tab at the bottom of the Excel form as to where the ineligible player is employed.
3. Insert a line at the bottom and enter the next IE number in sequence. If the ineligible player has a spouse or other persons in their household, you will use the same IE Number for each. Make note of the IE Number on this Excel form. See \*\*\*\*\*Ineligible Player Numbers\*\*\*\*\* below to ensure the correct number is assigned.
4. Security personnel: Log onto BOS.
5. Go to Claims Mgmt., then ineligible Claimants.
6. This is the module to which to enter the Ineligible Claims information such as Employee Number, Claimant Name, birth date, and zip code. The Employee number should be the same as the Employee number assigned automatically when you select the "Add New Ineligible Player" button.
7. In BOS enter the number assigned in step 3 into the field labeled Employee Number.
8. Make a note on the IE Players form the auto-generated number in BOS in the Ineligible Number field. This will help search for the entries if they ever need to be updated.
9. All claims information of Last Name and Birth date is checked against all claims.
10. Once completed, the document and changes will be submitted for approval to the Director of Security. This will be added to the Monthly Change report in LF.



If the claim is a positive match, then a "Contact Security" alert comes up and the claim is put on hold. When this alert occurs, security personnel will research the claim and release or deny the claim.

MUSL currently sends their IEP list quarterly to OAL Security.

Security will send quarterly emails requesting updates from existing IEP employees/vendors (Intralot/SG). Security will also send an annual IEP form to be completed by OAL employees/vendors (Intralot/SG). The annual response will be required by all, even if no changes are needed.

Security will send a monthly email to contract vendors (Intralot/SG) requesting if any new hires have taken place in the last 30 days.

All completed IEP forms will be stored in Laserfiche until they meet record retention dates. Which is three years after the termination/separation of the employee/vendor.

Maintaining the IEP database will be the duty of the IT Security Analyst. The Senior Security Specialist will be trained annually as the backup, if needed in the absence of the IT Security Analyst.