



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>

February 12, 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 January 2024. The report contains the following:

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

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

Respectfully submitted,

Eric Hagler
Director

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



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February 12, 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 January 2024. The report contains the following:

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5. Debt Set-off / Collections / Retailer Losses
6. Breakdown of Lottery Sales per County
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Respectfully submitted,

Eric Hagler
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
January 31, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 5,774,339.77
Restricted assets:	
Cash and cash equivalents	292,363,286.43
Accounts receivable	18,040,872.12
Prepaid items	202,762.55
Total current assets	<u>316,381,260.87</u>
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	20,580,649.08
Deposits with Multi-State Lottery Association	1,988,348.65
Capital assets, net	1,033,403.72
Total non-current assets	<u>23,602,401.45</u>
Total assets	<u>339,983,662.32</u>
Deferred outflows of resources:	
Related to pension	1,870,807.78
Related to OPEB	649,285.42
Total deferred outflows of resources	<u>2,520,093.20</u>
Total assets and deferred outflows of resources	<u>\$ 342,503,755.52</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 502,020.33
Prizes payable	29,838,010.69
Accrued and other liabilities	4,489,974.66
Due to other funds of the State	898,215.61
Due to Lottery Scholarship Trust Account	284,520,383.91
Lease Liability	270,765.08
Compensated absences	407,425.88
OPEB Obligation	99,509.08
Unearned revenue	228,765.46
Total current liabilities	<u>321,255,070.70</u>
Long-Term liabilities:	
Net other post employment benefits	2,518,941.25
Net pension liability	4,990,011.00
Lease Liability	456,246.91
Total long-term liabilities	<u>7,965,199.16</u>
Total liabilities	<u>329,220,269.86</u>
Deferred inflows of resources:	
Related to pension	215,173.00
Related to OPEB	1,227,745.22
Total deferred inflows of resources	<u>1,442,918.22</u>
Total liabilities and deferred inflows of resources	<u>330,663,188.08</u>

NET POSITION

Net position:	
Net investment in capital assets	577,156.81
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	579,049.08
Deposits with Multi-State Lottery Association	1,988,348.65
Unclaimed prizes reserve	7,842,902.52
Unrestricted (deficit)	<u>(19,146,889.62)</u>
Total net position	<u>11,840,567.44</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 342,503,755.52</u>



SECTION 2

REVENUE AND EXPENSES

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

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 38,172,582.00	\$ 274,824,652.00
Online ticket sales	8,550,574.50	81,226,768.50
Retailer application, fidelity, bond and service fees	50,186.56	404,138.42
Other revenue	0.00	(1,522.76)
	<u>46,773,343.06</u>	<u>356,454,036.16</u>
Operating expenses:		
Instant game prizes	27,246,573.89	199,662,217.30
Online game prizes	4,522,065.49	43,013,878.69
Retailer commissions	2,601,925.71	20,060,831.02
Gaming contract costs	2,415,264.21	17,449,781.48
Compensation and benefits	516,076.06	3,406,118.40
Marketing, advertising and promotions	473,280.16	3,632,883.22
General and administrative expenses	91,185.88	639,221.50
Services provided by Arkansas Department of Education - Division of Higher Education	100,000.00	700,000.00
Services provided by Arkansas Legislative Audit	13,400.00	93,800.00
Amortization - GASB 87 Leases	22,652.65	158,568.54
Depreciation	33,807.15	241,493.21
	<u>38,036,231.20</u>	<u>289,058,793.36</u>
Total operating expenses		
Operating income (1)	8,737,111.86	67,395,242.80
Non-operating revenue:		
Interest income	1,201,758.50	5,771,980.64
Other income/expense	(895.47)	(7,240.22)
	<u>9,937,974.89</u>	<u>73,159,983.22</u>
Income before transfers		
Transfers to:		
Lottery Scholarship Trust Account (2)	(10,731,349.14)	(68,609,418.65)
	<u>(10,731,349.14)</u>	<u>(68,609,418.65)</u>
Change in net position	<u>\$ (793,374.25)</u>	4,550,564.57
Total net position - beginning		7,290,002.87
Total net position - ending		<u>\$ 11,840,567.44</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 Seven Months Ended January 31, 2024

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 38,172,582.00	81.61	\$ 39,500,000.00	82.36	\$ (1,327,418.00)	\$ 274,824,662.00	77.10	\$ 270,000,000.00	82.75	\$ 4,824,662.00
Online games	8,550,574.50	18.28	8,408,000.00	17.53	142,574.50	81,226,768.50	22.79	55,889,000.00	17.13	25,337,768.50
Retailer fees	50,166.56	0.11	54,000.00	0.11	(3,813.44)	404,138.42	0.11	392,000.00	0.12	12,138.42
Other revenue	-	-	200.00	0.00	(200.00)	(1,522.76)	(0.00)	1,100.00	0.00	(2,622.76)
		0.00%		0.00%						
Total operating revenues	46,773,343.06	100.00	47,962,200.00	100.00	(1,188,856.94)	356,454,036.16	100.00	326,282,100.00	100.00	30,171,936.16
Operating expenses:										
Instant game prizes	27,246,573.89	58.25	28,602,583.00	59.64	(1,356,009.11)	199,662,217.30	56.01	195,422,081.00	59.89	4,240,136.30
Online game prizes	4,522,065.49	9.67	4,799,417.00	10.01	(277,351.51)	43,013,878.69	12.07	30,598,919.00	9.38	12,414,959.69
Retailer commissions	2,601,925.71	5.56	2,710,000.00	5.65	(108,074.29)	20,060,831.02	5.63	18,435,000.00	5.65	1,625,831.02
Gaming contract costs	2,415,264.21	5.16	2,398,000.00	5.00	17,264.21	17,449,781.48	4.90	16,314,000.00	5.00	1,135,781.48
Compensation & benefits	516,076.06	1.10	530,000.00	1.11	(13,923.94)	3,406,118.40	0.96	3,530,000.00	1.08	(123,881.60)
Marketing, advertising & promotions	473,280.16	1.01	542,000.00	1.13	(68,719.84)	3,632,883.22	1.02	3,790,000.00	1.16	(157,116.78)
General and administrative expenses	91,185.88	0.19	121,000.00	0.25	(29,814.12)	639,221.50	0.18	841,000.00	0.26	(201,778.50)
Services provided by other agencies	113,400.00	0.24	106,000.00	0.22	7,400.00	793,800.00	0.22	742,000.00	0.23	51,800.00
Amortization - GASB 87 Leases	22,652.65	0.05	-	-	22,652.65	158,568.54	0.04	-	0.00	158,568.54
Depreciation	33,807.15	0.07	58,000.00	0.12	(24,192.85)	241,493.21	0.07	410,000.00	0.13	(168,506.79)
Total operating expenses	38,036,231.20	81.32	39,867,000.00	83.12	(1,830,768.80)	289,058,793.36	81.09	270,083,000.00	82.78	18,975,793.36
Operating income	8,737,111.86	18.68	8,095,200.00	16.88	641,911.86	67,395,242.80	18.91	56,199,100.00	17.22	11,196,142.80
Non-operating revenue:										
Interest income	1,201,758.50	2.57	272,000.00	0.57	929,758.50	5,771,980.64	1.62	1,689,000.00	0.52	4,082,980.64
Interest expense	(895.47)	(0.00)	(1,500.00)	(0.00)	604.53	(7,240.22)	(0.00)	(10,500.00)	(0.00)	3,259.78
Income before transfers	\$ 9,937,974.89	21.25	\$ 8,365,700.00	17.44	\$ 1,572,274.89	\$ 73,159,983.22	20.52	\$ 57,877,600.00	17.74	\$ 15,282,383.22

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery

Statement of Revenues and Expenses - GAAP

For the Seven Months Ended January 31, 2024 Compared to January 31, 2023

	Current Month January 31, 2024	% Sales	Current Month January 31, 2023	% Sales	Variance	Year to Date January 31, 2024	% Sales	Year to Date January 31, 2023	% Sales	Variance
Operating revenues:										
Instant ticket sales	\$ 38,172,582.00	81.6%	\$ 39,796,663.00	70.8%	\$ (1,626,081.00)	\$ 274,824,652.00	77.1%	\$ 270,538,877.00	75.3%	\$ 4,285,775.00
Online ticket sales	8,550,574.50	18.3%	16,327,140.00	29.1%	(7,776,565.50)	81,226,768.50	22.8%	88,270,363.00	24.6%	(7,043,594.50)
Retailer fees	50,186.56	0.1%	58,953.66	0.1%	(8,767.10)	404,138.42	0.1%	404,462.28	0.1%	(323.86)
Other revenue	-	0.0%	4.34	0.0%	(4.34)	(1,522.76)	0.0%	14.78	0.0%	(1,537.54)
Total operating revenues	46,773,343.06	100.0%	56,184,761.00	100.0%	(9,411,417.94)	356,454,036.16	100.0%	359,213,717.06	100.0%	(2,759,680.90)
Operating expenses:										
Instant game prizes	27,246,573.89	58.3%	30,442,647.53	54.2%	(3,196,073.64)	199,662,217.30	56.0%	195,543,375.01	54.4%	4,118,842.29
Online game prizes	4,522,065.49	9.7%	8,511,263.66	15.1%	(3,989,198.17)	43,013,878.69	12.1%	47,006,026.93	13.1%	(3,992,148.24)
Retailer commissions	2,601,925.71	5.6%	3,112,876.43	5.5%	(510,950.72)	20,060,831.02	5.6%	20,146,096.98	5.6%	(85,265.96)
Gaming contract costs	2,415,264.21	5.2%	2,628,588.47	4.7%	(213,324.26)	17,449,781.48	4.9%	17,347,809.93	4.8%	101,971.55
Compensation and benefits	516,076.06	1.1%	497,007.43	0.9%	19,068.63	3,406,118.40	1.0%	3,375,285.64	0.9%	30,832.76
Marketing, advertising and promotions	473,280.16	1.0%	640,611.66	1.1%	(167,331.50)	3,632,883.22	1.0%	4,547,307.76	1.3%	(914,424.54)
General and administrative expenses	91,185.88	0.2%	288,934.27	0.5%	(177,748.39)	639,221.50	0.2%	1,774,525.74	0.5%	(1,135,304.24)
Services provided by ADE - Division of Higher Education	100,000.00	0.2%	125,200.00	0.2%	(25,200.00)	700,000.00	0.2%	795,500.00	0.2%	(95,500.00)
Services provided by Legislative Audit Agency	13,400.00	0.0%	13,200.00	0.0%	200.00	93,800.00	0.0%	92,400.00	0.0%	1,400.00
Amortization - GASB 87 Leases	22,652.65	0.0%	22,652.65	0.0%	-	158,568.54	0.0%	158,568.52	0.0%	0.02
Depreciation	33,807.15	0.1%	35,725.90	0.1%	(1,918.75)	241,493.21	0.1%	250,324.41	0.1%	(8,831.20)
Total operating expenses	38,036,231.20	81.3%	46,298,708.00	82.4%	(8,262,476.80)	289,058,793.36	81.1%	291,037,220.92	81.0%	(1,978,427.56)
Operating income	8,737,111.86	18.7%	9,886,053.00	17.6%	(1,148,941.14)	67,395,242.80	18.9%	68,176,486.14	19.0%	(781,253.34)
Nonoperating revenue:										
Interest income	1,201,758.50	2.6%	223,243.99	0.4%	978,514.51	5,771,980.64	1.6%	1,424,679.09	0.4%	4,347,301.55
Other Non Operating Income	(895.47)	-0.2%	(1,336.24)	-0.2%	440.77	(7,240.22)	-0.2%	(9,964.79)	-0.3%	2,724.57
Income before transfers	\$ 9,837,974.89	21.2%	\$ 10,107,960.75	18.0%	\$ (169,985.86)	\$ 73,159,983.22	20.5%	\$ 69,591,210.44	19.4%	\$ 3,568,772.78
Net Proceeds (1)	\$ 10,731,349.14		\$ 11,966,992.86		\$ (1,235,643.72)	\$ 68,609,418.65		\$ 65,344,318.08		\$ 3,265,100.57

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 Seven Months Ended January 31, 2024

	Year to date
Operating revenues:	
Instant ticket (Settlements)	\$ 275,299,269.00
Online ticket sales	81,226,768.50
Retailer application, fidelity and service fees	404,138.42
Other revenue	<u>(1,522.76)</u>
Total operating revenues	<u>356,928,653.16</u>
Operating expenses:	
Instant game prizes (Settlements)	198,222,977.00
Online game prizes	43,013,878.69
Retailer commissions	20,060,831.02
Gaming contract costs	17,449,781.48
Compensation and benefits	3,406,118.40
Marketing, advertising and promotions	3,632,883.22
General and administrative expenses	639,221.50
Services provided by Arkansas Department of Education - Division of Higher Education	700,000.00
Services provided by Legislative Audit Agency	93,800.00
Amortization - GASB 87 Leases	158,568.54
Current year capital asset cost	<u>30,505.10</u>
Total operating expenses	<u>287,408,564.95</u>
Change in net proceeds from operations	69,520,088.21
Non-operating revenue:	
Interest income	5,771,980.64
Other non-operating income	(7,240.22)
EDUCATION TRUST FUNDING-Current Year	(57,878,069.51)
Less Act 1180 Unclaimed Prizes	(6,842,902.52)
Less current year Bond Reserve Fees	(79,049.08) 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	92,541.62 see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	<u>154,000.00</u>
NET PROCEEDS EARNED-Current Month	<u>\$ 10,731,349.14</u>
-Year to Date	<u>\$ 68,609,418.65</u>

	Transfer	Interest	Total
Lottery Scholarship Trust Account	\$ 273,616,758.01	\$ 10,903,625.90	\$ 284,520,383.91
November 2022 funding 12/15/22	\$ 10,496,530.57	\$ 161,458.63	\$ 10,657,989.20
Transfer to ADHE for FY 2023 Concurrent Scholarship Funding 12/7/22	\$ (2,000,000.00)		\$ (2,000,000.00)
December 2022 funding 1/15/23	\$ 6,266,787.59	\$ 168,995.81	\$ 6,435,783.40
January 2023 funding - 2/15/23	\$ 11,781,045.35	\$ 185,947.51	\$ 11,966,992.86
Transfer to ADHE for FY 2023 Spring Funding 2/22/22	\$ (30,000,000.00)		\$ (30,000,000.00)
February 2023 funding 3/15/23	\$ 6,931,065.01	\$ 166,498.75	\$ 7,097,563.76
March 2023 funding 4/15/23	\$ 8,124,755.27	\$ 171,089.26	\$ 8,295,844.53
Transfer to ADHE for FY 2023 Concurrent Scholarship Funding 4/18/22	\$ (400,000.00)		\$ (400,000.00)
April 2023 funding 5/15/23	\$ 7,814,389.31	\$ 160,070.07	\$ 7,974,459.38
May 2023 funding 6/15/23	\$ 8,969,373.45	\$ 197,096.83	\$ 9,166,470.28
June 2023 funding 7/15/23	\$ 15,027,163.61	\$ 185,573.05	\$ 15,212,736.66
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 9/28/233	\$ (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

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
ADHE Transfer 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						
March						
April						
May						
June						
Sub Total	\$ 68,609,418.65	\$ 6,842,902.52	\$ 75,452,321.17	\$ 57,877,600.00		
Reserve GPW						
Total	\$ 68,609,418.65	\$ 6,842,902.52	\$ 75,452,321.17	\$ 57,877,600.00		\$ 17,574,721.17



SECTION 3

LOTTERY SCHOLARSHIP TRUST ACCOUNT

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

	Fiscal Year June 30, 2023	Fiscal Year June 30, 2024 (YTD January 31, 2024)
Beginning Balance	\$ 192,693,718	\$ 249,160,965
Net Proceeds	113,091,393	68,609,419 (1)
Transfers to ADHE:	FY23	FY24
Fall Academic Challenge Scholarships	9/23/22	7/14/23
Fall Academic Challenge Scholarships	12/7/22	9/28/23
Concurrent and Workforce Scholarships	2/22/23	
Spring Academic Challenge Scholarships	4/18/23	
Concurrent Scholarships		9/28/23
Workforce Scholarships		
	(62,400,000)	(33,250,000)
Refund of Unused Scholarship Proceeds Requested:	FY23	FY24
	8/1/2023	
		5,775,854
Ending Balance	\$ 249,160,965	\$ 284,520,384

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
January 31, 2024

	Monthly	Year to Date
Reserve Balance July 1, 2023		\$1,000,000.00
1. Unclaimed lottery prize money:	\$1,505,810.30	6,842,902.52
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotions or reserves:	1,505,810.30	6,842,902.52
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		0
Reserve Balance January 31, 2024		\$7,842,902.52



SECTION 5

DEBT SET-OFF / COLLECTIONS / RETAILER LOSSES

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

Arkansas Debt Set-Off	Jan-24	Total Since Inception
Department of Finance and Administration	\$ 4,268	\$ 1,810,520
Office of Child Support Enforcement	\$ 11,000	\$ 714,480
Total Debt Set-Off	\$ 15,268	\$ 2,524,999

Income Taxes Withheld	Jan-24	Total Since Inception
Federal	\$ 330,403	\$ 137,345,710
State	\$ 60,562	\$ 36,803,877
Total Income Taxes Withheld	\$ 390,965	\$ 174,149,587

As of 01/31/2024

Retailer losses \$0



SECTION 6

LOTTERY SALES BY COUNTY

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

COUNTY	CASH3	CASH4	FAST PLAY	INSTANT SELECTIONS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE	POWERBALL	TOTAL
ARKANSAS	\$14,260.50	\$11,045.00	\$15,803.00	\$487,075.00	\$3,668.00	\$3,598.00	\$11,500.00	\$2,770.00	\$15,563.00	\$565,280.50
ASHLEY	\$11,523.00	\$16,602.00	\$5,427.00	\$176,368.00	\$1,940.00	\$2,622.00	\$5,437.00	\$1,464.00	\$10,809.00	\$232,192.00
BAXTER	\$4,452.00	\$1,969.50	\$11,772.00	\$494,989.00	\$5,028.00	\$7,254.00	\$18,146.00	\$7,231.00	\$29,575.00	\$580,414.50
BENTON	\$6,577.00	\$3,815.00	\$19,206.00	\$1,724,123.00	\$27,186.00	\$24,104.00	\$95,591.00	\$19,693.00	\$148,899.00	\$2,089,194.00
BOONE	\$540.50	\$532.50	\$14,811.00	\$416,802.00	\$3,158.00	\$2,570.00	\$13,647.00	\$2,968.00	\$21,497.00	\$476,526.00
BRADLEY	\$2,122.00	\$4,462.50	\$3,492.00	\$167,257.00	\$1,022.00	\$750.00	\$3,042.00	\$679.00	\$5,020.00	\$187,846.50
CALHOUN	\$2,156.50	\$572.00	\$1,543.00	\$45,725.00	\$254.00	\$324.00	\$828.00	\$602.00	\$1,637.00	\$63,541.50
CARROLL	\$598.00	\$1,148.00	\$17,387.00	\$275,259.00	\$2,674.00	\$2,328.00	\$9,148.00	\$3,117.00	\$14,355.00	\$326,014.00
CHICOT	\$7,426.00	\$2,591.50	\$4,471.00	\$181,800.00	\$1,896.00	\$2,182.00	\$7,944.00	\$1,793.00	\$12,130.00	\$222,233.50
CLARK	\$4,596.00	\$1,188.00	\$18,713.00	\$395,103.00	\$3,706.00	\$2,694.00	\$9,379.00	\$2,584.00	\$14,745.00	\$452,688.00
CLAY	\$1,478.00	\$19.00	\$6,998.00	\$132,290.00	\$1,152.00	\$2,090.00	\$2,852.00	\$776.00	\$5,046.00	\$152,701.00
CLEBURNE	\$1,406.50	\$1,593.00	\$15,946.00	\$338,415.00	\$6,228.00	\$5,330.00	\$14,742.00	\$5,934.00	\$24,269.00	\$413,863.50
CLEVELAND	\$416.00	\$145.00	\$1,878.00	\$54,547.00	\$518.00	\$1,462.00	\$1,213.00	\$362.00	\$1,856.00	\$62,397.00
COLUMBIA	\$14,978.00	\$7,823.50	\$14,470.00	\$414,405.00	\$2,190.00	\$3,028.00	\$6,868.00	\$2,021.00	\$11,559.00	\$477,342.50
CONWAY	\$11,268.50	\$2,851.50	\$14,460.00	\$480,922.00	\$6,174.00	\$4,248.00	\$13,646.00	\$5,342.00	\$22,423.00	\$561,335.00
CRAIGHEAD	\$14,627.50	\$14,595.00	\$32,998.00	\$1,739,409.00	\$12,372.00	\$14,318.00	\$38,110.00	\$9,232.00	\$64,938.00	\$1,940,599.50
CRAWFORD	\$3,062.50	\$957.00	\$18,281.00	\$441,993.00	\$7,156.00	\$6,400.00	\$19,357.00	\$5,699.00	\$32,379.00	\$535,284.50
CRITTENDEN	\$38,446.50	\$25,176.00	\$20,046.00	\$823,998.00	\$4,428.00	\$8,512.00	\$28,127.00	\$7,378.00	\$52,584.00	\$1,008,673.50
CROSS	\$5,752.00	\$3,294.00	\$4,581.00	\$290,889.00	\$1,640.00	\$1,768.00	\$5,359.00	\$1,220.00	\$8,803.00	\$323,286.00
DALLAS	\$3,442.50	\$1,170.00	\$4,348.00	\$194,836.00	\$1,370.00	\$680.00	\$3,454.00	\$813.00	\$6,070.00	\$216,183.50
DESHA	\$3,634.50	\$1,801.50	\$3,041.00	\$217,030.00	\$1,712.00	\$1,158.00	\$5,444.00	\$1,432.00	\$9,039.00	\$244,292.00
DREW	\$2,833.00	\$2,774.00	\$9,974.00	\$352,966.00	\$2,560.00	\$3,144.00	\$7,692.00	\$2,398.00	\$11,756.00	\$396,097.00
FAULKNER	\$12,842.50	\$6,069.00	\$7,937.00	\$1,508,939.00	\$21,562.00	\$17,452.00	\$48,594.00	\$16,504.00	\$75,632.00	\$1,745,531.50
FRANKLIN	\$685.00	\$53.50	\$7,395.00	\$199,314.00	\$2,764.00	\$1,550.00	\$7,521.00	\$2,072.00	\$11,547.00	\$232,901.50
FULTON	\$125.50	\$710.50	\$3,939.00	\$56,108.00	\$722.00	\$766.00	\$1,692.00	\$621.00	\$3,182.00	\$67,866.00
GARLAND	\$12,768.00	\$4,915.00	\$25,711.00	\$1,324,237.00	\$21,850.00	\$18,580.00	\$56,916.00	\$23,506.00	\$86,514.00	\$1,574,997.00
GRANT	\$997.00	\$883.50	\$5,363.00	\$209,993.00	\$2,866.00	\$2,956.00	\$6,418.00	\$2,309.00	\$11,230.00	\$243,015.50
GREENE	\$1,060.00	\$642.00	\$18,417.00	\$725,434.00	\$4,872.00	\$4,350.00	\$16,702.00	\$3,841.00	\$27,175.00	\$802,493.00
HEMPSTEAD	\$74,445.50	\$25,561.50	\$9,589.00	\$393,985.00	\$2,018.00	\$3,994.00	\$6,711.00	\$1,755.00	\$11,268.00	\$529,327.00
HOT SPRING	\$4,807.50	\$617.00	\$10,217.00	\$390,229.00	\$3,616.00	\$5,456.00	\$10,588.00	\$2,972.00	\$16,256.00	\$444,758.50
HOWARD	\$60,564.00	\$14,309.50	\$8,652.00	\$252,436.00	\$1,576.00	\$2,996.00	\$5,315.00	\$1,751.00	\$7,616.00	\$355,215.50
INDEPENDENCE	\$3,775.50	\$2,641.00	\$42,790.00	\$655,882.00	\$4,768.00	\$3,890.00	\$13,829.00	\$4,007.00	\$22,426.00	\$754,008.50
IZARD	\$79.50	\$39.00	\$8,563.00	\$118,897.00	\$1,042.00	\$648.00	\$3,830.00	\$1,216.00	\$5,978.00	\$140,292.50
JACKSON	\$22,934.50	\$11,560.00	\$13,617.00	\$942,217.00	\$2,380.00	\$1,474.00	\$6,062.00	\$2,504.00	\$10,103.00	\$412,851.50
JEFFERSON	\$51,996.50	\$38,570.00	\$31,991.00	\$1,341,375.00	\$14,198.00	\$19,092.00	\$38,675.00	\$13,660.00	\$65,011.00	\$1,614,568.50
JOHNSON	\$578.50	\$2,229.50	\$3,642.00	\$287,470.00	\$2,784.00	\$2,296.00	\$8,709.00	\$2,832.00	\$14,446.00	\$324,987.00
LAFAYETTE	\$12,016.00	\$7,175.50	\$1,491.00	\$80,200.00	\$446.00	\$710.00	\$2,480.00	\$644.00	\$3,721.00	\$108,883.50
LAWRENCE	\$952.50	\$78.00	\$9,422.00	\$277,586.00	\$1,474.00	\$3,236.00	\$5,654.00	\$1,614.00	\$9,150.00	\$309,166.50
LEE	\$2,456.00	\$13,717.50	\$1,736.00	\$67,910.00	\$288.00	\$2,142.00	\$2,241.00	\$230.00	\$3,383.00	\$94,103.50
LINCOLN	\$682.00	\$348.50	\$3,640.00	\$100,055.00	\$1,368.00	\$1,778.00	\$2,665.00	\$1,278.00	\$4,569.00	\$116,383.50
LITTLE RIVER	\$7,414.50	\$4,456.50	\$6,142.00	\$174,322.00	\$872.00	\$1,656.00	\$5,017.00	\$1,105.00	\$7,368.00	\$208,353.00
LOGAN	\$390.00	\$8.50	\$12,530.00	\$246,419.00	\$2,730.00	\$1,936.00	\$7,263.00	\$2,391.00	\$12,428.00	\$286,095.50
LONOKE	\$13,340.00	\$8,769.50	\$34,145.00	\$1,216,573.00	\$15,962.00	\$10,796.00	\$36,046.00	\$12,513.00	\$56,158.00	\$1,404,302.50
MADISON	\$30.50	\$21.00	\$3,806.00	\$113,305.00	\$1,550.00	\$1,700.00	\$5,584.00	\$701.00	\$8,487.00	\$135,184.50
MARION	\$2,171.50	\$1,801.00	\$10,664.00	\$256,278.00	\$2,556.00	\$4,488.00	\$8,243.00	\$3,873.00	\$11,622.00	\$299,696.50
MILLER	\$39,022.50	\$15,985.50	\$14,977.00	\$559,802.00	\$4,556.00	\$6,580.00	\$15,144.00	\$4,015.00	\$22,061.00	\$682,143.00
MISSISSIPPI	\$51,989.50	\$27,236.00	\$10,185.00	\$744,343.00	\$2,630.00	\$3,732.00	\$13,750.00	\$2,918.00	\$22,234.00	\$879,017.50

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

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
MONROE	\$17,283.50	\$10,350.50	\$18,060.00	\$186,796.00	\$1,504.00	\$1,296.00	\$5,724.00	\$1,340.00	\$9,013.00	\$251,367.00
MONTGOMERY	\$9.00	\$65.00	\$2,532.00	\$42,632.00	\$786.00	\$266.00	\$1,918.00	\$394.00	\$2,852.00	\$51,424.00
NEVADA	\$6,075.00	\$2,680.50	\$1,338.00	\$178,447.00	\$836.00	\$1,140.00	\$2,871.00	\$842.00	\$4,705.00	\$198,934.50
NEWTON	\$338.50	\$140.00	\$3,526.00	\$52,705.00	\$368.00	\$446.00	\$1,755.00	\$780.00	\$2,915.00	\$62,973.50
OUACHITA	\$16,204.00	\$11,456.50	\$17,248.00	\$658,060.00	\$4,018.00	\$4,438.00	\$9,492.00	\$3,063.00	\$16,165.00	\$740,144.50
PERRY	\$831.50	\$884.00	\$1,984.00	\$139,426.00	\$1,898.00	\$1,342.00	\$4,815.00	\$1,476.00	\$6,553.00	\$59,169.50
PHILLIPS	\$19,438.00	\$7,158.50	\$3,061.00	\$174,424.00	\$1,030.00	\$1,362.00	\$6,435.00	\$2,340.00	\$10,957.00	\$227,005.50
PIKE	\$225.50	\$144.00	\$3,994.00	\$129,410.00	\$2,110.00	\$1,696.00	\$3,960.00	\$1,753.00	\$5,809.00	\$149,101.50
POINSETT	\$3,508.00	\$1,132.00	\$17,171.00	\$492,995.00	\$2,068.00	\$1,608.00	\$7,580.00	\$1,753.00	\$14,315.00	\$542,130.00
POLK	\$2,073.00	\$143.00	\$11,626.00	\$174,831.00	\$2,902.00	\$2,688.00	\$8,497.00	\$2,959.00	\$12,449.00	\$218,168.00
POPE	\$3,890.00	\$1,745.50	\$25,297.00	\$888,328.00	\$11,926.00	\$10,268.00	\$28,607.00	\$8,516.00	\$43,811.00	\$1,022,388.50
PRAIRIE	\$1,488.50	\$377.00	\$3,847.00	\$117,367.00	\$988.00	\$1,042.00	\$3,463.00	\$572.00	\$5,308.00	\$134,452.50
PULASKI	\$180,217.00	\$155,290.50	\$221,200.00	\$7,094,455.00	\$208,850.00	\$301,558.00	\$502,516.00	\$180,464.00	\$700,703.00	\$9,545,253.50
RANDOLPH	\$151.50	\$45.00	\$6,241.00	\$184,509.00	\$2,186.00	\$2,234.00	\$6,670.00	\$1,369.00	\$10,077.00	\$213,482.50
SAINTE FRANCIS	\$37,876.50	\$13,834.00	\$5,943.00	\$312,010.00	\$1,888.00	\$2,854.00	\$8,343.00	\$2,496.00	\$16,591.00	\$401,935.50
SALINE	\$29,384.00	\$9,232.50	\$48,573.00	\$1,320,935.00	\$19,390.00	\$20,046.00	\$45,555.00	\$14,667.00	\$72,142.00	\$1,579,924.50
SCOTT	\$166.50	\$107.50	\$1,647.00	\$105,214.00	\$1,264.00	\$930.00	\$4,293.00	\$845.00	\$6,368.00	\$120,835.00
SEARCY	\$24.50	\$70.00	\$4,360.00	\$110,074.00	\$770.00	\$476.00	\$2,828.00	\$610.00	\$4,344.00	\$123,556.50
SEBASTIAN	\$13,728.50	\$3,974.50	\$25,319.00	\$975,002.00	\$16,594.00	\$16,744.00	\$57,240.00	\$16,523.00	\$94,434.00	\$1,219,559.00
SEVIER	\$6,162.50	\$294.50	\$2,491.00	\$226,854.00	\$2,000.00	\$1,168.00	\$6,231.00	\$1,371.00	\$8,345.00	\$254,917.00
SHARP	\$1,269.00	\$646.50	\$13,427.00	\$378,851.00	\$2,930.00	\$3,842.00	\$11,416.00	\$3,608.00	\$18,297.00	\$434,486.50
STONE	\$300.50	\$101.00	\$3,599.00	\$104,547.00	\$1,370.00	\$1,396.00	\$3,700.00	\$2,296.00	\$6,470.00	\$123,779.50
UNION	\$84,123.00	\$46,424.50	\$29,419.00	\$824,801.00	\$4,506.00	\$7,042.00	\$14,827.00	\$4,990.00	\$26,179.00	\$1,042,311.50
VAN BUREN	\$1,031.50	\$954.50	\$8,310.00	\$243,576.00	\$3,190.00	\$2,478.00	\$8,044.00	\$3,404.00	\$13,524.00	\$284,512.00
WASHINGTON	\$23,826.50	\$9,860.50	\$29,873.00	\$1,787,852.00	\$30,454.00	\$27,610.00	\$83,949.00	\$18,850.00	\$133,914.00	\$2,146,189.00
WHITE	\$12,831.50	\$4,562.00	\$59,480.00	\$1,004,710.00	\$11,940.00	\$8,606.00	\$27,756.00	\$9,391.00	\$45,717.00	\$1,184,993.50
WOODRUFF	\$1,878.00	\$1,419.50	\$3,817.00	\$145,409.00	\$1,148.00	\$900.00	\$3,288.00	\$805.00	\$5,161.00	\$163,825.50
YELL	\$291.00	\$134.50	\$3,497.00	\$257,798.00	\$2,380.00	\$1,824.00	\$6,661.00	\$2,426.00	\$10,331.00	\$285,942.50

GRAND TOTALS *Cash 3 \$998,348.00 *Cash 4 \$577,702.00 *Fast Play \$1,173,067.00 *Instant Settlements \$39,801,508.00 *Lotto \$560,772.00 *Lucky for Life \$650,916.00 *Mega Millions \$1,535,609.00 *Natural State Jackpot \$486,323.00 *Powerball \$2,361,946.00 *Total Sales \$48,146,191.00



SECTION 7

TOTAL NUMBER OF RETAILERS

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

January 2024

Active	1,683
Renewal	318
Total	2,001

Photon	2,074
TVM	124
DreamTouch Smart	84
Total	2,282

Monthly Highlights

- ▶ 4,288,069 Total transactions processed through the Arkansas Scholarship Lottery System in January
- ▶ 641 service tickets resolved by Field Service and the Call Center for the month of January
- ▶ 762 Preventative Maintenance Actions completed by Field Service Technicians for the month of January



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SECTION 8

ADHE

(Arkansas Department of Higher Education)

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

Office of the Arkansas Lottery had no requests from ADHE during the reporting period of January 2024.



SECTION 9

INSTANT TICKET GAMES RELEASES

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

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

\$1 \$100 Cash!
\$2 \$200 Cash!
\$3 \$300 Cash!
\$5 \$500 Cash!
\$10 \$5,000 Cash!

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

\$1 Lucky 7s
\$2 Jumbo Bucks Premium Edition
\$3 Extra! Extra! Crossword
\$5 Big 777
\$10 Rose Gold®

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

\$1 Cash Count Up
\$1 7's



SECTION 10

CONTRACTS AWARDED

Arkansas Department of Finance and Administration

Office Arkansas Lottery

Term Contracts for Goods and Services

January 1 through January 31, 2024

OAL Marketing department entered a contract as of 01/09/2024 with the Arkansas Travelers Baseball Club.

This contract is good for the 2024 Arkansas Travs Baseball season. The contract will include Concourse Signage, On-Field Game, Promotional Table Night, and Live In-Game Broadcast. The agreed upon payment is for \$10,300. Payment to be received by July 1, 2024.

ARKANSAS TRAVELERS BASEBALL CLUB, INC. PARTNERSHIP AGREEMENT

Address:
 PO Box 3177 Little Rock, AR 72203
 Phone: (501) 664-1555 Fax: (501) 664-1834
www.travs.com

Date: 1/9/24

PURCHASED BY:
Contact: Ashely McNatt
Business: Arkansas Scholarship Lottery
Address: 124 W Capitol Ave Suite 1400
City, State, Zip: Little Rock, AR 72201
Phone: 5016831866
Mobile: 5013539525
Email: ashley.McNatt@arkansas.gov

BILLING ADDRESS: (if other than purchaser)
Contact: _____
Business: _____
Address: _____
City, State, Zip: _____
Phone: _____
Mobile: _____
Email: _____

Purchaser hereby orders the following and agrees to pay the Arkansas Travelers Baseball Club, Inc.

Promotion: Concourse Signage	10300.00
On-Field Game	
Promotional Table Night - Date TBD	
Live In-game Broadcast read and :30 spot (every Game)	
Seasons on contract (Promotions): _____	Annual Total: _____
Seasons on contract (Tickets): _____	Contract Total: 10300.00

Art Work Due: ASAP - Vector or .esp

Payment Terms: Due upon Invoice

Comments: Additional Contact - Tiffany McNeal - Tiffany.McNeal@arkansas.gov

1. Payments shall be made upon submission of an invoice. The purchaser agrees to pay any and all costs that Arkansas Travelers Baseball Club, Inc. (ATB) suffers as a result of failure of payment. If ATB fails to make available the services to be provided to Purchaser herein, the Purchaser shall be entitled to a refund of advertising costs on a pro-rata basis. ATB shall have the right to designate the location of spaces on the outfield fence and in the program, and may relocate such space from time-to-time at its sole discretion. If copy is not received by the specified date, ATB will have the right to determine copy and/or release the space. ATB reserves the right to refuse to provide any services which it shall determine to be offensive, immoral, inappropriate, or for any other reason. In consideration of the acceptance of this advertising order, recognizing advanced expenditures and because of the necessity of reserving space for the entire baseball season, it is hereby agreed that no part of this contract may be countermanded or canceled by Arkansas Scholarship Lottery. It is hereby agreed that ATB is not bound by any stipulation, representative or agreement not embodied in this contract. In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, pandemic, epidemic, equipment or transmission failure or damage reasonably beyond its control, acts of terrorism, riots, protests or assemblies, violence, regulations or orders of a governmental authority or agency, umpire or player strikes, cancellation or delay of the baseball season by Major League Baseball or MLB PDL, or other causes reasonably beyond the party's control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes.

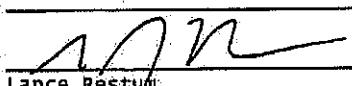
2. Notwithstanding any other provision of this Agreement, this Agreement and the rights, exclusivities and protocols granted by Arkansas Travelers Baseball Club, Inc. to Arkansas Scholarship Lottery hereunder shall, at the request of MLB Professional Development League, LLC ("MLB PDL"), be subject to its review and written approval, and shall in all respects be subordinate to, and shall not prevent the issuance, entering into, or amendment of, any of the following, each as may be issued, entered into or amended from time to time (collectively, the "PDL Documents"): (i) any present or future agreements or arrangements entered into by, or on behalf of MLB PDL and/or any of its respective present or future affiliates, assigns or successors (collectively, the "PDL Entities"); and (ii) the present and future mandates, rules, regulations, policies, practices, bulletins, by-laws, directives or guidelines issued or adopted by, or on behalf of, MLB PDL, any other PDL Entity and/or the Commissioner of Baseball that are specifically related to or generally applicable to the player development league system or one or more of the PDL Clubs. The issuance, entering into, amendment, or implementation of any of the PDL Documents shall be at no cost or liability to any PDL Entity or to any individual or entity related thereto. The territory within which Arkansas Scholarship Lottery is granted rights hereunder is limited to, and nothing herein shall be construed as conferring on Arkansas Scholarship Lottery rights in areas outside of, the Marketing Territory of Arkansas Travelers Baseball Club, Inc., as established and amended from time to time pursuant to the PDL Documents. No rights, exclusivities or obligations involving the internet or any interactive or on-line media (as defined by the PDL Entities) are conferred by this Agreement, except as are specifically approved in writing by the applicable PDL Entity.

3. Arkansas Travelers Baseball Club, Inc. may immediately terminate this Agreement in the event Arkansas Scholarship Lottery or any of its affiliates directly or indirectly engages in (i) any form of gaming that is determined to be illegal or any activity that violates any PDL Document or (ii) sports betting activities, unless, in the case of this clause (ii), within thirty (30) days of such engagement, Arkansas Scholarship Lottery and/or such affiliate, as applicable, has complied with all PDL Documents related to sports betting including, without limitation, the execution of an amendment to this Agreement to the extent necessary to ensure compliance with such PDL Documents and entry into a license with MLB (or an entity authorized by MLB) to act as an approved sports betting operator of MLB, including, without limitation, for the right and obligation to use official MLB data in connection with Arkansas Scholarship Lottery's and/or such affiliate's sports betting operations.

4. Arkansas Scholarship Lottery hereby represents, warrants and covenants that each of the gaming activities in which Arkansas Scholarship Lottery is engaged in the jurisdiction(s) in which Arkansas Travelers Baseball Club, Inc. has granted rights to Arkansas Scholarship Lottery hereunder is legal in such jurisdiction(s).

5. Arkansas Scholarship Lottery shall not have, the right hereunder to engage in any activity that relates to, promotes or otherwise references, sports betting.

6. Any controversy arising between the Arkansas Scholarship Lottery/Office of the Arkansas Lottery and Arkansas Travelers Baseball Club, Inc., which arise under or by virtue of this contract between them, are to be governed by the Lottery's rules for claims in control or tort, a copy of which is attached hereto as "Exhibit A", and incorporated herein by reference, as though set out word for word.

Signature: Eric Hagler
Digitally signed by Eric Hagler
 Date: 2024.01.10 14:28:46 -0500
Travs Signature: 
Travs Rep: Lance Restum
Title: Director, Charities & Community Support

Date: _____
Date: 1-9-2024
Email: Lance@travs.com
Phone #: 501-664-1555

"EXHIBIT A"

Arkansas Lottery Commission Rules for Claims in Contract or Tort

Preface: The purpose of these rules is to proscribe the process concerning the consideration of claims in contract or in tort against the Arkansas Lottery Commission (ALC). These rules apply to all contracts entered into with the ALC and are issued pursuant to the authority vested in the ALC under Ark. Code Ann. §§ 23-115-207 and 23-115-208.

Section 1. Definitions.

- 1.1 "Act" means the Arkansas Scholarship Lottery Act.
- 1.2 "Contract" means all types of state agreements, regardless of what they may be called, for the purchase of commodities and services and for the disposal of surplus commodities and services not otherwise exempt.
 - (a) "Contract" includes awards and notices of award, contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type, contracts providing for the issuance of job or task orders, leases, letter contracts, and purchase orders.
 - (b) "Contract" also includes supplemental agreements with respect to any of these items.
- 1.3 "Contractor" means any person having a contract with the ALC.
- 1.4 "Commissioners" means the members appointed to the Arkansas Lottery Commission by virtue of Arkansas Code Ann. § 23-115-202.
- 1.5 "Director" means the Director of the Arkansas Lottery Commission.
- 1.6 "Person" means any individual, corporation, partnership, unincorporated association, or other legal entity.
- 1.7 "Negotiation" means a consensual bargaining process in which the parties attempt to resolve a claim.
- 1.8 "Tort" means a claim arising in tort with respect to which:
 - (a) The claimant is an organization; or
 - (b) The claimant is an individual and the claim:

- (1) Arose in the course of the claimant's business or profession; and
- (2) Does not include damages arising out of personal injury to or the death of an individual.

Section 2. Policies.

- A. These rules do not waive the ALC's sovereign immunity to suit or liability.
- B. These rules apply to controversies between the ALC and a contractor which arise under or by virtue of a contract between them. This includes, without limitation, controversies based upon breach of contract, mistake, misrepresentation, or other cause for contract modifications or rescission.

Section 3. Pre-Hearing Negotiations.

3.1 Procedure.

- A. A contractor (hereinafter "claimant") asserting a claim of breach of contract or an action in tort against the ALC must file notice of the claim as provided by this section.
- B. The notice of claim shall:
 1. Be in writing and signed by the aggrieved party or the aggrieved party's authorized representative;
 2. Be delivered by hand, certified mail return receipt requested, or other verifiable delivery service, to the Director of the ALC, and
 3. State in detail:
 - a. The nature of the alleged breach of contract or tortious conduct, including the date of the event that the aggrieved party asserts as the basis of the claim and if applicable, each contractual provision allegedly breached;
 - b. A description of damages that resulted from the breach or conduct, including the amount and method used to calculate those damages;
 - c. the legal theory of recovery, i.e., breach of contract, including the causal relationship between the alleged breach and the damages claimed.

- d. If the claimant is represented by an attorney, each notice of claim, pleading or paper of such claimant shall be signed by such attorney whose address and phone number shall be stated. The signature of an attorney constitutes a certificate by the attorney that he or she has read the pleading, document or paper; that he or she is authorized to file it; and that to the best of his or her knowledge, information and belief there is good ground for it; and that, with respect to a notice of claim, he or she files it with the distinct knowledge and specific consent of the claimant.
 - e. A notice of claim, pleading or paper not signed by an attorney must be signed by the claimant with the address and phone number stated. Any pleading, notice of claim or claim filed on behalf of a corporation or other organization must be verified by an executive officer of such corporation or organization.
 - f. In any notice of claim when, upon inspection, the Director is of the opinion that the notice of claim, document or pleading tendered for filing does not comply with these rules, does not sufficiently set forth required information or is otherwise insufficient, the Director may decline to accept the notice of claim, document or paper and may return it unfilled, or the Director may accept it for filing and advise the person tendering it of the deficiency and require the deficiency be corrected. Simple "receipt" in the Commission office in no way implies an attempted claim has been "filed" with the Commission. The decision to accept or decline for filing an attempted, but deficient, claim is solely that of the Director.
- C. In addition to the mandatory contents of the notice of claim as required by subsection (c) of this section, the aggrieved party may submit supporting documentation or other tangible evidence to facilitate the ALC's evaluation of the aggrieved party's claim.
 - D. If the claimant is an executor, administrator, guardian, or other representative acting under judicial appointment, a duly certified copy of the record of appointment shall be filed with the notice of claim.
 - E. The notice of claim shall be delivered no later than one hundred and eighty (180) days after the date of the event that the aggrieved party asserts as the basis of the claim.
 - G. Failure to assert a claim in a timely manner will result in a waiver of those issues.

3.2 Timetable.

- A. Following receipt of a notice of claim, the Director shall review the claim(s) and initiate negotiations with the claimant to attempt to resolve the claim(s).
- B. The parties shall begin negotiations within a reasonable period of time, not to exceed sixty (60) days following the later of:
 - 1. The date of termination of the contract;
 - 2. The completion date, or substantial completion date in the case of construction projects, in the original contract; or
 - 3. The date the ALC receives the claimant's notice of claim.
- C. The ALC may delay negotiations until after the 60th day after the date of the event giving rise to the claim of breach of contract by:
 - 1. Delivering written notice to the Claimant that the commencement of negotiations will be delayed; and
 - 2. Delivering written notice to the Claimant when the ALC is ready to begin negotiations.
- D. The parties may conduct negotiations according to an agreed schedule as long as they begin negotiations no later than the deadlines set forth in subsections (B) or (C) of this section, whichever is applicable.
- E. The parties shall complete the negotiations that are required by this Section as a prerequisite to a claimant's request for a dispute hearing no later than ninety (90) days after the ALC receives notice of a claim.
- F. The parties may agree in writing to extend the time for negotiations on or before the 60th day after the ALC receives notice of the claim. The agreement shall be signed by representatives of the parties with authority to bind each respective party and shall provide for the extension of the statutory negotiation period until a date certain. The parties may enter into a series of written extension agreements that comply with the requirements of this section.

3.3 Conduct of Negotiation.

- A. A negotiation under this Section may be conducted by any method, technique, or procedure authorized under the contract or agreed upon by the parties, including, without limitation, negotiation in person, by

telephone, by correspondence, by video conference, or by any other method that permits the parties to identify their respective positions, discuss their respective differences, confer with their respective advisers, exchange offers of settlement, and settle.

- B. The parties may, if the ALC agrees, conduct negotiations with the assistance of one or more neutral third parties.
- C. To facilitate the meaningful evaluation and negotiation of the claim(s) the parties may exchange relevant documents that support their respective claims, defenses, counterclaims or positions.
- D. Unless the parties agree otherwise, each party shall be responsible for its own costs incurred in connection with a negotiation, including, without limitation, the costs of attorney's fees, consultant's fees and expert's fees.

3.4 Settlement Agreement.

- A. A settlement agreement may resolve an entire claim or any designated and severable portion of a claim.
- B. To be enforceable, a settlement agreement must be in writing and signed by representatives of the aggrieved party and the ALC who have authority to bind each respective party.
- C. A partial settlement does not waive a party's rights as to the parts of the claims or counterclaims that are not resolved.
- D. The claimant and the Director must certify in writing if they do not reach a settlement. Such a certification will serve as an automatic request to the Director for a decision on the merits of the Claim.

3.5 Prerequisites to Any Other Remedy. The procedures contained in Section 3 are exclusive and required prerequisites any other remedy.

Section 4. Dispute Hearing.

- A. If the Director receives an automatic request for a decision pursuant to Section 3 of these rules, the Director shall issue a written decision within ten (10) business days.
 - 1. The decision shall state the reasons for the action taken.
 - 2. A copy of the decision shall be mailed by overnight mail or otherwise furnished immediately to the aggrieved party.

- B. A Claimant aggrieved by a decision of the Director may request a hearing before the Commissioners within fifteen (15) days after the written decision is issued by the Director. The Claimant must be granted a hearing before the Commissioners or their designee as soon as practicable but not later than sixty (60) days after the decision of the Director.
- C. The Commissioners, pursuant to the power granted to them in Arkansas Code Ann. §23-115-205, may authorize its Legal Committee to hear and dispose of administrative appeals from the Director as the Committee deems appropriate, including, but not limited to, designating one of its members to consider an act on an appeal on behalf of the Commissioners. Therefore, references herein to "Commissioners" shall be read to take this delegation of authority into account.
- D. All dispute hearings shall be open to the public and the press.
- E. The hearing need not be conducted or controlled by either the Arkansas Rules of Evidence or the Arkansas Rules of Civil Procedure. The hearing will be conducted to the extent and fashion deemed appropriate by the Commissioners.
- F. All hearings will be recorded by a certified court reporter. If a claimant desires the testimony be transcribed into a transcript or files an appeal, the claimant shall order directly from the reporter an original and one copy, both of which are the financial responsibility of the complainant ordering the transcript. The original transcript shall be filed by the reporter directly with the ALC.
- G. Based upon the evidence presented at the dispute hearing, the Commissioners may reverse a decision of the Director if the appellant proves the decision to be:
1. In violation of Constitutional or statutory provisions;
 2. In excess of the statutory authority of the Director;
 3. In excess of the authority granted to the Director by the Commissioners;
 4. Made upon unlawful procedure;
 5. Affected by other error of law;
 6. Clearly erroneous in view of the reliable, probative, and substantial evidence of the whole record; or
 7. Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

- H. The Commissioners may remand an appeal to the Director for further consideration or investigation. This decision of the Director shall be considered final and appealable only to the Arkansas Claims Commission.
- I. The Commissioners' determination must be in writing and must:
 - 1. Be sent by United States Postal Service certified mail, a commercial overnight delivery service or hand delivered to the appellant; and
 - 2. Explain the basis for the Commissioners' determination.

Section 5. Appeals.

- 5.1 Generally.** A claimant may appeal the decision of the Commissioners of the ALC to the Arkansas Claims Commission, pursuant to Arkansas Code. Ann. §§ 23-115-208 and 19-10-201. The claimant may:
- (a) Within forty (40) days after the decision is rendered, file with the Arkansas State Claims Commission a notice of appeal of the decision of the ALC;
 - (b) Within forty (40) days after the decision is rendered, file with the ALC a motion for reconsideration requesting the ALC to reconsider its decision; and
 - (c) Within twenty (20) days after the ALC's reconsideration or denial of the motion for reconsideration, file with the Arkansas State Claims Commission a notice of appeal of the decision of the ALC.
- 5.2 Exclusive Remedy.** These rules provide the exclusive procedure for asserting a claim against the ALC arising out of or relating to any matter related to contract or torts. Neither an aggrieved person, nor any other interested party has a right to any remedy against the ALC with respect to any matter in contract or tort except in accordance with the procedures set forth in these rules.



SECTION 11

INTERNAL AUDITOR REPORTS

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
January 1 through January 31, 2024**

The following Internal Audit Report regarding the 2023-10 IT Gaming QA review was received during the reporting period of January, 2024.



STATE OF ARKANSAS
Department of Finance and Administration

OFFICE OF THE ARKANSAS LOTTERY
Post Office Box 3238
Little Rock, Arkansas 72203-3238
Phone: (501) 683-2010

William C. Miller, CPA, CGMA
Internal Auditor

<u>Audit:</u>	2023-10 IT Gaming QA Audit Report	<u>Report Date:</u> January 26, 2024
<u>Report Distribution:</u>	Jim Hudson, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u> June 30, 2023
	<u>Office of the Arkansas Lottery</u> Eric Hagler, OAL Executive Director Mike Smith, Director of Gaming Brent Standridge, Chief Legal Counsel	

Introduction

A scheduled audit of the IT Gaming Quality Assurance process for fiscal year ending June 30, 2023, has been completed by Internal Audit (IA). The audit was conducted in accordance with the Office of the Arkansas Lottery (OAL) Internal Audit Charter, which governs the types and objectives of engagements performed by the OAL Internal Audit function.

Background

Organized under the direction of the Director and Deputy Director of Gaming, the Quality Assurance function (QA) is intended to provide oversight on behalf of the OAL relative to updates, upgrades, and program changes to the OAL gaming system. Duties of the QA team include the following:

- Collaboration with Intralot regarding needed application changes.
- Development and execution of detailed testing over planned changes.
- Validation of changes placed into production.
- Collaboration with Scientific Games upon launch of new instant games relative to the load of game information into the system.
- Performance of end of game duties within the system to help ensure the appropriate information is included therein.

At times, the QA team can be comprised of several IT Gaming employees, including the Director of Gaming and Deputy Director of IT Gaming, the IT QA Systems Analyst, and other IT Gaming employees that have been cross trained to perform QA functions. Testing of application changes normally includes a rigorous program of testing numerous system functions in an application testing environment to ensure planned changes achieve their designed objectives prior to "going live," or being placed into production. Tests range from validation of the user interface an OAL employee would see to confirmation of terminal-level activities performed by retailers, including production and validation of tickets. Significant testing is also performed as instant games are loaded to the system for the first time, and QA also plays a key role in populating end of game information in the system.

Purpose, Objectives, and Scope

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

Purpose

The purpose of this audit was to ensure that there are adequate controls and procedures in place to assure that gaming system software releases, loads of electronic files related to instant games, and instant game end dates are adequately tested and verified prior to being placed into production, as applicable.

Objectives

- Ensure that policies and procedures for gaming system software releases (including updates, upgrades, and program changes) are designed, communicated, and implemented for testing of System Software Releases by OAL personnel, prior to being placed into production.
- Ensure that gaming system software release testing is properly documented and approved prior to being placed into production.
- Ensure that gaming system software releases are adequately verified once placed into production.
- Ensure that electronic files required to be loaded to the gaming system for instant games are adequately tested, prior to the files placed into production and before the instant game is made available for sale.
- Ensure that processes and procedures are in place to load accurate game end dates within the gaming system for instant games, once determined.

Scope

The procedures performed included reviewing vendor-prepared scope and deployment documentation for software releases and planning, testing, review checklists, system-generated reports, and data populated within the gaming system for activities for year ending June 30, 2023. Only transactions or events that had occurred as of the date testing selections were made were considered within its scope. As such, no supporting documents generated after June 30, 2023 were selected for testing.

Observations

Observation # 1:

Observation Title: Detail of Policies and Procedures for System Software Release Testing

Internal Audit Observation: IA selected a hundred percent of System Software Releases that occurred during the scope period for further testing. IA obtained the policies and procedures as well as access to the IT Gaming Departments electronic files to conduct audit procedures. IA noted that System Software release testing policies and procedures were not detailed to properly identify all documentation utilized in the process. IA also noted no references to the positions that were responsible for testing or the positions

responsible for the approval process. As it relates to IT Gaming's System Release electronic files, IA noted comingled documentation between System Releases as well as multiple versions of documentation.

Internal Audit Recommendations: IA recommends the following:

- a) Expanding the policy and procedures so they clearly identify the positions responsible for performing testing and the positions responsible for approval of documentation.
- b) Ensuring approvals follow the chain of command as outlined in OAL's Organization Chart.
- c) Policies and procedures include a list of the documentation that Management determines best documents the process.
- d) Organizing documentation based on System Release number with indication that all documentation has been reviewed and approved at the highest level of the department before being placed into production. (This could be achieved by utilizing a checklist, maintaining email approvals for file completion, or memo style documentation.)
- e) Ensuring the retention policy contains all documentation that Management has determined is necessary to be included to properly document the process.

Management Response

Management concurs with the observation and recommendations outlined by Internal Audit.

William C. Miller, CPA

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