



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>

March 10, 2023

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

RE: Monthly Disclosure Reports

Dear Governor Sanders:

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Eric Hagler', is written over a horizontal line.

J. Eric Hagler
Director

Enclosures

cc: Mr. Larry Walther, Secretary of the Department of Finance and Administration



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March 10, 2023

The Honorable Ronald Caldwell, Co-Chair
One Capitol Mall Room R-501
Little Rock, AR 72201

RE: Monthly Disclosure Reports

Dear Senator Caldwell:

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 February 2023. The report contains the following:

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Respectfully submitted,

J. Eric Hagler
Director

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Section 1

Contracts Awarded

Arkansas Department of Finance and Administration

Office of Arkansas Lottery

Term Contracts for Goods and Services

February 1 through February 28, 2023



- 1. Office Arkansas Lottery entered into an agreement with Louisiana Association on Compulsive Gambling for helpline services. This agreement will cover 24 hour, 7 days a week, 365 days a year operation. This agreement is in effective from 03/02/2023 through 06/30/2023.**

The cost of this agreement will be \$1665.00 monthly due by the 5th of the month. The monthly cost will include 24/7 AR problem gambling via calls/chat/text. Mailing packets per the customer request, and a monthly report sent to OAL by the 15th of the following month.

- 2. Office of Arkansas Lottery entered into a participant agreement with Lucky for Life. This agreement is the executed version with the changes that were made between the "Managing Lotteries" and "Licensee Lotteries".**

**Louisiana Association on Compulsive Gambling
Agreement for Problem Gambling Helpline Services**

Name of Contractor & Address:

Dept. of Finance & Admin. -Office of the Arkansas Lottery (hereinafter referred to as "OAL")

Attn: Brent Standridge

I. Agency Competence

1. General Organization Overview:

The Louisiana Association on Compulsive Gambling (hereinafter, LACG) was established in 1994 to provide educational, prevention, and treatment services in the field of problem gambling. The Louisiana Problem Gamblers Helpline was established January 1, 2000. LACG offices are located at 1325 Barksdale Blvd., Ste. 219, Bossier City, LA 71111; telephone: 318-227-0883. Website: www.helpforgambling.org
Janet Miller is the Executive Director and Gregory Below is the Director of Helpline Services.

2. Helpline Credentials:

In July 2017, the LACG Helpline Program was the first call center in the United States to receive a Problem Gambling Helpline accreditation from ContactUSA (currently known as the International Council for Helplines). Accreditation is an intensive process requiring Helplines to meet 73 standards regarding Governance, Fiscal and Business practices, Training, Supervision and Evaluation of Helpline Specialists, Service Standards, Community Integration, and Facilities and Equipment. In 2022, we renewed all accreditations.

3. Areas of Helpline Services:

Our LACG- HL contracts with the Louisiana Department of Health for (2) statewide Helplines, and the 988-Suicide & Crisis Lifeline. We also contract with the National Council on Problem Gambling-which includes D.C. and (13) other states, and we have (9) individual states contracts for Helpline services.

4. Our organizational site plan for the Helpline, including our plan for ongoing in-service training for Helpline staff.

LACG-Helplines is the largest of the organizations' four program services having answered over 2.2 million calls/texts/chats since 2000. The Helpline operations is managed by a Director of Helplines who is under the supervision of the Executive Director, who has a Board of Directors comprised of 10 men and women from across the state. Helpline staff are comprised of "Helpline Specialists" that have completed a minimum of 100 hours of training. We also have an administrative team that compiles daily intakes, report data, resources updates, supervision, and general oversight of Helpline continuity of care. Continuing education is built into monthly, quarterly, and annual mandatory staff meetings. Annual employee performance evaluations and Quality assurance are reviewed with each employee.

II. Helpline Staff Competence

1. Staff scheduling patterns that provide 24/7 live person contact to all callers.

The Helpline is a 24 hour, 7 days a week, 365 days a year operation. Helpline Specialists are scheduled in different shifts and overlap to best answer the Helplines at all hours, every day, including holidays. There are approximately 35 full and part-time Helpline Specialists who support the basic schedule. All Administrative staff are equipped to back-up the core team, when necessary. We do not use volunteers. All Helpline Specialists complete the same training process and are accountable for the same in-service trainings; therefore, they have an equal mastery of the procedures and skills necessary to accommodate all callers and contacts on all Helplines.

There are no mechanical or automated telephone directories. Every Helpline call is answered directly by a live Helpline Specialist.

2. Educational, professional, certifications and other qualifications of staff.

Many Helpline Specialists hold Bachelor or Masters degrees, some are enrolled in college or are in graduate school, while others are nurses and clinicians working part-time for LACG. Some of the staff are recovering from gambling or substance use. Essential qualifications consist of an innate ability for empathy and understanding of others and possession of communication skills allowing for supportive listening, information, and referrals. All Helpline Specialists begin with a three-month extensive training period which includes, but is not limited to, observing problem gambling calls and becoming familiar with problem gambling resources. The gambling specific portion of the training curriculum includes; DSM-5 Gambling Disorder criteria; common signs and symptoms of problem gambling; components which make gambling activity addictive; similarities and differences between Gambling and Substance Use Disorders; links between Gambling Disorder and other behavioral and mental health conditions; Gambling Disorder and suicidality; screening assessments for Gambling Disorder; and the neuroscience of Gambling Disorder. All trainees are also required to attend an open Gamblers Anonymous 12- Step support group meeting within their first 60 days of employment. All Helpline Specialists complete the Applied Suicide Intervention Skills Training (ASIST) based on availability of the training. Outside of the scope of gambling specific trainings, the Helpline Specialists complete training modules on active listening skills, self-awareness, crisis intervention, substance use disorders, mental illness, intake procedures, and specific caller issues.

3. Protocol for answering Helpline calls, including a data collection form and procedures.

Answering protocol is for a Helpline Specialist to answer the call/contact with an offer for assistance and they are to answer a call by the third ring. The caller/contact takes over from there. A proprietary data Intake Form logs the contact. Helpline Specialists are trained to complete detailed data collection intakes in a relaxed and conversational manner. This facilitates the caller/contact to feel comfortable enough to discuss their situation. Based on the person's immediate need, the Helpline Specialist will identify the resources near to the contact and provide resources near their location. All callers/contacts are offered a follow-up call and/or information in the mail.

Helpline Specialists are trained that the process of a call/contact should generally begin with establishing a rapport/building a relationship, clarifying, defining the caller's problem, exploring resources with caller, collaborating on a plan of action and wrapping up the call by assessing how the person currently feels and summarizing next steps.

4. *Description of training and protocols in place for crisis and/or suicidal callers.*

All Helpline Specialists complete the Applied Suicide Intervention Skills Training (ASIST) along with related training.

The protocol is for the answering Helpline Specialist to alert another Specialist on duty of the potential suicidal caller. If the call is a crisis call (having a potential for suicide or harm to self/another) the assisting Specialist contacts the on-call licensed mental health professional/counselor. This Team – Helpline Specialist on the line with the caller, the assisting Specialists, and the on-call counselor – together assess the immediate concerns and needs of the caller. Helpline Specialists are trained to assess suicide risk by utilizing a Suicide Risk assessment and to complete a Safety Planning process.

The Suicide Risk assessment and Safety Planning process meets the guidelines and standards suggested as best practices by the National Suicide Prevention Lifeline. Callers are assessed for suicidal desire, suicidal capability, suicidal intent, and buffers/connectedness. Safety Planning includes; caller identified warning signs of when the safety plan should be implemented, caller identified coping strategies that can be done independently, caller identified people or social settings that could be used as a coping/support strategy, caller identified safety contacts, resources the caller is willing to contact during a crisis, steps the caller is willing to make to remove/dispose of their self-harm means.

5. *Procedures to handle caller information confidentially.*

All caller intake information is stored on an in-house data server with back-up systems. Caller's information is only shared with appropriate emergency services in the event of a suicidal situation but is not shared with any outside agencies. All LACG program operations adhere to 42 CFR Part 2 regarding client/patient record confidentiality.

6. *Helpline capacities for languages translations and TTY/TTD callers.*

Our Helpline contracts with Language Line services to provide interpreter services in over 150 languages. Our Helpline has received calls from hearing impaired callers who utilized an interpreter.

7. *Our approach to identifying and keeping current with the problem gambling-specific and general- referral resources in the targeted states.*

Our administrative Helpline staff structure includes Resource Coordinators. This Helpline job is to maintain the accuracy of our referral databases. The Resource Coordinators and team do this by routine resource verifications, updating information from the NCPG counselor database, the contractor, and having contact with entities within the proper state that will assist our efforts.

8. *Our approach to providing problem gambling-specific and general referrals and resources to callers.*

Helpline Specialists are trained to listen to every caller's unique situation and match each issue they are facing with an appropriate resource. Helpline Specialists seek to link the caller with a qualified, professional counselor and/or agency within the caller's area, whenever possible. Information is also provided for Gamblers Anonymous support group meetings, shelter information, treatment facilities, and other resources – such as websites – that the caller/contact expresses an interest.

9. Description of our monthly reporting process:

To ensure data accuracy, the Helpline Specialists are required to have another Helpline Specialist review and initial each Intake before the end of their shift. Intakes are reviewed again by Data Auditors who collect daily statistical information. The daily numbers are reviewed and reconciled for any possible errors weekly. The monthly report is then generated by the Data Auditors and reviewed by either the Director or Data Auditor team. Once the report is completed it is then sent to the contractor.

III. Terms of Contract Agreement:

Per this agreement, LACG will provide the following Helpline services for these costs and fees;

- 1) The monthly charge of \$1665.00 will include; Answering 24/7 the AR problem gambling Helpline calls/chats/texts, use of 100 (one hundred) language line minutes anything over the 100 minutes would be an additional cost of \$1.60 per minute, mailing to callers requested packets, and (1) standard Helpline Report sent monthly to OAL/B. Standridge by the 15th of the following month.
- 2) If the OAL wants additional monthly reports the costs begin at a listed fee scale provided by LACG. The additional fees can be added to the above monthly charge.
- 3) LACG will contract and work with OAL to answer calls/chats/texts, and offer appropriate resources; utilizing the referral resource directory provided by OAL.
- 4) *In the event the call/contact volume increases 25% from the numbers in 2022, for time period of 7/1/23-6/30/24, LACG may renegotiate a monthly fee increase with agreement from OAL.*

Per this agreement, OAL will provide;

- 1) Will provide the LACG a full listing of the treatment / help resources throughout Arkansas for referral purposes. The Helpline will incorporate that directory into our referral system.
- 2) Will contact the LACG anytime they need to update their resources/referrals by way of sending information to the Director and/ or the Resource Coordinators.
- 3) Make payment to LACG by the 5th of the month.
- 4) Will send monthly payments to: LACG-Helplines

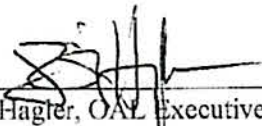
Attention: Accounts Receivable
1325 Barksdale Blvd., Ste 219
Bossier City, LA 71111

TERMINATION:

This agreement between OAL and LACG-Helplines is from 3/2/23—6/30/23 and can be terminated for any reason with a 30-day written notice from either party.

Either party shall have no liability to the other party if it becomes unable to timely perform the agreed services due to fire, explosion, lightning, pest damage, power surge/failure, strikes, labor disputes, water, acts of God, the elements, war, civil disturbance, acts of civil or military authorities, or the public enemy, inability to secure raw materials, fuel or energy shortages, transportation facilities, acts of omissions of communications, carriers, or other causes beyond the party's control whether or not similar to the foregoing.

For OAL:



J. Eric Hagler, OAL Executive Director

02/14/2023

Date

For Louisiana Association on Compulsive Gambling:



Authorized Signature

2/16/2023

Date

LUCKY FOR LIFE LICENSEE LOTTERY **PARTICIPATION AGREEMENT**

This Lucky for Life Licensee Lottery Participation Agreement (the “**Agreement**”) is by and among the following lotteries:

the Connecticut Lottery Corporation, the Maine State Liquor and Lottery Commission, the Massachusetts State Lottery Commission, the New Hampshire Lottery Commission, the Ohio Lottery Commission, the Rhode Island Division of Lotteries and the Vermont Lottery Commission (collectively the “**Managing Lotteries**,” and individually a “**Managing Lottery**”), and

the Arkansas Scholarship Lottery, the Colorado Lottery, D.C. Office of Lottery and Gaming (“DC Lottery”), the Delaware Lottery, the Idaho Lottery, the Iowa Lottery Authority, the Kansas Lottery, the Kentucky Lottery Corporation, the Michigan Lottery, the Montana Lottery, the Nebraska Lottery, the North Carolina Education Lottery, the North Dakota Lottery Division, the Oklahoma Lottery, the South Dakota Lottery and the Wyoming Lottery Corporation (collectively the “**Licensee Lotteries**,” and individually a “**Licensee Lottery**”).

The Managing Lotteries and the Licensee Lotteries are together referred to as the “**Party Lotteries**” or individually as a “**Party Lottery**.”

This Agreement is effective for a Party Lottery as of the date it executes this Agreement.

RECITALS

WHEREAS, each Party Lottery is a legal entity authorized to operate a lottery in its respective jurisdiction; and

WHEREAS, the revenue derived from the lottery operated by each Party Lottery remains within each respective jurisdiction for distribution in accordance with the constitutional, statutory and/or regulatory requirements of the jurisdiction where each Party Lottery is located; and

WHEREAS, each Party Lottery is entering into this Agreement to benefit its government, in accordance with its respective laws and rules; and

WHEREAS, each Licensee Lottery desires to offer in its jurisdiction the additional Lucky for Life Game (as defined below), wherein a separate and distinct prize pool in each Party Lottery’s jurisdiction is combined so as to award larger prizes to the public than could be offered by any one lottery alone; and

WHEREAS, subject to the terms of this Agreement, the Managing Lotteries desire to grant, and the Licensee Lotteries desire to obtain, the non-exclusive, non-transferable, and non-assignable licenses and other rights related to the Lucky for Life Game set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are

hereby acknowledged, and intending to be legally bound hereby, the Party Lotteries agree as follows:

1. DEFINITIONS

In addition to other terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below (such meanings to be equally applicable to the singular as well as the plural forms of the terms defined):

“Licensed Methods” means any method, the use or practice of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents.

“Licensed Patents” means (a) the United States patent application listed on Exhibit A attached to and made a part of this Agreement as if fully set forth; (b) any divisional, substitution or continuation United States patent applications that, directly or indirectly, claim priority to the United States patent application listed on Exhibit A; (c) any United States patent issuing from any of the patent applications in (a) or (b); and (d) any United States renewals, extensions, reissues or reexaminations of any of the patents in (c).

“Licensed Systems” means any apparatus or system, the manufacture or use of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents.

“Low-Tier Prize” means the prizes awarded in Prize Levels 3 through 10 of the Game, as described more fully in the operable Official Game Rules.

“Lucky for Life Game” or **“Game”** means the one lottery draw game that is undertaken jointly by the Managing Lotteries and the Licensee Lotteries in and among their respective jurisdictions and in accordance with this Agreement.

“Lucky for Life Property” means the approved matrix, rules, procedures, designs, trademarks, service-marks, trade names, copyrights, approved designs, colors, names, logo(s), marks, symbols, emblems, characters, artwork, depictions, illustrations, insignia, trade dress, indicia and visual representations of any type associated with the Game and owned and/or offered by the Managing Lotteries, as may be modified from time to time.

“MUSL” means the Multi-State Lottery Association, which will provide Game-related services under a contract with the Managing Lotteries.

“Second Prize” means the prize awarded in Prize Level 2 of the Game, as described more fully in the operable Official Game Rules.

“Top Prize” means the prize awarded in Prize Level 1 of the Game, as described more fully in the operable Official Game Rules.

2. SELLING THE GAME

2.1 Agreement to Sell. Each Party Lottery shall sell and conduct the Game in its respective jurisdiction using the approved logo and in compliance with the Official Game Rules, Finance and Operations Procedures, and Drawing Procedures, as each may be amended from time to time by the Managing Lotteries, *provided, however*, that a Party Lottery shall not be required to sell the Game until that Party Lottery's jurisdiction has adopted the Official Game Rules and any other jurisdiction-specific rules and procedures.

Amendments to such Game rules and procedures must be submitted in writing to each Party Lottery prior to any change. An amendment to the Game rules shall become effective for any Party Lottery only when all Party Lotteries have adopted the amendment in accordance with their respective laws and rules, unless the Managing Lotteries determine that such an amendment can occur sooner without detrimentally affecting any Party Lottery. An amendment to the Finance and Operations Procedures and Drawing Procedures shall become effective upon the date stated in the written notice.

2.2 Manner of Sale. Each Party Lottery reserves the right to determine the manner in which Game tickets are sold or distributed within its jurisdiction, including but not limited to which locations are authorized to sell Game tickets and the rate of commission(s), if any, paid for the sale of such tickets.

2.3 Game Functions. Game functions to be performed within a particular Party Lottery's jurisdiction for the purpose of conducting Game sales within that jurisdiction shall be performed and carried out by such personnel or independent contractors as that Party Lottery shall determine.

2.4 Advertising. Each Party Lottery acknowledges that, in advertising the Game within its respective jurisdiction, there will be some unintentional "spill-over" (such as, but not limited to, radio, television, digital, and social media) that crosses the boundaries of its respective jurisdiction. Each Party Lottery agrees not to actively place or promote such advertising outside the boundaries of its jurisdiction and, further, it agrees that its advertising and marketing will be done in a way that is fair and not detrimental to any other Party Lottery. Each Party Lottery is responsible for the costs of advertising the Game in its respective jurisdiction.

2.5 Promotions. A Party Lottery offering a promotion shall provide all other Party Lotteries with written notice of that promotion as defined and described in the operable Official Game Rules.

3. LICENSES/GRANTS NECESSARY TO SELL THE GAME

3.1 Patent License Grant. Subject to the terms of this Agreement, the Massachusetts State Lottery Commission, on behalf of the Managing Lotteries, hereby grants a non-exclusive, non-transferable, non-assignable license under the Licensed Patents (a) to each Licensee Lottery to make or have made for it the Licensed Systems and the Licensed Methods solely for its use in connection with the Game in its respective jurisdiction, and (b) to each Licensee Lottery, solely in each Licensee Lottery's respective jurisdiction, to use and practice the Licensed Systems and the Licensed Methods solely in connection with the Game in its respective jurisdiction.

However, the license grants under this Section 3.1 will expire (a) in the event one or more patent applications included in the Licensed Patents issues into a patent during the term of this Agreement, upon the last to expire of such issued patents or (b) in the event no patent applications included in the Licensed Patents issue into patents and all such patent applications are abandoned during the term of this Agreement, upon the last abandoned patent application.

3.2 Property Grant. Subject to and during the term of this Agreement, the Managing Lotteries hereby grant to the Licensee Lotteries the non-exclusive, royalty-free, non-transferable, and non-assignable right to use the Lucky for Life Property in connection with the conduct of the Game in such Licensee Lottery's respective jurisdiction in accordance with this Agreement. In order to preserve the inherent value of the trademarks and service-marks included within the Lucky for Life Property, each Licensee Lottery agrees to use reasonable efforts to ensure that it maintains the quality of its business and the operation thereof to the standards prevailing in the operation of its business as of the date it executes this Agreement.

3.3 Retained Rights. Except as expressly provided in Sections 3.1 and 3.2, above, and 5.2, below, of this Agreement, the Managing Lotteries and the Massachusetts State Lottery Commission do not grant any other rights to the Licensee Lotteries, implied or otherwise, to the Lucky for Life Property or the Licensed Patents. For the avoidance of doubt, each Licensee Lottery acknowledges and agrees that it has no rights vis-à-vis the Game or the Managing Lotteries other than those contained in this Agreement.

The Managing Lotteries retain the right, in their sole discretion, to add additional licensee lotteries to the Game.

3.4 Prosecution of Licensed Patents. As between the Managing Lotteries and the Licensee Lotteries, the Managing Lotteries, in their sole discretion, shall decide what steps shall be taken to obtain Licensed Patents that have been applied for and to maintain the Licensed Patents granted. As between the Managing Lotteries and the Licensee Lotteries, the Licensee Lotteries understand and agree that the Managing Lotteries may, in their sole discretion, abandon any or all Licensed Patents or otherwise allow any or all Licensed Patents to lapse, including but not limited to through the abandonment of any or all patent applications included within the Licensed Patents or the discontinuance of payment of any maintenance fees for any or all issued patents included within the Licensed Patents. The Licensee Lotteries agree that they shall not have any right of compensation or any other claim against the Managing Lotteries based on the lapse or abandonment of any or all Licensed Patents.

3.5 Infringement of Licensed Patents. In the case of any third party infringing the Licensed Patents, as between the Managing Lotteries and the Licensee Lotteries, the Managing Lotteries shall, in their sole discretion, decide whether legal proceedings shall be initiated to prevent such infringement. If legal proceedings are initiated, the Licensee Lotteries agree, if requested, to cooperate with the Managing Lotteries in this regard.

4. PRIZE LIABILITY

4.1 Allocation of Prize Liability.

(a) The total Top Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Top Prize liability to the total Game sales for the applicable draw period.

(b) The total Second Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Second Prize liability to the total Game sales for the applicable draw period.

(c) The total Low-Tier Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Low-Tier Prize liability to the total Game sales for the applicable draw period.

4.2 Prize Reserve. Subject to its jurisdictional laws, regulations and rules, each Party Lottery shall establish a prize reserve in accordance with the Game's operable Finance and Operations Procedures or otherwise assume full and complete responsibility for that Party Lottery's Top Prize, Second Prize and Low-Tier Prize liabilities as described in Section 4.1, above.

4.3 Responsibility for Lifetime Payments. The Game's operable Finance and Operations Procedures may provide for the purchase of annuities or other financial instruments for payment of any Top Prize and Second Prize liability for or on behalf of one or more of the Party Lotteries. Each Party Lottery selling a winning Top Prize or Second Prize ticket is responsible for all lifetime payments for that prize; non-selling Party Lotteries will have no liability in the event of a default in any such lifetime payments. The Party Lotteries may offer a single cash payment option, determined by the Managing Lotteries in their sole discretion, to winners of the Top Prize and Second Prize as an alternative to annuitized payments.

5. OTHER FINANCIAL LIABILITY

5.1 Liability for Certain Game Costs. In addition to its liability for Game prizes, advertising, and financial audits as set forth in Sections 2.4 and 4, above, and Section 6, below, each Licensee Lottery shall share in and be liable for the costs associated with operating the Game, including but not limited to the costs and/or fees related to the drawings (such as the costs for drawing machines, balls, etc.), the fees payable to an actuary or other financial professional in connection with annuitized prizes, and the fees payable to MUSL (the "**Game Costs**"). With respect to the D.C. Lottery, its assessed share of Game Costs shall not exceed Fifteen Thousand Dollars (\$15,000) for FY 23 (through June 30, 2023), and may increase year over year thereafter by up to seven percent (7%). Each Licensee Lottery agrees to pay in full its assessed share of Game Costs within thirty (30) calendar days of notice of such assessment.

5.2 Right to Vote on Such Game Costs. Each Licensee Lottery shall have the right to vote on Game Costs prior to commencement of the Game and annually thereafter. The affirmative vote of two-thirds (2/3) of the then existing Licensee Lotteries is required to approve such Game Costs.

5.3 Voluntary Contribution to Other Costs. To ensure the success of the Game, the Managing Lotteries may, from time to time, incur other Game-related costs (for example only,

market research). A Licensee Lottery wishing to benefit from those efforts may voluntarily contribute to their costs.

6. FINANCIAL AUDITS

Each Licensee Lottery may, at its sole cost and expense, and at a frequency determined in its sole discretion, subject the Game financial transactions, accounts and processes in its jurisdiction to an audit by an independent auditor.. Results shall be shared amongst all Party Lotteries upon request, or within thirty (30) days of issuance if the results of such audit reveal a material finding directly related to game operations or game rules.

7. REVENUES

The revenues from the Game generated within each Party Lottery jurisdiction and not allocated to prizes or paid as Game Costs under this Agreement shall remain in that Party Lottery's jurisdiction for distribution in accordance with its respective constitutional, statutory, regulatory and/or contractual requirements.

8. DRAWINGS

Game drawings shall be performed by MUSL.

9. GOVERNING LAW AND LITIGATION VIS-À-VIS CLAIMANTS & PRIZES

9.1 Prizes. Any prize awarded pursuant to the Game operated in a Party Lottery's jurisdiction in accordance with this Agreement shall be subject to the constitution, statutes and other laws of the Party Lottery's jurisdiction in which the Game ticket was purchased. If any provision contained in this Agreement shall conflict in any way with any constitutional provision, statute or other law of a Party Lottery's jurisdiction, whether now in effect or later adopted, then, as to that Party Lottery, such constitutional or statutory provision or other law shall control.

9.2 Claims/Litigation. Any claims or litigation relating to Game tickets and/or prizes: (a) shall be subject to and resolved in accordance with the laws, rules and regulations of the Party Lottery jurisdiction in which the Game ticket was purchased; (b) must be brought in and strictly limited to the courts located within the Party Lottery jurisdiction where the Game ticket was purchased; and (c) can only be brought against the Party Lottery in the jurisdiction where such Game ticket was purchased. If the claim or litigation relates to the Party Lotteries' joint operation of the Game in accordance with this Agreement, the costs of defending the claim or litigation shall be borne by all Party Lotteries. With respect to the DC Lottery, its assessed share of litigation costs shall not exceed two hundred thousand dollars (\$200,000) for FY 2023 (through June 30, 2023), and may increase year over year thereafter by up to seven percent (7%). If the claim or litigation relates only to the conduct of the Party Lottery operating the Game, the costs of defending the claim or litigation shall be borne by only that Party Lottery.

9.3 Notice of Litigation. If any Party Lottery learns of any Game-related matter in its jurisdiction that is likely to result in litigation, including, but not limited to, information that a monetary or other legal claim has or is likely to be filed, that Party Lottery shall

immediately provide all other Party Lotteries with a brief written description of the matter.

9.4 No Waiver. This Agreement does not waive the defense of sovereign immunity or any other legal or factual defense available to a Party Lottery in connection with disputed ticket claims and/or player prize claims. This Agreement does not pledge the credit (if applicable) of the respective jurisdictions in which each Party Lottery is located in relation to any such disputed claims.

9.5 Notice to Purchasers. The Party Lotteries agree to place language on any Game play slips or other Game literature, only if such placement is reasonably possible, that all claims arising out of the Game in any Party Lottery's jurisdiction must be pursued consistent with that Party Lottery's rules and procedures in effect at the time of purchase, as the claimant's sole and exclusive remedy.

9.6 No Liability. No Party Lottery shall be responsible for the acts or omissions of the officers, officials, commissioners, board members, employees, agents, subcontractors or other persons directly or indirectly employed by any other Party Lottery, whether the claim, liability, loss, damage, cost or expense is based on negligence, strict liability or any other culpable conduct, whether frivolous or not.

10. WITHDRAWAL; TERMINATION

10.1 Withdrawal. Unless a Party Lottery's jurisdictional law requires otherwise, a Party Lottery shall have the right to withdraw from this Agreement at the end of a fiscal year (each June 30) by giving written notice to the other Party Lotteries at least nine (9) months prior to the effective withdrawal date, *provided, however*, that a Party Lottery may withdraw at any time, without prior notice, if its authority is withdrawn or limited by law.

If the withdrawal of Party Lotteries under this Section 10.1 adversely impacts the Game's operations, sales or profitability, the Massachusetts State Lottery Commission and the Managing Lotteries, as appropriate, reserve the right to withdraw the grants made in Sections 3.1 and 3.2, above

10.1.1 Term (DC Lottery Only). With respect to the DC Lottery, the term of this Agreement shall begin when signed by the DC Lottery's Contracting Officer (Effective Date). The term of the Agreement shall be for a period of one year from the Agreement's Effective Date. The DC Lottery may extend the term of this Agreement for a period of four (4) one-year option periods by providing written notice to the other Party Lotteries; provided that the DC Lottery will give the Party Lotteries preliminary written notice of its intent to extend at least thirty (30) days before the Agreement expires. The preliminary notice does not commit the DC Lottery to an extension. The exercise of this option is subject to the availability of funds at the time of the exercise of this option. The Party Lotteries may waive the preliminary notice requirement by providing a written waiver to the DC Lottery prior to the expiration of the Agreement.

10.2 Termination for Cause. As between the Managing Lotteries and each Licensee Lottery individually, if a Licensee Lottery breaches any of the terms of this Agreement and such breach remains uncured for a period of not fewer than thirty (30) calendar days (or such other

period as the Managing Lotteries may determine) after written notice of such breach, then the Managing Lotteries may thereafter terminate this Agreement as to such individual Licensee Lottery by so notifying such Licensee Lottery in writing, *provided, however*, such termination shall not in any way prejudice the Managing Lotteries or the individual Licensee Lottery, which retain all of the rights, defenses and remedies available to them in this Agreement, at law, in equity, or otherwise.

10.3 Effect of Withdrawal and Termination for Cause. Upon the effective date of withdrawal or termination, as applicable, under Section 10.1 or 10.2, above, all rights granted by the Managing Lotteries and the Massachusetts State Lottery Commission in this Agreement to the withdrawn or terminated Licensee Lottery shall automatically revert to the Managing Lotteries and the Massachusetts State Lottery Commission, as applicable, and such Licensee Lottery shall immediately cease all use of the Licensed Patents and the Lucky for Life Property. Furthermore, such Licensee Lottery shall, at the request of the Managing Lotteries and/or the Massachusetts State Lottery Commission, take all steps and actions as may be necessary to reflect or confirm the expiration or termination of such Licensee Lottery's rights to use the Licensed Patents and the Lucky for Life Property.

A withdrawal pursuant to Section 10.1 or a termination for cause pursuant to Section 10.2 (a) shall not terminate this Agreement among any of the remaining Party Lotteries and (b) shall not cancel any of that lottery's obligation(s) incurred as a result of this Agreement prior to the effective withdrawal or termination date, regardless of the time when such obligation becomes due.

11. DISCLAIMERS

11.1 Disclaimer of Warranties. THE MANAGING LOTTERIES EXPRESSLY DISCLAIM, AND THE LICENSEE LOTTERIES EXPRESSLY WAIVE, ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE. THE LICENSEE LOTTERIES ACKNOWLEDGE THAT THIS DISCLAIMER OF WARRANTIES CONSTITUTES AN ESSENTIAL PART OF THIS AGREEMENT.

11.2 Disclaimer of Certain Damages. UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY, WHETHER TORT (INCLUDING NEGLIGENCE), CONTRACT, OR OTHERWISE, ARE THE MANAGING LOTTERIES OR LICENSEE LOTTERIES LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, LOSS OF GOODWILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES, EVEN IF THE MANAGING LOTTERIES OR LICENSEE LOTTERIES KNEW OR SHOULD HAVE KNOWN OR WERE INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

12. DISPUTE RESOLUTION

12.1 Dispute Review. In the event of a dispute between two (2) or more Party Lotteries, the Party Lotteries in dispute shall, within ten (10) business days, meet as often as shall reasonably be required and make good faith efforts to resolve the dispute. If said Party Lotteries are unable to resolve the dispute after their representatives have commenced negotiations, or twenty (20)

calendar days have passed since the initial request for negotiations, then those Party Lotteries shall agree in writing to submit the dispute to mediation as contemplated in Section 12.2, below.

12.2 Non-Binding Mediation. If the dispute negotiation by the Party Lotteries contemplated in Section 12.1, above, is not successful in resolving the dispute, those Party Lotteries shall mutually agree in writing to submit the dispute to non-binding mediation. Mediation should occur within fifteen (15) business days after those Party Lotteries agree to submit the dispute to mediation, and the duration of the mediation shall be limited to one (1) business day. Those Party Lotteries shall mutually select an independent mediator experienced in contract disputes, and each of those Party Lotteries shall designate a representative(s) to meet with the mediator in good faith in an effort to resolve the dispute. The cost for such mediator shall be shared equally among the Party Lotteries involved in the dispute. With respect to the DC Lottery, costs associated with non-binding mediation shall not exceed two hundred thousand dollars (\$200,000) for FY 23 (through June 30, 2023), and may increase year over year thereafter by up to seven percent (7%). The specific format for the mediation shall be left to the discretion of the mediator and the designated Party Lottery representatives, and it may include the preparation of agreed-upon statements of fact or written statements of position furnished to the other Party Lottery(ies) involved in the dispute.

12.3 Continued Performance. Except where clearly prevented by the area in dispute, the Party Lotteries in dispute shall continue performing their obligations under this Agreement while the dispute is being resolved under this Section 12 unless and until the dispute is resolved, subject to the provisions of Section 10.3, above. The time frame for a Party Lottery to cure any breach of the terms of this Agreement shall not be tolled by the pendency of any dispute resolution procedures.

13. PLEDGE OF CREDIT

No Party Lottery shall pledge the credit (if applicable) of any or all of the other Party Lotteries, directly or indirectly, except that each Party Lottery shall remain liable for its proportionate share of prize liability as set forth in Section 4, above.

14. ACCESS TO RECORDS

The Managing Lotteries agree that each Party Lottery's jurisdictional auditor may have reasonable access to records related to this Agreement for the purpose of complying with applicable jurisdictional law. Each Party Lottery agrees that it shall solely bear the costs and expenses, if any, associated with its jurisdictional auditor's access to records including but are not limited to, all costs and expenses of travel, lodging, transportation, and meals.

15. COMPLIANCE WITH LAWS

In performing this Agreement, each Party Lottery shall comply with all applicable federal and jurisdictional laws.

16. NOTICES

All notices and other communications shall be in writing and shall be deemed given if delivered by e-mail or overnight courier to the Party Lotteries at the following addresses:

If to the Managing Lotteries, then to:

Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, CT 06067
Attn: Gregory Smith, President & CEO
E-mail: gregory.smith@ctlottery.org

If to the Licensee Lotteries (collectively or individually, as applicable under this Agreement), then to:

Arkansas Scholarship Lottery
124 West Capitol Avenue, #1400
Little Rock, AR 72203
Attn: Eric Hagler, Director
Email: eric.hagler@arkansas.gov

D.C. Lottery
2235 Shannon Place, SE
Washington, DC 20020
Attn: Frank Suarez, Executive Director
Email: frank.suarez@dc.gov

Idaho Lottery
1199 Shoreline Lane, Suite 100
Boise, ID 83702
Attn: Jeff Anderson, Director
Email: janderson@lottery.idaho.gov

Kansas Lottery
128 North Kansas Avenue
Topeka, KA 66603
Attn: Stephen Durrell, Executive Director
Email: Stephen.Durrell@kslottery.net

Michigan State Lottery
101 E. Hillsdale
Lansing, MI 48909
Attn: Brian Neill, Commissioner
Email: neillb@michigan.gov

Nebraska Lottery
137 NW 17th Street
Lincoln, NE 68528
Attn: Brian Rockey, Director
Email: brian.rockey@nebraska.gov

Colorado Lottery
225 North Main Street
Pueblo, CO 81003
Attn: Tom Seaver, Director
Email: tom.seaver@state.co.us

Delaware Lottery
1575 McKee Road, Suite 102
Dover, DE 19904
Attn: Helene Keeley, Acting Director
Email: helene.keeley@state.de.us

Iowa Lottery Authority
13001 University Avenue
Clive, IA 50325
Attn: Matt Strawn, Chief Executive Officer
Email: mstrawn@ialottery.com

Kentucky Lottery Corporation
1011 West Main Street
Louisville, KY 40202
Attn: Mary Harville, President & CEO
Email: mary.harville@kylottery.com

Montana Lottery
2525 North Montana Avenue
Helena, MT 59601
Attn: Scott Sales, Executive Director
Email: scott.sales@mt.gov

North Carolina Education Lottery
2728 Capital Boulevard
Raleigh, NC 27604
Attn: Mark Michalko, Executive Director
Email: mark.michalko@lotterync.net

North Dakota Lottery Division
1720 Burlington Drive, Suite C
Bismarck, ND 58504-7736
Attn: Lance Gaebe, Director
Email: ldgaebe@nd.gov

Oklahoma Lottery
3817 N. Santa Fe
Oklahoma City, OK 73118
Attn: Jay Finks, Executive Director
Email: jay.finks@lottery.ok.gov

South Dakota Lottery
711 East Wells Avenue
Pierre, SD 57501
Attn: Norman Lingle, Executive Director
Email: norman.lingle@state.sd.us

Wyoming Lottery Corporation
1620 Central Avenue, Suite 100
Cheyenne, WY 82001
Attn: Jon Clontz, Chief Executive Officer
Email: jclontz@wylotterycorp.com

Notice shall be deemed received in the case of (a) e-mail, upon delivery, or (b) overnight courier (signature required), one (1) business day following shipment. A Party Lottery may change the notice recipient or address by written notice to the other Party Lotteries and without amendment of this Agreement.

17. SURVIVAL

Sections 4.1, 4.3, 6, 9.2, 9.6, 10.1, 10.2, 10.3, 11.1, 11.2, and 14, above, shall survive the termination of this Agreement or a Licensee Lottery's withdrawal from it.

18. MODIFICATION

This Agreement may be modified only by a writing signed by an authorized representative of each Party Lottery.

19. CONFLICT OF LAWS

If there is a conflict between this Agreement and the constitution or jurisdictional laws of any Party Lottery, then the constitution or jurisdictional law of that Party Lottery shall control.

20. SEVERABILITY

If any one or more of this Agreement's provisions shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been a part of it.

21. FORCE MAJEURE

No Party Lottery shall be responsible to another Party Lottery for any loss or damage caused by delay in performance or failure to perform in whole or in part under this Agreement when such delay or failure is attributable to events beyond that Party Lottery's control, including without limitation, sabotage, failures or delays in transportation or communication, failures or

substitutions of equipment, labor disputes, acts of terrorism, accidents, shortages of labor, fuel, raw materials or equipment, or technical failures.

22. WAIVER

All waivers of any rights or breach under this Agreement must be in writing to be effective, and no failure to enforce any right or provision shall be deemed to be a waiver of the same or any other right or provision on that or any other occasion.

23. ASSIGNMENT

The Licensee Lotteries, either collectively or individually, shall not assign or transfer this Agreement (including by contract or operation of law) without in each instance the Managing Lotteries' prior written consent. Any attempted assignment without such prior written consent shall be void. The Managing Lotteries shall have the right to assign this Agreement in their discretion and without the Licensee Lotteries' consent.

24. SUCCESSION

This Agreement will bind and inure to the benefit of the Party Lotteries and their respective successors and permitted assigns.

25. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Managing Lotteries and the Licensee Lotteries and supersedes any prior or contemporaneous agreements between them with respect to its subject matter.

26. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all of the counterparts together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form the document. Facsimile and portable document format (pdf) copies of signatures shall be deemed original signatures.

IN WITNESS WHEREOF, the Party Lotteries have duly executed, or caused their duly authorized representative, to execute this Agreement.

CONNECTICUT LOTTERY CORPORATION

MAINE STATE LIQUOR AND LOTTERY
COMMISSION

By: _____

Gregory Smith

Its: President and Chief Executive Officer

By: _____

Gregg Mineo

Its: Director

Date: _____

Date: _____

MASSACHUSETTS STATE LOTTERY
COMMISSION

By: _____

Its: Mark William Bracken
Executive Director

Date: _____

NEW HAMPSHIRE LOTTERY
COMMISSION

By: _____

Its: Charles R. McIntyre
Executive Director

Date: _____

OHIO LOTTERY COMMISSION

By: _____

Its: Patrick McDonald
Executive Director

Date: _____

RHODE ISLAND DIVISION OF LOTTERIES

By: _____

Its: Mark Furcolo
Director

Date: _____

VERMONT LOTTERY COMMISSION

By: _____

Its: Andrew Collier
Executive Director

Date: _____

ARKANSAS SCHOLARSHIP LOTTERY

By: _____

Its: Eric Hagler
Director

Date: 02/17/23

COLORADO LOTTERY

By: _____

Its: Tom Seaver
Director

Date: _____

D.C. OFFICE OF LOTTERY AND GAMING

By: _____

Its: Anthony Stover
Contracting Director

Date: _____

DELAWARE LOTTERY

By: _____

Its: Helene Keeley
Acting Director

Date: _____

IDAHO LOTTERY

By: _____
Jeff Anderson
Its: Director
Date: _____

IOWA LOTTERY AUTHORITY

By: _____
Matthew Strawn
Its: Chief Executive Officer
Date: _____

KANSAS LOTTERY

By: _____
Stephen Durrell
Its: Executive Director
Date: _____

KENTUCKY LOTTERY CORPORATION

By: _____
Mary Harville
Its: President & CEO
Date: _____

MICHIGAN STATE LOTTERY

By: _____
Brian Neill
Its: Commissioner
Date: _____

MONTANA LOTTERY

By: _____
Scott Sales
Its: Director
Date: _____

NEBRASKA LOTTERY

By: _____
Brian Rockey
Its: Director
Date: _____

NORTH CAROLINA EDUCATION
LOTTERY

By: _____
Mark Michalko
Its: Executive Director
Date: _____

NORTH DAKOTA LOTTERY DIVISION

By: _____
Lance Gaebe
Its: Director
Date: _____

OKLAHOMA LOTTERY

By: _____
Jay Finks
Its: Executive Director
Date: _____

SOUTH DAKOTA LOTTERY

By: _____

Norman Lingle

Its: Executive Director

Date: _____

WYOMING LOTTERY CORPORATION

By: _____

Jon Clontz

Its: Chief Executive Officer

Date: _____

Exhibit A

LICENSED PATENTS

Title	U.S. Application Number	Filing Date	Issue Date
System and Method for Conducting a Lottery Game	14/179,449*	February 12, 2014	Pending application

* This non-provision United States patent application claims the benefit of United States provisional patent application bearing serial number 61/788,499 filed on March 15, 2013.



Sections 2&3
Debt Set-Off Collections/Retailer
Losses

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

As of 02/28/2023

Retailer losses \$0

Arkansas Debt Set-Off	Feb-23	Total Since Inception
Department of Finance and Administration	\$ 8,915.09	\$ 1,655,910.12
Office of Child Support Enforcement	\$ -	\$ 677,176.20
Total Debt Set-Off	\$ 8,915.09	\$ 2,333,086.32

Income Taxes Withheld	Feb-23	Total Since Inception
Federal	\$ 1,888,110.00	\$ 128,625,592.00
State	\$ 385,488.00	\$ 35,059,355.00
Total Income Taxes Withheld	\$ 2,273,598.00	\$ 163,684,947.00



Section 4

Breakdown of Lottery Sales per County

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
February 1 through February 28, 2023

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE STATE	POWERBALL	TOTAL
ARKANSAS	\$15,038.50	\$11,251.00	\$11,992.00	\$436,455.00	\$7,508.00	\$2,592.00	\$6,086.00	\$2,951.00	\$18,446.00	\$514,322.50
ASHLEY	\$14,401.50	\$13,843.50	\$10,558.00	\$247,719.00	\$2,866.00	\$1,466.00	\$4,859.00	\$1,522.00	\$13,094.00	\$310,329.00
BAXTER	\$2,402.50	\$2,178.50	\$14,871.00	\$437,262.00	\$10,668.00	\$8,098.00	\$17,641.00	\$9,674.00	\$40,581.00	\$543,376.00
BENTON	\$7,910.00	\$3,080.50	\$20,509.00	\$1,335,975.00	\$4,690.00	\$22,216.00	\$12,185.00	\$22,454.00	\$17,030.00	\$1,699,192.50
BOONE	\$1,553.00	\$3,145.00	\$19,991.00	\$411,055.00	\$5,976.00	\$2,458.00	\$12,168.00	\$4,105.00	\$27,703.00	\$488,154.00
BRADLEY	\$1,808.00	\$2,831.00	\$2,171.00	\$158,074.00	\$2,496.00	\$696.00	\$2,559.00	\$1,094.00	\$5,595.00	\$177,324.00
CALHOUN	\$2,840.00	\$361.50	\$2,655.00	\$53,389.00	\$738.00	\$458.00	\$802.00	\$544.00	\$2,107.00	\$63,894.50
CARROLL	\$761.00	\$629.50	\$9,617.00	\$245,696.00	\$4,790.00	\$2,192.00	\$7,509.00	\$3,176.00	\$16,472.00	\$290,842.50
CHICOT	\$6,740.00	\$2,319.00	\$3,942.00	\$178,666.00	\$3,860.00	\$3,194.00	\$6,892.00	\$2,076.00	\$14,253.00	\$221,944.00
CLARK	\$2,900.50	\$1,161.00	\$25,690.00	\$390,507.00	\$8,718.00	\$2,812.00	\$7,219.00	\$3,954.00	\$19,014.00	\$461,975.50
CLAY	\$1,290.00	\$76.00	\$2,799.00	\$126,083.00	\$2,046.00	\$1,750.00	\$2,861.00	\$1,457.00	\$6,018.00	\$144,380.00
CLEBURNE	\$2,206.50	\$334.50	\$24,698.00	\$290,351.00	\$9,944.00	\$4,640.00	\$11,519.00	\$6,635.00	\$23,629.00	\$373,957.00
CLEVELAND	\$710.50	\$219.00	\$1,479.00	\$49,554.00	\$740.00	\$1,132.00	\$974.00	\$217.00	\$1,872.00	\$56,897.50
COLUMBIA	\$14,431.50	\$8,575.00	\$9,518.00	\$374,335.00	\$3,850.00	\$2,414.00	\$5,734.00	\$2,303.00	\$13,003.00	\$434,163.50
CONWAY	\$7,729.00	\$2,441.00	\$14,320.00	\$464,683.00	\$15,154.00	\$3,670.00	\$9,000.00	\$6,337.00	\$25,902.00	\$549,236.00
CRAIGHEAD	\$13,314.00	\$7,481.50	\$45,978.00	\$1,671,843.00	\$24,766.00	\$11,088.00	\$31,729.00	\$12,915.00	\$75,456.00	\$1,894,570.50
CRAWFORD	\$4,249.50	\$592.50	\$11,315.00	\$392,465.00	\$14,468.00	\$6,126.00	\$17,812.00	\$7,992.00	\$40,404.00	\$495,424.00
CRITTENDEN	\$35,146.50	\$14,584.50	\$17,757.00	\$669,765.00	\$7,194.00	\$9,170.00	\$22,675.00	\$7,726.00	\$51,255.00	\$635,271.00
CROSS	\$6,802.50	\$5,527.50	\$8,477.00	\$362,630.00	\$3,582.00	\$1,518.00	\$4,767.00	\$1,532.00	\$10,624.00	\$405,460.00
DALLAS	\$2,690.00	\$1,166.50	\$5,449.00	\$190,288.00	\$2,684.00	\$600.00	\$2,264.00	\$787.00	\$5,871.00	\$211,799.50
DESHA	\$1,996.00	\$1,293.00	\$4,162.00	\$211,404.00	\$3,446.00	\$878.00	\$4,983.00	\$2,290.00	\$10,276.00	\$240,728.50
DREW	\$3,092.50	\$3,426.00	\$11,555.00	\$351,366.00	\$5,234.00	\$3,218.00	\$6,818.00	\$3,210.00	\$13,370.00	\$401,292.50
FAULKNER	\$10,973.00	\$5,740.00	\$59,028.00	\$1,319,373.00	\$44,736.00	\$16,222.00	\$38,248.00	\$19,951.00	\$89,620.00	\$1,603,891.00
FRANKLIN	\$430.00	\$87.00	\$9,480.00	\$194,790.00	\$6,098.00	\$918.00	\$5,470.00	\$2,792.00	\$14,404.00	\$234,469.00
FULTON	\$168.50	\$548.50	\$4,142.00	\$61,867.00	\$1,064.00	\$616.00	\$2,444.00	\$618.00	\$3,891.00	\$75,359.00
GARLAND	\$15,206.50	\$6,610.00	\$32,573.00	\$1,123,810.00	\$46,956.00	\$18,910.00	\$46,350.00	\$34,473.00	\$110,713.00	\$1,435,601.50
GRANT	\$832.00	\$902.50	\$8,201.00	\$157,204.00	\$4,514.00	\$2,792.00	\$4,709.00	\$2,934.00	\$11,910.00	\$193,998.50
GREENE	\$982.00	\$470.00	\$19,014.00	\$632,409.00	\$10,002.00	\$3,522.00	\$13,876.00	\$5,752.00	\$32,383.00	\$718,410.00
HEMPSTEAD	\$65,944.50	\$23,383.50	\$8,515.00	\$395,061.00	\$4,062.00	\$2,490.00	\$5,507.00	\$2,232.00	\$12,989.00	\$520,184.00
HOT SPRING	\$852.00	\$617.50	\$15,136.00	\$373,440.00	\$10,590.00	\$3,998.00	\$9,449.00	\$4,506.00	\$23,007.00	\$441,595.50
HOWARD	\$46,640.50	\$11,229.00	\$7,000.00	\$213,755.00	\$2,646.00	\$2,178.00	\$3,511.00	\$1,498.00	\$6,364.00	\$296,821.50
INDEPENDENCE	\$4,306.00	\$1,932.50	\$45,986.00	\$586,755.00	\$10,486.00	\$3,744.00	\$10,776.00	\$5,286.00	\$24,770.00	\$694,041.50
IZARD	\$127.00	\$97.50	\$9,162.00	\$107,831.00	\$2,174.00	\$676.00	\$3,398.00	\$1,796.00	\$7,140.00	\$132,401.50
JACKSON	\$18,337.00	\$11,655.50	\$22,561.00	\$340,524.00	\$6,246.00	\$1,532.00	\$27,739.00	\$2,887.00	\$12,062.00	\$1,495,242.00
JEFFERSON	\$65,730.00	\$35,939.00	\$32,056.00	\$1,202,782.00	\$28,610.00	\$12,904.00	\$27,739.00	\$18,420.00	\$71,062.00	\$1,495,242.00
JOHNSON	\$803.00	\$1,044.50	\$7,284.00	\$263,455.00	\$4,634.00	\$2,012.00	\$7,592.00	\$3,150.00	\$16,990.00	\$306,964.50
LAFAYETTE	\$16,861.50	\$4,638.00	\$2,053.00	\$77,326.00	\$730.00	\$640.00	\$1,968.00	\$489.00	\$4,502.00	\$109,207.50
LAWRENCE	\$856.00	\$138.50	\$16,658.00	\$319,522.00	\$3,076.00	\$1,616.00	\$4,364.00	\$2,085.00	\$10,252.00	\$358,568.50
LEE	\$3,522.00	\$14,726.00	\$1,416.00	\$89,132.00	\$556.00	\$346.00	\$1,611.00	\$589.00	\$4,357.00	\$116,255.00
LINCOLN	\$451.50	\$438.00	\$2,998.00	\$90,816.00	\$2,572.00	\$1,672.00	\$2,027.00	\$1,549.00	\$4,753.00	\$107,276.50
LITTLE RIVER	\$5,623.50	\$2,879.50	\$4,080.00	\$148,534.00	\$1,758.00	\$530.00	\$3,557.00	\$1,110.00	\$7,732.00	\$175,804.00
LOGAN	\$919.00	\$108.50	\$15,494.00	\$252,590.00	\$5,186.00	\$1,548.00	\$5,606.00	\$3,581.00	\$14,161.00	\$299,952.50
LONOKE	\$12,011.00	\$7,831.50	\$41,280.00	\$1,087,011.00	\$30,510.00	\$11,044.00	\$27,498.00	\$15,902.00	\$64,855.00	\$1,297,952.50
MADISON	\$93.00	\$263.50	\$1,589.00	\$102,033.00	\$2,820.00	\$1,944.00	\$4,714.00	\$1,135.00	\$9,043.00	\$123,634.50
MARION	\$5,054.50	\$1,949.50	\$9,369.00	\$241,593.00	\$4,342.00	\$2,014.00	\$6,269.00	\$4,242.00	\$13,980.00	\$288,813.00
MILLER	\$31,732.50	\$11,479.00	\$12,531.00	\$554,325.00	\$7,836.00	\$6,616.00	\$12,694.00	\$5,046.00	\$28,286.00	\$670,545.50
MISSISSIPPI	\$54,981.50	\$26,460.50	\$18,031.00	\$710,672.00	\$6,712.00	\$3,670.00	\$10,518.00	\$3,489.00	\$25,297.00	\$859,831.00

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF THE ARKANSAS LOTTERY
RETAIL SALES BY COUNTY
February 1 through February 28, 2023

COUNTY	CASH 3	CASH 4	FAST PLAY	INSTANT SETTLEMENTS	LOTTO	LUCKY FOR LIFE	MEGA MILLIONS	NATURAL STATE	POWERBALL	TOTAL
MONROE	\$26,376.00	\$8,819.50	\$17,647.00	\$203,689.00	\$3,572.00	\$1,446.00	\$4,782.00	\$2,156.00	\$11,243.00	\$279,730.50
MONTGOMERY	\$290.00	\$282.00	\$2,211.00	\$33,813.00	\$1,470.00	\$602.00	\$1,739.00	\$597.00	\$3,822.00	\$44,826.00
NEVADA	\$4,646.00	\$1,922.00	\$2,339.00	\$157,455.00	\$1,764.00	\$1,148.00	\$2,363.00	\$570.00	\$5,156.00	\$177,363.00
NEWTOWN	\$28.00	\$40.00	\$1,920.00	\$36,137.00	\$870.00	\$230.00	\$1,628.00	\$788.00	\$3,249.00	\$44,890.00
OUACHITA	\$14,874.00	\$8,254.50	\$17,316.00	\$625,015.00	\$8,534.00	\$3,886.00	\$7,722.00	\$3,765.00	\$19,246.00	\$708,612.50
PERRY	\$614.50	\$782.00	\$2,918.00	\$95,880.00	\$3,864.00	\$1,172.00	\$3,122.00	\$1,752.00	\$7,444.00	\$117,548.50
PHILLIPS	\$13,454.50	\$5,679.50	\$3,082.00	\$185,230.00	\$2,238.00	\$1,810.00	\$6,267.00	\$2,213.00	\$12,767.00	\$232,741.00
PIKE	\$215.00	\$94.00	\$4,732.00	\$115,794.00	\$4,138.00	\$1,422.00	\$3,427.00	\$2,264.00	\$8,693.00	\$140,779.00
POINSETT	\$3,466.50	\$939.50	\$20,804.00	\$539,336.00	\$5,236.00	\$1,654.00	\$6,675.00	\$2,532.00	\$16,417.00	\$587,059.50
POLK	\$2,232.00	\$59.50	\$9,062.00	\$155,095.00	\$5,904.00	\$1,838.00	\$6,561.00	\$3,582.00	\$14,540.00	\$198,873.50
POPE	\$3,048.50	\$1,289.50	\$27,352.00	\$778,890.00	\$21,258.00	\$8,958.00	\$24,031.00	\$11,673.00	\$54,771.00	\$931,271.00
PRAIRIE	\$1,294.50	\$407.00	\$6,177.00	\$160,314.00	\$2,348.00	\$744.00	\$2,520.00	\$991.00	\$6,241.00	\$181,036.50
PULASKI	\$185,387.00	\$140,753.50	\$218,360.00	\$6,532,515.00	\$296,704.00	\$232,682.00	\$337,970.00	\$210,143.00	\$712,653.00	\$8,867,167.50
RANDOLPH	\$252.00	\$125.50	\$7,562.00	\$195,558.00	\$5,052.00	\$2,696.00	\$6,175.00	\$3,267.00	\$11,909.00	\$232,596.50
SAINT FRANCIS	\$24,139.50	\$9,380.50	\$4,979.00	\$359,245.00	\$3,402.00	\$2,960.00	\$8,656.00	\$2,448.00	\$21,065.00	\$436,275.00
SALINE	\$24,914.00	\$6,623.50	\$58,191.00	\$1,213,036.00	\$42,850.00	\$16,002.00	\$35,884.00	\$23,434.00	\$88,536.00	\$1,509,470.50
SCOTT	\$508.00	\$339.50	\$2,643.00	\$83,036.00	\$2,432.00	\$906.00	\$3,824.00	\$1,116.00	\$9,033.00	\$103,837.50
SEARCY	\$6.50	\$121.50	\$9,784.00	\$92,066.00	\$2,224.00	\$882.00	\$2,659.00	\$1,314.00	\$5,218.00	\$114,275.00
SEBASTIAN	\$12,438.50	\$3,698.50	\$21,781.00	\$885,250.00	\$33,816.00	\$17,424.00	\$44,078.00	\$22,266.00	\$105,505.00	\$1,146,257.00
SEVIER	\$5,066.50	\$556.50	\$1,210.00	\$179,829.00	\$2,734.00	\$720.00	\$4,722.00	\$1,504.00	\$9,620.00	\$205,962.00
SHARP	\$879.00	\$402.00	\$17,790.00	\$300,746.00	\$5,886.00	\$2,782.00	\$11,028.00	\$4,395.00	\$19,811.00	\$363,719.00
STONE	\$1,159.00	\$370.00	\$4,131.00	\$81,596.00	\$2,592.00	\$1,066.00	\$3,556.00	\$2,407.00	\$7,213.00	\$104,090.00
UNION	\$76,763.00	\$35,845.50	\$37,558.00	\$972,883.00	\$8,842.00	\$6,058.00	\$14,182.00	\$7,100.00	\$32,598.00	\$1,191,829.50
VAN BUREN	\$833.50	\$838.50	\$7,955.00	\$190,362.00	\$7,218.00	\$2,086.00	\$6,678.00	\$4,549.00	\$14,924.00	\$235,544.00
WASHINGTON	\$20,017.00	\$9,275.00	\$37,592.00	\$1,607,747.00	\$49,868.00	\$25,556.00	\$70,292.00	\$27,773.00	\$157,387.00	\$2,005,507.00
WHITE	\$9,112.00	\$2,420.00	\$52,977.00	\$995,444.00	\$24,390.00	\$7,810.00	\$22,420.00	\$11,095.00	\$53,008.00	\$1,178,676.00
WOODRUFF	\$1,385.50	\$691.00	\$5,094.00	\$132,673.00	\$2,396.00	\$514.00	\$2,275.00	\$1,049.00	\$5,392.00	\$151,469.50
YELL	\$445.00	\$501.50	\$4,652.00	\$246,268.00	\$6,944.00	\$1,636.00	\$5,204.00	\$2,706.00	\$13,537.00	\$281,893.50

GRAND TOTALS	*Cash 3	*Cash 4	*Fast Play	*Instant Settlements	*Lotto	*Lucky for Life	*Mega Millions	*Natural State Jackpot	*Powerball	*Total Sales
	\$947,397.00	\$498,198.00	\$1,292,969.00	\$36,851,085.00	\$992,880.00	\$543,230.00	\$1,176,418.00	\$609,912.00	\$2,662,912.00	\$45,575,001.00



Section 5

Total Number of Retailers

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

February 2023

Retailer Count by Status	
Active	1906
Renewal	56
Total	1,962

Monthly Highlights

- ▶ 4,508,930 Total transactions processed through the Arkansas Scholarship Lottery System in February
- ▶ 883 service tickets resolved by Field Service and the Call Center for the month of February
- ▶ 445 Preventative Maintenance Actions completed by Field Service Technicians for the month of February

Terminal Count by Type	
Photon	2,056
TVM	125
DreamTouch Smart	85
Total	2,266



Sections 6-9

Finance

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Net Position
February 28, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 193,991.23
Restricted assets:	
Cash and cash equivalents	211,582,011.03
Accounts receivable	23,573,382.85
Prepaid items	163,488.85
Total current assets	<u>235,512,873.96</u>

Non-current assets:

Restricted assets:	
Cash and cash equivalents	20,579,597.17
Deposits with Multi-State Lottery Association	2,100,730.81
Capital assets (Net of accumulated depreciation)	683,941.48
Right to use assets-net	951,411.21
Total non-current assets	<u>24,315,680.67</u>
Total assets	<u>259,828,554.63</u>

Deferred outflows of resources:

Related to pension	745,414.27
Related to OPEB	504,192.38
Total deferred outflows of resources	<u>1,249,606.65</u>
Total assets and deferred outflows of resources	<u>\$ 261,078,161.28</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 12,350.15
Prizes payable	28,330,565.59
Accrued and other liabilities	3,609,433.33
Due to other funds of the State	961,413.70
Due to Lottery Scholarship Trust Account	203,135,600.37
Lease Liability	259,870.17
Compensated absences	444,106.99
OPEB Obligation	98,210.89
Unearned revenue	317,428.81
Total current liabilities	<u>237,168,980.00</u>

Long-Term liabilities:

Net other post employment benefits	2,313,344.96
Net pension liability	1,476,746.00
Lease Liability	711,071.51
Total long-term liabilities	<u>4,501,162.47</u>
Total liabilities	<u>241,670,142.47</u>

Deferred inflows of resources:

Related to pension	2,794,615.00
Related to OPEB	1,373,783.53
Total deferred inflows of resources	<u>4,168,398.53</u>
Total liabilities and deferred inflows of resources	<u>245,838,541.00</u>

NET POSITION

Net position:

Invested in capital assets	683,941.48
Restricted for:	
Scholarship shortfall reserve	20,000,000.00
Retailer bond reserve	580,397.17
Deposits with Multi-State Lottery Association	2,100,730.81
Unclaimed prizes reserve	8,071,026.91
Unrestricted (deficit)	<u>(16,196,476.09)</u>
Total net position	<u>15,239,620.28</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 261,078,161.28</u>

**Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues, Expenses and Change in Net Position
For the Eight Months Ended February 28, 2023**

	Current month	Year to date
Operating revenues:		
Instant ticket sales	\$ 37,289,389.00	\$ 307,828,266.00
Online ticket sales	8,739,150.50	97,009,513.50
Retailer application, fidelity, bond and service fees	44,052.62	448,514.90
Other revenue	<u>15.00</u>	<u>29.78</u>
 Total operating revenues	 <u>46,072,607.12</u>	 <u>405,286,324.18</u>
 Operating expenses:		
Instant game prizes	26,911,535.59	222,454,910.60
Online game prizes	4,710,243.18	51,716,270.11
Retailer commissions	2,653,819.50	22,799,916.48
Gaming contract costs	2,348,117.87	19,695,927.80
Compensation and benefits	445,767.48	3,821,053.12
Marketing, advertising and promotions	558,936.34	5,106,244.10
General and administrative expenses	190,511.43	1,965,037.17
Services provided by Arkansas Department of Education - Division of Higher Education	125,200.00	920,700.00
Services provided by Arkansas Legislative Audit	13,200.00	105,600.00
Amortization - GASB 87 Leases	22,652.64	181,221.16
Depreciation	<u>35,725.00</u>	<u>286,049.41</u>
 Total operating expenses	 <u>38,015,709.03</u>	 <u>329,052,929.95</u>
 Operating income (1)	 8,056,898.09	 76,233,394.23
 Non-operating revenue:		
Interest income	199,210.12	1,623,889.21
Interest Expense	<u>(1,307.04)</u>	<u>(11,271.83)</u>
 Income before transfers	 8,254,801.17	 77,846,011.61
 Transfers to:		
Lottery Scholarship Trust Account	<u>(7,097,563.76)</u>	<u>(72,441,881.84)</u>
 Change in net position	 <u>\$ 1,157,237.41</u>	 5,404,129.77
 Total net position - beginning		<u>9,835,490.51</u>
Total net position - ending		<u>\$ 15,239,620.28</u>

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

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Statement of Revenues and Expenses Budget Comparisons
For the Eight Months Ended February 28, 2023

	CM Actual	%	CM Budget	%	CM Variance	YTD Actual	%	YTD Budget	%	YTD Variance
Operating revenues:										
Instant games	\$ 37,289,389.00	80.94	\$ 35,500,000.00	82.10	\$ 1,789,389.00	\$ 307,828,266.00	75.95	\$ 286,100,000.00	82.12	\$ 21,728,266.00
Online games	8,739,150.50	18.97	7,696,000.00	17.80	1,043,150.50	97,009,513.50	23.94	61,858,000.00	17.76	35,151,513.50
Retailer fees	44,052.62	0.10	43,000.00	0.10	1,052.62	448,514.90	0.11	413,000.00	0.12	35,514.90
Other revenue	15.00	0.00	200.00	0.00	(185.00)	29.78	0.00	1,300.00	0.00	(1,270.22)
				0.00%						
Total operating revenues	46,072,607.12	100.00	43,239,200.00	100.00	2,833,407.12	405,286,324.18	100.00	348,372,300.00	100.00	56,914,024.18
Operating expenses:										
Instant game prizes	26,911,535.59	58.41	25,709,583.00	59.46	1,201,952.59	222,454,910.60	54.89	207,226,664.00	59.48	15,228,246.60
Online game prizes	4,710,243.18	10.22	4,172,417.00	9.65	537,826.18	51,716,270.11	12.76	33,924,336.00	9.74	17,791,934.11
Retailer commissions	2,653,819.50	5.76	2,469,000.00	5.71	184,819.50	22,799,916.48	5.63	19,713,000.00	5.66	3,086,916.48
Gaming contract costs	2,348,117.87	5.10	2,184,000.00	5.05	164,117.87	19,695,927.80	4.86	17,438,000.00	5.01	2,257,927.80
Compensation & benefits	445,767.48	0.97	469,000.00	1.08	(23,232.52)	3,821,053.12	0.94	3,846,000.00	1.10	(24,946.88)
Marketing, advertising & promotions	558,936.34	1.21	597,000.00	1.38	(38,063.66)	5,106,244.10	1.26	5,053,000.00	1.45	53,244.10
General and administrative expenses	190,511.43	0.41	269,000.00	0.62	(78,488.57)	1,965,037.17	0.48	2,154,000.00	0.62	(188,962.83)
Services provided by other agencies	138,400.00	0.30	92,000.00	0.21	46,400.00	1,026,300.00	0.25	734,000.00	0.21	292,300.00
Amortization - GASB 87 Leases	22,652.64	0.05	-	-	22,652.64	181,221.16	0.04	-	0.00	181,221.16
Depreciation	35,725.00	0.08	35,000.00	0.08	725.00	286,049.41	0.07	280,000.00	0.08	6,049.41
Total operating expenses	38,015,709.03	82.51	35,997,000.00	83.25	2,018,709.03	329,052,929.95	81.19	290,369,000.00	83.35	38,683,929.95
Operating income	8,056,898.09	17.49	7,242,200.00	16.75	814,698.09	76,233,394.23	18.81	58,003,300.00	16.65	18,230,094.23
Non-operating revenue:										
Interest income	199,210.12	0.43	136,000.00	0.31	63,210.12	1,623,889.21	0.40	1,017,000.00	0.29	606,889.21
Interest expense	(1,307.04)	(0.00)	-	-	(1,307.04)	(11,271.83)	(0.00)	-	-	(11,271.83)
Income before transfers	\$ 8,254,801.17	17.92	\$ 7,378,200.00	17.06	\$ 876,601.17	\$ 77,846,011.61	19.21	\$ 59,020,300.00	16.94	\$ 18,825,711.61

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 Eight Months Ended February 28, 2023

Year to date

Operating revenues:	
Instant ticket (Settlements)	\$ 307,297,449.00
Online ticket sales	97,009,513.50
Retailer application, fidelity and service fees	448,514.90
Other revenue	29.78
	<u>404,755,507.18</u>
Total operating revenues	<u>404,755,507.18</u>

Operating expenses:	
Instant game prizes (Settlements)	220,566,713.00
Online game prizes	51,716,270.11
Retailer commissions	22,799,916.48
Gaming contract costs	19,695,927.80
Compensation and benefits	3,821,053.12
Marketing, advertising and promotions	5,106,244.10
General and administrative expenses	1,965,037.17
Services provided by Arkansas Department of Education -	
Division of Higher Education	920,700.00
Services provided by Legislative Audit Agency	105,600.00
Amortization - GASB 87 Leases	181,221.16
Current year capital asset cost	6,052.98
Total operating expenses	<u>326,884,735.92</u>

Change in net proceeds from operations 77,870,771.26

Non-operating revenue:	
Interest income	1,623,889.21
Other non-operating income	(11,271.83)
EDUCATION TRUST FUNDING-Current Year	(65,344,318.08)
Less Act 1180 Unclaimed Prizes	(7,071,026.91)
Less current year Bond Reserve Fees	(80,397.17) restricted reserves
Add Bond Funds in excess of \$500,000	0.00 see 23-115-603(a)(5)
Add back Write Off Retailer Bad Debt	0.00
Less current year MUSL Reserves	(66,082.72) see 23-115-103(17) and (19)(A)&(B)
Add OPEB expense in Comp and Benefits	176,000.00

NET PROCEEDS EARNED-Current Month	\$ 7,097,563.76
-Year to Date	\$ 72,441,881.84

	Transfer	Interest	Total
Lottery Scholarship Trust Account	\$ 197,964,387.95	\$ 5,171,212.42	\$ 203,135,600.37
January 2022 funding - 2/15/22	\$ 7,741,727.84	\$ 21,088.96	\$ 7,762,816.80
February 2022 funding - 3/15/22	\$ 7,444,508.46	\$ 20,051.05	\$ 7,464,559.51
Transfer to ADHE for FY 2022 Spring Funding 3/4/22	\$ (33,000,000.00)		\$ (33,000,000.00)
March 2022 funding - 4/15/22	\$ 7,384,136.30	\$ 34,227.62	\$ 7,418,363.92
April 2022 funding - 5/15/22	\$ 8,012,114.84	\$ 47,454.08	\$ 8,059,568.92
May 2022 funding - 6/15/22	\$ 7,872,154.05	\$ 114,192.35	\$ 7,986,346.40
Transfer to ADHE for FY 2022 Concurrent Scholarship Funding 6/9/22	\$ (500,000.00)		\$ (500,000.00)
Transfer to ADHE for FY 2022 Workforce Scholarship Funding 6/9/22	\$ (250,000.00)		\$ (250,000.00)
June 2022 funding - 7/15/22	\$ 13,886,610.16	\$ 126,730.86	\$ 14,013,341.02
July 2022 funding - 8/15/22	\$ 12,323,427.00	\$ 142,552.31	\$ 12,465,979.31
August 9, 2022 ADHE Refund of FY 22 unused Scholarship Money	\$ 15,927,228.23		\$ 15,927,228.23
August 2022 funding - 9/15/22	\$ 5,852,986.68	\$ 177,987.60	\$ 6,030,974.28
Transfer to ADHE for FY 2023 Fall Funding 9/23/22	\$ (30,000,000.00)		\$ (30,000,000.00)
September 2022 funding - 10/15/22	\$ 7,719,458.52	\$ 203,931.27	\$ 7,923,389.79
October 2022 funding - 11/15/22	\$ 9,704,387.92	\$ 158,821.32	\$ 9,863,209.24
November 2022 funding 12/15/22	\$ 10,496,530.57	\$ 161,458.63	\$ 10,657,989.20
Transfer to ADHE for FY 2023 Concurrent Scholarship Funding 12/7/22	\$ (2,000,000.00)		\$ (2,000,000.00)
December 2022 funding 1/15/23	\$ 6,266,787.59	\$ 168,995.81	\$ 6,435,783.40
January 2023 funding - 2/15/22	\$ 11,781,045.35	\$ 185,947.51	\$ 11,966,992.86
Transfer to ADHE for FY 2023 Spring Funding 2/22/22	\$ (30,000,000.00)		\$ (30,000,000.00)
February 2023 funding 3/15/23	\$ 6,931,065.01	\$ 166,498.75	\$ 7,097,563.76

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

			Fiscal Year June 30, 2022	Fiscal Year June 30, 2023 (YTD Feb 2023)
Beginning Balance			\$ 152,129,833	\$ 192,693,718
Net Proceeds			99,386,657	72,441,882
Transfers to ADHE:	FY22	FY23		
Fall Academic Challenge Scholarships	9/7/21	9/23/22	(38,000,000)	(30,000,000)
Concurrent and Workforce Scholarships	10/8/21	12/7/22	(3,000,000)	(2,000,000)
Spring Academic Challenge Scholarships	3/4/22	2/22/23	(33,000,000)	(30,000,000)
Concurrent Scholarships	6/9/22		(500,000)	
Workforce Scholarships	6/9/22		(250,000)	
			<u>(74,750,000)</u>	<u>(62,000,000)</u>
Refund of Unused Scholarship Proceeds Requested:	FY22	FY23		
	8/9/22		<u>15,927,228</u>	<u>-</u>
Ending Balance			<u>\$ 192,693,718</u>	<u>\$ 203,135,600</u>

Arkansas Department of Finance and Administration
Office of the Arkansas Lottery
Unclaimed Prizes
February 28, 2023

	Monthly	Year to Date
Reserve Balance July 1, 2022		\$1,000,000.00
1. Unclaimed lottery prize money:	\$ 988,418.32	7,071,026.91
2. Expenditures from unclaimed lottery prize money:		
3. Reserved for future prizes, promotion or reserves:	988,418.32	7,071,026.91
4. Less Deposits to net lottery proceeds from unclaimed Lottery prize money:		
Reserve Balance February 28, 2023		\$8,071,026.91



Section 10

Arkansas Department of Higher
Education

Arkansas Department of Finance and Administration

Office Arkansas Lottery

February 1 through February 28, 2023



Office Arkansas Lottery received one request from ADHE during the reporting period of February 1st through February 28, 2023.



Division of Higher Education

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

Jacob Oliva
Secretary

Maria Markham, Ph.D.
Director

February 21, 2023

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 thirty million (\$30,000,000) in net lottery proceeds will be required to fund the first disbursement of scholarships awarded under A.C.A. § 6-85-201 et. seq. for the spring 2023 semester.

Therefore, I am requesting the amount of thirty million (\$30,000,000) be transferred to the Arkansas Division of Higher Education's commercial bank account with First Security Bank by Thursday, February 23, 2023. We will monitor closely and advise if additional requests for net proceeds are needed based on the submissions of the universities and colleges enrollment verification rosters.

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

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicholas Fuller", with a long horizontal flourish extending to the right.

Nicholas Fuller
Assistant Director for Finance

**Jerold
Fetzer** Digitally signed
by Jerold Fetzer
Date:
2023.02.21
09:55:39 -06'00'

APPROVED:
A handwritten signature in black ink, appearing to read "Jerold Fetzer", with a long horizontal flourish extending to the right.
02/21/2023



Section 11

Instant Ticket Games Releases

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

Sales for the following instant games began February 28, 2023. No ending dates have been determined for these games.

\$1 10X^{®1}

\$2 20X

\$5 50X

\$10 100X

\$20 200X

¹10X[®] is a licensed property game. There are no additional costs for this game.

Sales for the following Fast Play games began February 27, 2023. No ending dates have been determined for these games.

\$1 Tic Tac Toes

\$2 Hot Dice



Section 12

Minority & Female owned Business Report

Minority Report - February 2023			
Arkansas Scholarship Lottery			
VENDORS		February	FY to Date Total
A-ABSOLUTE MOVING & HAULING	CMBE		\$498.40
ADVANTAGE COMMUNICATIONS	MBE		
AFRICAN AMERICAN PERSPECTIVES	MBE		
AJP FARM, LLC	MBE		
ARKANSAS FLAG AND BANNER	WBE		\$9,575.00
BEST BANNER AND SIGNS			
BSW ADVERTISING	FOB		
BUDS GRAPHICS SALES & SERVICE	MBE		
BYRD ENTERPRISE, INC	NAI		
CCI Of ARKANSAS	CMBE		
CHOICE PROMOTION	MBE		\$66,590.92
CREATIVE GRAPICS, INC	MBE		
CRENSHAW SIGNS	MBE		
DE'LISA BALENTINE	WBE		
DR. B'S WINDSHIELD REPAIR COMPANY	MBE		
GATHRIGHT VAN AND STORAGE			
GODDESS PRODUCTS	CMBE		
GOVERNMENT SUPPLY SERVICES	CMBE	\$120.41	\$2,105.37
HOG WASH DETAIL DENT & TINT	MBE		
HOLA! ARKANSAS	MBE		
INCLUSION MAGAZINE	MBE		
LA DESIGNS	WBE		
LAHARPE'S OFFICE FURNITURE	WBE		\$1,298.07
LAF PRODUCTION, INC	MBE		
MICKY'S SPECIAL AFFAIRS	MBE		
MR. B'S 2 MOBILE HAND WASH & WAX	MBE		
NORTHEAST ARKANSAS CLEANING SERVICE	WBE		
PARTY PRINTS	CMBE		
PREMIER STAFFING	WBE		
RIDE N SHINE DETAIL	MOB		
RU-MEL & ASSOCIATES, INC	MBE		
S & P SERVICES	MBE		
STAND NEWS	MBE		
THE AMERICAN BANNER PUBLISHING, LLC	MBE		
TRIVIA MARKETING	WBE		
Total		\$120.41	\$80,067.76
MBE = Minority Business Enterprise			
CMBE = Certified Minority Business Enterprise			



Section 13

Internal Auditor Reports

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

**Audit Report for February 1,2023 through February
28,2023.**



For the reporting period of February 1st through
February 28th we have one audit to report.



STATE OF ARKANSAS
Department of Finance and Administration

William C. Miller, CPA, CGMA
Internal Auditor

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

<u>Periodic Review:</u>	2023-11 Instant Ticket Quality	<u>Report Date:</u>	February 13, 2023
<u>Report Distribution:</u>	Larry Walther, Secretary Department of Finance and Administration	<u>For Fiscal Year:</u>	June 30, 2023
	Office of the Arkansas Lottery Eric Hagler, Executive Director Jerry Fetzner, Chief Fiscal Office Mike Smith, Director of Gaming		

Introduction

A scheduled periodic review of Instant Ticket Quality reports for fiscal year ended June 30, 2022, 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.*

Background (Continued)

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.

Background (Continued)

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 "10X The Money" (Game #662), "\$6 Million Cash Bonanza" (Game #684), "\$20,000 Casino Nights" (Game #691). 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 24, 2023 (the Evaluations, Inc. report dates).

Observation and Recommendations

Observation #: 1

Observation Title: Results of Evaluation, Inc. Test Procedures

Internal Audit Observation: Integrity of Game "10X The Money" Game #662 below Good or Relatively Good

"10X The Money" Game #662

The quality of these "10X The Money" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "10X The Money" tickets was judged to be relatively good.

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

"\$6 Million Cash Bonanza" Game #684

The quality of these "\$6 Million Cash Bonanza" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "\$6 Million Cash Bonanza" tickets was judged to be relatively good.

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

"\$20,000 Casino Nights" Game #691

The quality of these "\$20,000 Casino Nights" tickets was judged to be acceptable. No quality flaws were identified which adversely affected ticket security or integrity.

The overall security of the "\$20,000 Casino Nights" tickets was judged to be relatively good.

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

"10X The Money" Game #662 integrity of the game data area protective coating was 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 '10X The Money' Game # 662 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, Internal Auditor

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

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